

**FONDO PARA LA CONSERVACIÓN DE BOSQUES  
TROPICALES  
MANAGED BY FUNDACIÓN PARA LA CONSERVACIÓN DE  
LOS RECURSOS NATURALES Y AMBIENTE EN GUATEMALA  
(FCG)  
TRUST FUND GUATEMALA –TFCA  
FIDUCIARY: BANCO G&T CONTINENTAL  
Financial Statements  
Report of the Independent Auditors  
To December 31, 2014 and 2013**

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# Manuel Cervantes & Asociados S.C.

AUDITORES Y CONSULTORES

## Independent Auditor's Report

To Oversight

Committee

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

We have audited the attached financial statements of Fondo para la Conservación de Bosques Tropicales, which operates by a Trust Fund (Trust Fund Guatemala TFCA) established in Banco G&T Continental and it is managed by Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), which corresponds to the Balance Sheet at December 31, 2014 and 2013, the statement of profit and loss, statement of changes in equity and cash flow correspondent to the ended periods made in such dates, as well as a review of the significant accounting policies of Trust Fund and accounting policies of FCG for its management and any other explanatory information

### **Responsibility of the Financial Statement's Management**

The Trust Fund Manager is responsible for the preparation and presentation of these financial statements in accordance with legal regulations, resolutions, contractual conditions and existing policies that govern the management of the Trust Fund, which differ in some aspects of the International Financial Reporting Standards (IFRS) and of the internal control necessary to allow the preparation and fair presentation of financial statements that are free of erroneous representations of relative importance, either by fraud or error.

### **Responsibility of the Auditor**

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. These standards require that we comply with ethical requirements, and that the audit is planned and carried out to obtain reasonable assurance about whether the financial statements are free of material false representation.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the opinion of the auditor, including risks on misrepresentation of material effect in the financial statements, either by fraud or error. In the process of making these risk assessments, the auditor considers the relevant internal control for the preparation and fair presentation of financial statements by the entity with the purpose of designing the audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.

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



### Unqualified Opinion

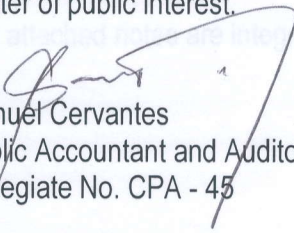
In our opinion, the financial statements present reasonably, in all important aspects the financial situation of the Trust Fund Guatemala TFCA, established in Banco G&T Continental and Fondo para la Conservación de Bosques Tropicales managed by Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), to December 31 of 2014 and 2013, the result of operations', movements of the trust assets and the cash flow, for the years ended in those dates, in accordance with legal regulations, resolutions, contractual conditions and existing policies that govern the administration of the fund trust, which differ in some aspects of the International Financial Reporting Standards (IFRS).

We have also reviewed the accounts of management expenses, donations and reserve in charge of Fundación para la Conservación en Guatemala, as manager of Fondo para la Conservación de Bosques Tropicales, for which we issued certification of the correct management of these accounts.

### Accounting Base and Restriction on Distribution and Utilization

Without any effect on our opinion, we call attention to the Note 2) to the financial statements, which describes the basis of accounting. These financial statements are prepared on the basis of accounting practices established by the Trust Fund Management Bank.

As a result, the financial statements may not be appropriate for other purposes. This report was prepared for use by the Management of the Trust Fund Guatemala TFCA and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), Fund's Oversight Committee of Fondo para la Conservación de los Bosques Tropicales and the Board of Directors of Fundación para la Conservación en Guatemala. This restriction does not try to limit its distribution, which with the approval of the trustor, is a matter of public interest.

