

**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, 2015 and 2014**

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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, 2015 and 2014, the statements of profit and loss, statements 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 Fiduciary 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 reasonability 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

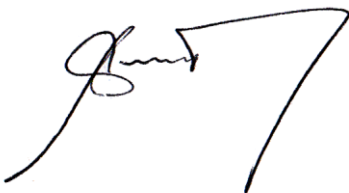
In our opinion, the financial statements present reasonably, in all important aspects the financial situation of the Trust Fund Guatemala TFCA, established in Banco G&T Continental and of Fondo para la Conservación de Bosques Tropicales managed by Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), to December 31 of 2015 and 2014, the result of its 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, grants 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 Fiduciary 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), Oversight Committee of Fondo para la Conservación de 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

May 4, 2016
Guatemala City, Guatemala

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

Balance Sheet

To December 31 of 2015 and 2014

(Amounts expressed in Quetzales)

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Availabilities (note 4)	191,217	54,884
Interest Receivable (note 5)	1,638,554	512,592
Investments Fixed-Term Deposits (note 6)	93,974,399	81,328,786
Total Current Assets	<u>95,804,170</u>	<u>81,896,262</u>
LIABILITIES		
Uncollected accrued interest (note 5)	1,638,554	512,592
Total Liabilities	<u>1,638,554</u>	<u>512,592</u>
TRUSTEE PATRIMONY		
PRIMARY CAPITAL		
Trustee Patrimony permanently restricted	69,500,245	60,565,211
COMPLEMENTARY CAPITAL		
Accumulated activities temporarily restricted	24,665,371	20,818,459
TOTAL ACCOUNTING CAPITAL	<u>94,165,616</u>	<u>81,383,670</u>
TOTAL OF LIABILITIES AND PATRIMONY	<u>95,804,170</u>	<u>81,896,262</u>

The attached notes are integral part of the financial statements

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

Statements of Income and Expenses

For the years ended on December 31, 2015 and 2014

(Amount expressed in Quetzales)

<u>Description</u>	Year 2015			Year 2014		
	<u>Temporary restricted</u>	<u>Permanent restricted</u>	<u>Total</u>	<u>Temporary restricted</u>	<u>Permanent restricted</u>	<u>Total</u>
INCOME						
Financial Products (note 7)	4,274,355	-	4,274,355	4,663,156	-	4,663,156
Payments of the Ministerio de Finanzas Públicas (note 8)	-	15,859,174	15,859,174	-	15,967,761	15,967,761
Total income	4,274,355	15,859,174	20,133,529	4,663,156	15,967,761	20,630,917
ADMINISTRATIVE EXPENSES						
Administrative Expenses	-	730,793	314,248	-	314,248	314,248
Transfers made 10% management expenditures	-	1,585,917	1,585,917	-	1,596,776	1,596,776
Donations for projects	-	4,607,430	4,607,430	-	14,312,248	14,312,248
Total expenditure	-	6,924,140	6,507,595	-	16,223,272	16,223,272
Profit before tax	4,274,355	8,935,034	13,209,389	4,663,156	255,513	4,407,643
(-) Income Tax	427,443	-	427,443	466,316	-	466,316
OTHER RESULTS						
Expenses by operation in foreign currency	-	-	-	(330)	-	(330)
Net Result of Activities of the year	3,846,912	8,935,034	12,781,946	4,196,510	255,513.00	3,940,997
Initial Balances previous years	20,818,459	60,565,211	81,383,670	16,621,949	60,820,724	77,442,673
Trust Fund Patrimony, at the end of the year	24,665,371	69,500,245	94,165,616	20,818,459	60,565,211	81,383,670

The notes attached are integral part or the financial statements

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

Statements of Changes in Equity

For the years ended on December 31, 2015 and 2014

(Amounts expressed in Quetzales)