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

July 1, 2015  
Guatemala City, Guatemala

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Balance Sheet

To December 31 of 2014 and 2013

(Amount expressed in Quetzales)

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Availabilities (note 4)	54,884	1,261,682
Interest Receivable (note 5)	512,592	331,476
Investments Fixed-Term Deposits (note 6)	81,328,786	76,180,991
<b>Total Current Assets</b>	<u><b>81,896,262</b></u>	<u><b>77,774,149</b></u>
<b>LIABILITIES</b>		
Uncollected accrued interest (note 5)	512,592	331,476
<b>Total Liabilities</b>	<u><b>512,592</b></u>	<u><b>331,476</b></u>
<b>TRUSTEE PATRIMONY</b>		
<b>PRIMARY CAPITAL</b>		
Trustee Patrimony permanently restricted	60,565,211	60,820,724
<b>COMPLEMENTARY CAPITAL</b>		
Accumulated activities temporarily restricted	20,818,459	16,621,949
<b>TOTAL ACCOUNTING CAPITAL</b>	<u><b>81,383,670</b></u>	<u><b>77,442,673</b></u>
<b>TOTAL OF LIABILITIES AND PATRIMONY</b>	<u><b>81,896,262</b></u>	<u><b>77,774,149</b></u>

The attached notes are integral part of the financial statements

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

Statement of Income and Expenses

For the years ended on December 31, 2014 and 2013

(Amount expressed in Quetzales)

<u>Description</u>	Year 2014			Year 2013		
	<u>Temporary restricted</u>	<u>Permanent restricted</u>	Total	<u>Temporary restricted</u>	<u>Permanent restricted</u>	Total
<b>INCOME</b>						
Financial Products (note 7)	4,663,156	-	4,663,156	4,968,798	-	4,968,798
Payments of the Ministerio de Finanzas Públicas (note 8)	-	15,967,761	15,967,761	-	16,281,463	16,281,463
Other Income	-	-	-	147,768	-	147,768
<b>Total income</b>	<b>4,663,156</b>	<b>15,967,761</b>	<b>20,630,917</b>	<b>5,116,566</b>	<b>16,281,463</b>	<b>21,398,029</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Administrative Expenses	-	314,248	314,248	-	-	-
Transfers made 10% management expenditures	-	1,596,776	1,596,776	-	1,628,146	1,628,146
Donations for projects	-	14,312,248	14,312,248	-	13,246,416	13,246,416
<b>Total expenditure</b>	<b>-</b>	<b>16,223,272</b>	<b>16,223,272</b>	<b>-</b>	<b>14,874,562</b>	<b>14,874,562</b>
Profit before tax	4,663,156	- 255,513	4,407,643	5,116,566	1,406,901	6,523,467
(-) Income Tax	466,316	-	466,316	496,871	-	496,871
<b>OTHER RESULTS</b>						
Expenses by operation in foreign currency	-	330	- 330	(26)		(26)
<b>Net Result of Activities of the year</b>	<b>4,196,510</b>	<b>- 255,513.00</b>	<b>3,940,997</b>	<b>4,619,721</b>	<b>1,406,901</b>	<b>6,026,622</b>
Initial Balances previous years	<b>16,621,949</b>	<b>60,820,724</b>	<b>77,442,673</b>	<b>12,002,228</b>	<b>59,413,823</b>	<b>71,416,051</b>
<b>Trust Fund Patrimony, at the end of the year</b>	<b>20,818,459</b>	<b>60,565,211</b>	<b>81,383,670</b>	<b>16,621,949</b>	<b>60,820,724</b>	<b>77,442,673</b>

The notes attached are integral part of the financial statements

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA )

Statements of Changes in Equity

For the years ended on December 31, 2014 and 2013

(Amounts expressed in Quetzales)

	<b>2014</b>	<b>2013</b>
<b>CONTRIBUTION TO THE TRUST ASSETS</b>		
Balance at the beginning of the Year	120,324,780	104,043,317
Payments from the Ministerio de Finanzas (Note 8)	15,967,761	16,281,463
Balance at the end of the year	<u>136,292,541</u>	<u>120,324,780</u>
<b>REDUCTION OF THE TRUST ASSETS</b>		
Balance at the beginning of the year	(59,504,056)	(44,629,493)
Adjustment for exchange differential of the previous year	(314,249)	
Transfers 10% administrative expenses	(1,596,776)	(1,628,146)
Donations made for projects	(14,312,248)	(13,246,416)
Balance at the end of the year	<u>(75,727,329)</u>	<u>(59,504,056)</u>
Total Trust Assets restricted permanently	60,565,212	60,820,724
<b>ACCUMULATED ACTIVITIES TEMPORARILY RESTRICTED</b>		
Accumulated Activities for Investments	16,621,949	12,002,228
Net activities of the year	4,196,509	4,619,721
Balance at the end of the year	<u>20,818,458</u>	<u>16,621,949</u>
<b>TOTAL TRUST ASSETS</b>	<u><u>81,383,670</u></u>	<u><u>77,442,673</u></u>

The notes attached are integral part of the financial statements

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Statements of Cash Flow  
To December 31 ,2014 and 2013

<b>Description</b>	<b>2014</b>	<b>2013</b>
<b>CASH FLOW FOR THE OPERATION'S ACTIVITIES</b>		
Net Activities of the Year	4,196,508	4,619,721
<b>Net changes in assets and liabilities</b>		
Payment of the Ministerio de Finanzas	15,967,760	16,281,463
Donation for projects execution	(14,312,248)	(13,246,416)
Disbursement for administrative expenses	(1,596,776)	(1,628,146)
Additions to and use of investment	(4,662,824)	(5,116,566)
Others	(332,902)	296,022
Income Tax	(466,316)	(83,351)
<b>Net cash obtained from the operation activities</b>	<b>(1,206,798)</b>	<b>1,122,727</b>
Net change in cash	(1,206,798)	1,122,727
Cash at the beginning of the year	1,261,682	138,955
Cash at the end of the year	<b>54,884</b>	<b>1,261,682</b>

The notes attached are integral part of the financial statements



# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

## 1. HISTORY AND OPERATIONS

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### Brief History of the Trust Fund

The Trust Fund Guatemala TFCA (The Trust), was established for an indefinite period of time at September 30 of 2008, according to deed No. 151, of the Notary Karla Guerra de Balsells. The fiscal domicile is established in Guatemala City, being its accounting period from January 1st to the December 31th of each year.

The Trust Fund does not have employees, since it is managed by the trustee Banco G&T Continental, S. A.

Trustor: Is Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG (as Administrator of the FCA). In accordance with Trust agreement 10% of the payments from the government of Guatemala will be allocated for expenses of administration.

FCG was established on March 27, 2000, as a non-governmental non-profit organization of a private nature, without political affiliation, and for the purposes of conservation, ecological, scientific, educational, technological and cultural, with legal personality and ability to acquire rights and incur obligations and to perform the activities necessary for the achievement of its purposes.

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

Trustee: Legal persons that the trust specifies as grants recipients that will be trustees up to the amount of the donation and only by the term in that maintain the status of recipients of donation, and one or more persons designated in writing by the Oversight Committee from time to time.

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

Trust Assets: The Trust Assets are formed by the payments from the Government of Guatemala to the Account of Debt Service, in accordance with the Convenio de Conservación de Bosques (FCA, for its acronym in English).

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

Purposes of the Trust: One of the goals of the Trust is to provide funds for the objectives compliance of the Fondo para la Conservación de Bosques Tropicales, through the selection done by the Oversight Committee of Project Proposals submitted by recipients of donation, in accordance with the procedures established in the FCA and cover the cost of operation of the same trust, as authorized by the Oversight Committee and in accordance with the procedures established in the FCA. Also, the conformation of the Endowment Fund, as established in the above-mentioned agreement.

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

Likewise, by a term member, currently: Fundación Patrimonio Cultural y Natural Maya (PACUNAM).

## 2. SIGNIFICANT ACCOUNTING POLICIES

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### **Basis of Presentation**

The Financial Statements have been prepared in accordance with the legal regulations, resolutions, contractual conditions and existing policies that govern the administration of the trust, which differ in some aspects of the International Financial Reporting Standards (IFRS), but they are acceptable for the administration of the Trust.

#### **a) Income**

The interest from bank accounts are monthly recorded to be accredited by the Bank, and this do not differ from the accounting method of the earned. The interest from investments in certificates of deposit for a fixed term accounts are registered in control accounts (in asset accounts "Interest receivable" and liabilities "uncollected accrued interest"); and to be received or accredited by the bank are recorded against the results of the year. This is an acceptable accounting practice for registration of financial institutions.

#### **b) Transactions in Foreign Currency**

Foreign currency transactions are recorded in national currency at the exchange rate prevailing at the time of the operation. The balances of assets and liabilities in foreign currency are restated in national currency at the end of each year, in accordance with the exchange rate prevailing in the banking system and the corresponding effect is included as part of the results of the period.

# **FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)**

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

## **c) Trust Asset permanently restricted**

The funds are intended exclusively for the specific objectives, whose restriction is typified by the FCA Convention and by the Contract of the Trust. It is composed of funds entering the trust paid by the Government of Guatemala in accordance with the debt swap with the Government of the United States of America and the ONG's private listed above; these funds are used in accordance with the objectives of the creation of the Trust, based on the plans approved by the Oversight Committee of the FCA, covering mainly the grants for projects, which are described in annex I, called: DETAIL OF PROJECTS FINANCED WITH FUNDS FROM THE FCA, and 10% of the payments received from the Government of Guatemala, for administrative expenses.

## **d) Accumulated activities temporarily restricted**

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

## **e) Inversions**

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

## **f) Currency Valuation**

For the valuation purposes of the investment in foreign currency (US dollars), the administration of the Trust Fund uses the Principle of original Historical Cost; for this reason, if there has been a valuation at the current rate of exchange on closing day of the financial statements, a negative or positive variation may be observed, depending on the movements in exchange rates.

## **3. MONETARY UNIT AND Y EXCHANGE RATE REGIME**

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The financial statements are expressed in Quetzales (Q), official currency of the Republic of Guatemala. The acquisition and sale of foreign currency is carried out in the national banking system, through free negotiation, according to Decree 94-2000 since May 1, 2001.

The Bank of Guatemala, entity authorized by the Monetary Board to implement monetary policies, calculates and publishes daily the rate of exchange of reference of the Quetzal with regard to the dollar of the United States of America, to be used in the settlement of tax obligations or other involving payments of the State or the State and its entities as well as for the resolution of conflicts in the administrative and jurisdictional area. From December 2, 2006, the use of only one type of exchange rate according to resolution JM-126-2006, issued by the Monetary Board. On December 31, 2014 and 2013 the exchange rate of reference is Q7.59675 and

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

Q7.84137 for US\$1.00 respectively. There is no foreign exchange restrictions in Guatemala for the repatriation of capital, payment of debt obligations or any other purpose. The foreign currency can be bought and sold in any amount in banks in the system or in authorized money exchange bureaus.

## 4. AVAILABILITIES

Cash balances at December 31, 2014 and 2013 correspond to the available funds in the accounts of monetary deposits established in the Banco G&T Continental, as well:

<b>Account Number</b>	<b>2014</b>	<b>2013</b>
Banco G&T Continental 01-5801697-5	51	1,130,527
Banco G&T Continental 001-0036607-0	54,734	101,770
Banco G&T Continental 006-019377-8	99	29,385
<b>TOTAL</b>	<b>54,884</b>	<b>1,261,682</b>

## 5. ACCRUED INTEREST NOT COLLECTED

Interest on investments made in certificates of fixed-term deposits, incurred in the Guatemalan banking system. To December 31, are integrated as follows:

<b>Investments in US Dollars</b>	<b>2014</b>	<b>2013</b>
Banco G&T Continental, S.A. Certificate No. 03-03-600000278-7	-	90,776
Banco Industrial, S.A. Certificate No. 31-006- 122984-8	-	144,868
Banco G&T Continental, S.A. Certificate No. 217609	354,665	-
<b>Subtotal</b>	<b>354,665</b>	<b>235,644</b>
<b>Investments in Quetzales</b>		
Banco Industrial certificate No. 26957	157,927	-
Banco Industrial, S.A. Certificate No. 33-006- 126207-8	-	95,832
<b>Subtotal</b>	<b>157,927</b>	<b>95,832</b>
<b>Total</b>	<b>512,592</b>	<b>331,476</b>

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

## 6. INVESTMENTS

To December 31, the investment balance is as follows:

	2014	2013
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
Investment Banco de Desarrollo Rural S.A. Certificate No. 571616 for a period of 365 days to mature on December 21 , 2015 at an interest rate of 7.75% annum payable monthly	22,262,871	-
Investment Banco de los Trabajadores Certificate No. 316696 for period of 359 days to mature April 18, 2015 at an interest rate 8.5% annum payable monthly	7,551,948	-
Investment Banco G&T Continental Certificate No. 03-01-40000001215-4 for period of 365 days to mature on May 7, 2015 an interest rate of annual interest of 7.6% payable to expiration	6,775,084	-
Investment Banco Industrial S.A. certificate No. 31-006-122984-8 for the amount of US\$347,069, to mature May 24, 2015 at an rate of annual interest of 4.30% payable monthly	2,690,131	-
Investment Banco Industrial S.A. certificate No. 26957 for the amount of US\$5,167,725, to mature at March 5, 2015 at an rate of annual interest 4.30% payable monthly	40,009,460	-
Investment Banco G&T Continental Certificate No. 70-1006953-8 for a amount of US\$260,068 to 365 days to mature on December 17, 2015 at an interest of 3.95% annum payable monthly	2,039,292	-
<b>Total</b>	<b>81,328,786</b>	<b>76,180,991</b>

# FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

## 7. FINANCIAL PRODUCTS

The income generated in Dollars as in Quetzales at December 31, are the following:

Description	2014	2013
Interests investments placement	4,663,156	4,968,798
<b>Total a/</b>	<b>4,663,156</b>	<b>4,968,798</b>

a/ The interests from the certificates in Dollars and Quetzales are included in these accounts.

## 8. TRUST ASSETS PERMANENTLY RESTRICTED

The GOG payments to December 31, are incorporated as follows:

Description	2014	2013
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
January 28	891,303	-
March 12	1,852,913	-
April 16	3,778,933	-
May 16	1,500,535	-
July 27	885,423	-
September 12	1,855,706	-
October 27	3,722,908	-
November 17	1,480,040	-
<b>Total Contributions of the period</b>	<b>15,967,761</b>	<b>16,281,463</b>
<b>Beginning Balance of the period</b>	<b>120,324,781</b>	<b>104,043,318</b>
<b>Total</b>	<b>136,292,542</b>	<b>120,324,781</b>



# **FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (TRUST FUND GUATEMALA TFCA)**

Financial Statements Notes

For the finished years to December 31 of 2014 and 2013

## **9. SUBSEQUENT EVENTS**

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There is no knowledge of any subsequent event occurred between the date of the financial statements and the date of approval by the administration and even prior to the date of the issuance of the report of the independent auditors, requiring the modification of the figures presented in the financial statements.



# Manuel Cervantes & Asociados S.C.

AUDITORES Y CONSULTORES

## Report on Compliance with Contractual Clauses of Accounting and Financial Nature

To Oversight Committee

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

We have audited the balance sheet of Fondo para la Conservación de Bosques Tropicales, which operates under a Trust (Fideicomiso Guatemala TFCA) established in the Banco G&T Continental managed by the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), to December 31, 2014 and 2013, the states of results, of changes in equity, and cash flows of the years ending in those dates, financial statements are responsibility of the fiduciary, and we have issued a report dated July 1, 2015.

In relation to our audit, we examined the fulfilment of the contractual terms of accounting and financial nature established in the Constitution Deed of the Trust and its regulations and other laws and regulations applicable to the operations of the Trust, during the years ending on December 31, 2014 and 2013.

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

We conducted our audits in accordance with International Standards on Auditing -NIA. These standards require the proper planning and execution of the audit to obtain reasonable certainty that the Administration of the Trust Fund has complied with the relevant clauses of the Trust Constitution Deed, and to applicable laws and regulations; therefore, our goal was to get an opinion about the overall compliance with such regulations.

Also, we perform an assessment of compliance with legal aspects of financial accounting, established in the above-mentioned contract and other applicable laws and regulations.

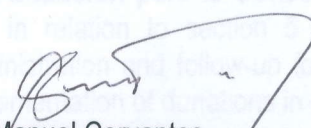
The interests of the investments are calculated and recorded correctly and do not present discrepancy.



In our opinion, the Administration of the Trust and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), complied with the provisions of relevant financial accounting nature and we were not aware of other facts or events involving the breach or violation by the trustee of such clauses and provisions of financial accounting nature.

We observed no other matters related to compliance with the terms of the contract and applicable laws and regulations that we would have informed the Trust Management and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG)

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

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

July 1, 2015  
Guatemala City, Guatemala





# Manuel Cervantes & Asociados S.C.

AUDITORES Y CONSULTORES

## Report of the Independent Auditors on compliance with the terms of the Forest Conservation Agreement relating to the granting of donations, Project Management, and compliance with terms of the Grant Agreement by the Grant Recipients

To Oversight Committee

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

We have audited the compliance of the matters established by the program **Fondo para la Conservación de los Bosques Tropicales FCA**, in relation to the debt-for-nature swap and managed by **Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG** and in relation to section 5 of the Forest Conservation Agreement on the granting of donations, administration and follow-up for the projects, (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 Auditing Standards applicable to the compliance reviews of contractual clauses. Those standards require that we plan and develop the audit to obtain reasonable assurance about whether the funds authorized for the institutions that receive grants have been awarded in accordance with the authorized purposes and if Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG, in its capacity as administrator of the program, he has complied with the specified in the FCA agreement if the recipients of the donations 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 "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, 2014 and 2013.



This report was prepared for the information of the Oversight Committee of the Program "Fondo para la Conservación de los Bosques Tropicales - FCA" and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG. However, once, this report is distributed, it is a matter of public interest and their distribution will not be restricted

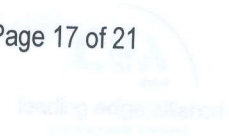
Lic. Manuel Cervantes  
Public Accountant and Auditor  
Collegiate No. CPA - 45

July 1, 2015  
Guatemala City, Guatemala

This certification is only for information to the Oversight Committee of "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

July 1, 2015  
Guatemala City, Guatemala







**Manuel Cervantes & Asociados S.C.**

AUDITORES Y CONSULTORES

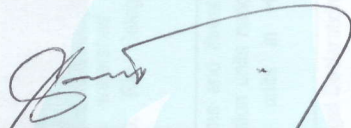
**ACCOUNTING CERTIFICATE**

To Oversight Committee

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

We issue this Certification over adequate management of funds, accounting records and budget execution about the Bank Accounts **FCG - Cuenta Gastos Administrativos-TFCA** identified with No. 66-0009301-3 G&T Continental Bank, S.A., **FCG - Cuenta de Donaciones - TFCA** No. 66-0009302-1, G&T Continental Bank, S.A. and **FCG - Cuenta de Reserva - TFCA** identified with No. 66-0015478-1 G&T Continental Bank S.A., in charge of the Administrator, **Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG**, for the year ended December 31, 2014.

This certification is only for information to the Oversight Committee of "Fondo para la Conservación de 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

July 1, 2015  
Guatemala City, Guatemala



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

ANNEX I: DETAIL OF PROJECTS FINANCED WITH FCA

To December 31, 2014

Projects of Third Cycle						
	Organization	Project Title	Project Amount	Status	Costs to 12/31/2014	% execution
1	ACODIHUE	Ecological Restoration of the watershed of Río Ocho, subbasia Río Rancho Viejo, Río Selegua basia, in Huehuetenango Department	Q2,387,429.00	In work out	Q1,737,685.00	73%
2	FUNDAECO	Protection of unique ecosystems and threatened endemic species in 7 units of Conservation units national, municipal and community conservation units in Huehuetenango Department.	Q2,221,789.50	In work out	Q1,490,423.00	67%
3	FUNDAECO	Completion of the process of Legal Declaration, consolidation of core zones and beginning processes of participatory management of the "Reserva Hídrica y Forestal de Sierra Caral"	Q1,634,235.00	In work out	Q1,205,522.00	74%
4	Wildlife Conservation Society -WCS-	Consolidation of Governance in the Ruta Carmelita In the area of multiple uses of the Reserva de la Biosfera Maya, Petén, Guatemala	Q2,490,340.00	In work out	Q2,490,340.00	100%
5	HELVETAS Guatemala	Strengthening Local Capacities for Conservation and Management of Natural Resources and Biodiversity in Protected Areas and Forests of Municipalities, Communities and Private, of the Volcanic Chain in Quetzaltenango and Totonicapán	Q2,308,605.00	In work out	Q1,798,090.00	78%
6	Asociación Aktenamit	Training indigenous youth, developing 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	In work out	Q1,367,673.00	68%
7	Ecologic	Consolidation of sustainable management of natural resources with local actors in the mancomunidad of the Northern Border, in the basins of the rivers Ixcán, Nentón and Pojom	Q2,100,000.00	In work out	Q1,860,644.00	89%
8	SOTZIL	Strengthening the management collective indigenous for the conservation and sustainable management of community forests in the western volcanic chain and the Cuchumatanes. PHASE II	Q2,212,561.00	In work out	Q2,212,561.00	100%

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

ANNEX I: DETAIL OF PROJECTS FINANCED WITH FCA

To December 31, 2014

	Organization	Project Title	Project Amount	Status	Costs to 12/31/2014	% execution
9	Centro Agronómico Tropical para la Investigación y Enseñanza -CATIE-	Management of sustainable management and conservation of the Volcán de Acatenango and Parque Regional Municipal Volcán de Acatenango	Q2,308,901.60	In work out	Q2,308,902.00	100%
10	Fundación Defensores de la Naturaleza	Biodiversity Management and Conservation with local participation in priority watersheds of Sierra de las Minas and Bosque Seco-Monte Espinoso	Q2,363,277.57	In work out	Q2,061,642.00	87%
11	CARE	Sustainable management of forests in areas of water recharge of the basins of Samalá, Nahualate, Salinas, Motagua and Lago Atitlán and the municipios of Santa María Chiquimula and Totonicapán	Q2,440,447.13	In work out	Q1,686,984.00	69%
<b>Small Grants Program PPD/FCA</b>						
12	ASOUCUH	Regional Subprogram	Q2,500,000.00	In work out	Q2,500,000.00	100%
13	Fundación Naturaleza para la Vida	Regional Subprogram	Q2,500,000.00	In work out	Q2,500,000.00	100%
14	ASOPROGAL	Regional Subprogram	Q2,500,000.00	In work out	Q2,500,000.00	100%
15	TIKONEL	Regional Subprogram	Q2,500,000.00	In work out	Q2,500,000.00	100%
16	ADAM	Regional Subprogram	Q2,500,000.00	In work out	Q2,500,000.00	100%

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

ANNEX I: DETAIL OF PROJECTS FINANCED WITH FCA

To December 31, 2014

## Observations

Among the audit procedures, additional to the documentary evidence in the records that are submitted by 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, in order to validate the financial reports delivered to the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), receipts, statements of account which reflect the income received and bank reconciliations, among others. The institutions that were visited as part of the sample were the following:

- a) Defensores de la naturaleza
- b) Asociación CARE
- c) Asociación ASOCUCH
- d) Asociación HELVETAS

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