	2015	2014
CONTRIBUTION TO THE TRUST ASSETS		
Balance at the beginning of the Year	136,292,541	120,324,780
Payments from the Ministerio de Finanzas (Note 8)	15,859,174	15,967,761
Balance at the end of the year	<u>152,151,715</u>	<u>136,292,541</u>
REDUCTION OF THE TRUST ASSETS		
Balance at the beginning of the year	(75,727,329)	(59,504,056)
Adjustment for exchange differential of the previous year	(730,793)	(314,249)
Transfers 10% administrative expenses	(1,585,917)	(1,596,776)
Donations made for projects	(4,607,430)	(14,312,248)
Balance at the end of the year	<u>(82,651,470)</u>	<u>(75,727,329)</u>
Total Trust Assets restricted permanently	69,500,245	60,565,212
ACCUMULATED ACTIVITIES TEMPORARILY RESTRICTED		
Accumulated Activities for Investments	20,818,459	16,621,949
Net activities of the year	3,846,912	4,196,509
Balance at the end of the year	<u>24,665,371</u>	<u>20,818,458</u>
TOTAL TRUST ASSETS	<u><u>94,165,616</u></u>	<u><u>81,383,670</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 ,2015 and 2014

Description	2015	2014
CASH FLOW FOR THE OPERATION'S ACTIVITIES		
Net Activities of the Year	3,846,912	4,196,508
Net changes in assets and liabilities		
Payments of the Ministerio de Finanzas	15,859,174	15,967,760
Donation for projects execution	(4,607,430)	(14,312,248)
Disbursements for administrative expenses	(1,585,917)	(1,596,776)
Additions to and use of investment	(12,645,614)	(4,662,824)
Others	(303,349)	(332,902)
Income Tax	(427,443)	(466,316)
Net cash obtained from the operation activities	136,333	(1,206,798)
Net change in cash	136,333	(1,206,798)
Cash at the beginning of the year	54,884	1,261,682
Cash at the end of the year	191,217	54,884

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 2015 and 2014

1. HISTORY AND OPERATIONS

Brief History of the Trust Fund

The Trust Fund Guatemala TFCA (The Trust), was established for an indefinite period of time on September 30, 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 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 administration expenses.

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. FCG 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 they 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 2015 and 2014

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 made by the Oversight Committee of Project Proposals submitted by recipients of donation, in accordance with the procedures established in the FCA and to 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: Asociación de Investigación y Estudios Sociales (ASIES).

2. SIGNIFICANT ACCOUNTING POLICIES

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) Foreign Currency Transactions

Transactions in foreign currencies are recorded in local currency at the exchange rate prevailing at the time of the operation.

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

Financial Statements Notes

For the finished years to December 31 2015 and 2014

c) Trust Asset permanently restricted

Those funds are intended exclusively for the specific objectives, whose restriction is typified by the FCA Agreement 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 private ONG's 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 FCA FUNDS, 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) Investments

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 investments 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 EXCHANGE RATE REGIME

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 must be applied. On December 31, 2015 and 2014 the exchange rate of reference is

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

Financial Statements Notes

For the finished years to December 31 2015 and 2014

Q7.63237 y Q7.59675 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, 2015 and 2014 correspond to the available funds in the accounts of monetary deposits established in the Banco G&T Continental, as well:

Account Number	2015	2014
Banco G&T Continental 01-5801697-5	11	51
Banco G&T Continental 001-0036607-0	191,130	54,734
Banco G&T Continental 006-019377-8	76	99
TOTAL	191,217	54,884

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:

Investments in US Dollars	2015	2014
Banco Promerica Certificate No.6506	1,620,389	-
Banco Industrial Certificate No. 27153	1,179	-
Banco G&T Continental, S.A. Certificate No. 217609	-	354,665
Subtotal	1,621,568	354,665
Investments in Quetzales		
Banco Industrial certificate No. 26957	-	157,927
Banrural Certificate No. 692869	16,986	-
Subtotal	16,986	157,927
Total	1,638,554	512,592

6. INVESTMENTS

To December 31, the investment balance is as follows:

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

Financial Statements Notes

For the finished years to December 31 2015 and 2014

	2015	2014
Investment Banco de Desarrollo Rural S.A. Certificate No. 571616 for a period of 365 days to expire 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 expire April 18, 2015 at an interest rate 8.5% annum payable montly	-	7,551,948
Investment Banco G&T Continental Certificate No. 03-01-40000001215-4 for period of 365 days to expire on May 7, 2015 an intereset 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 expire 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 expire 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 expire on December 17, 2015 at an interest of 3.95% annum payable monthly	-	2,039,292
Investement Banco G&T Continental Certificate No. 3-01-4000001215-4 to 365 days to expire on May 6, 2016 at an interest of 7.60% annum payable monthly	12,401,652	
Investement Banco de Desarrollo Rural S.A. certificate No. 692869 to 365 days to expire on December 20, 2016, at an interest of 7.75 annum payable monthly	8,000,000	-
Investement Banco de los Trabajadores. certificate No. 1390055333 to 365 days to expire on December 20, 2016, at an interest of 8.25 annum payable monthly	9,000,000	-
Investement Banco de los Trabajadores. certificate No. 130047117 to 360 days to expire on April 20, 2016, at an interest of 8.25% annum payable monthly	8,112,681	-
Investement Inter Banco. certificate No. 910087270 to 365 days to expire on December 20, 2016, at an interest of 7.50% annum payable monthly	5,850,000	-
Investement Banco Promerica. certificate No. 901055564 to 365 days to expire on December 21, 2016, at an interest of 7.55% annum payable monthly	6,000,000	-
Investement Banco Industrial certificate No. 31-006-122984-8 to 365 days to expire on May 23, 2016, at an interest of 4% annum payable monthly	2,532,872	-
Investement Banco Agromercantil certificate No. 70-1006953-8 to 365 days to expire on December 17, 2016, for amounth US\$260,068, at an interest of 3.95% annum payable monthly	1,897,949	-
Investement Banco Promerica certificate No. 2330-0135100001319 to 365 days to expire on March 14, 2016, for amounth US\$5,226,449, at an interest of 5% annum payable monthly	38,141,580	-
Investement Inter Banco certificate No.92-00015581 to 365 days to expire on December 21, 2016, for amounth US\$279,213, at an interest of 4% annum payable monthly	2,037,665	-
Total	93,974,399	81,328,786

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

Financial Statements Notes

For the finished years to December 31 2015 and 2014

7. FINANCIAL PRODUCTS

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

Description	2015	2014
Interests investments placement	4,274,355	4,663,156
Total a/	4,274,355	4,663,156

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	2015	2014
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
January 17	868,795	-
March 12	1,822,102	-
April 20	3,745,091	-
May 18	1,485,350	-
July 29	870,610	-
September 11	1,846,094	-
October 22	3,733,183	-
November 19	1,487,949	-
Total Contributions of the period	15,859,174	15,967,761
Beginning Balance of the period	136,292,542	120,324,781
Total	152,151,716	136,292,542

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

Financial Statements Notes

For the finished years to December 31 2015 and 2014

9. SUBSEQUENT EVENTS

There is no knowledge of any subsequent event occurred between the date of the financial statements and the date of its 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 and it is managed by the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), to December 31, 2015 and 2014, the statements 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 May 4, 2016.

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, 2015 and 2014.

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.

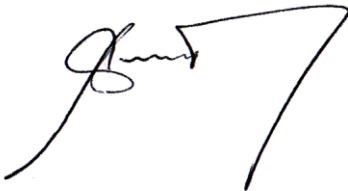
Also, we perform an assessment of compliance with legal aspects of financial accounting, established in the above-mentioned contract and other applicable laws and regulations.

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.

A handwritten signature in black ink, appearing to read 'Manuel Cervantes', with a large, sweeping flourish extending to the right.

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

May 4, 2016
Guatemala City, Guatemala



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

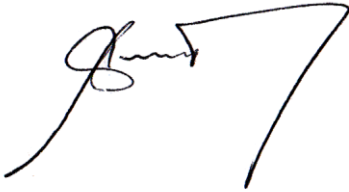
Fondo para la Conservación de Bosques Tropicales - FCA and the Board of Directors of Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG

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, 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, 2015 and 2014.

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.

A handwritten signature in black ink, appearing to read 'Manuel Cervantes', with a large, sweeping flourish extending to the right.

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

May 4, 2016
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, 2015.

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

May 4, 2016
Guatemala City, Guatemala

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

ANNEX I: DETAIL OF PROJECTS FINANCED BY FCA

To December 31, 2015

Third Cycle					Liquidates 2015	%	
1	Ecological restoration of Eight River watershed, subwatershed Rio Rancho Viejo, Selegua River Basin, in the department of Huehuetenango	Q2,387,429.00	Fund Tropical Forest Conservation	ACODIHUE	In liquidation	Q2,387,429.00	100%
2	Protection of unique ecosystems and threatened species endemic 7 National Conservation Units, Municipal and Community of the Department of Huehuetenango	Q2,221,789.50	Fund Tropical Forest Conservation	FUNDAECO	Developing	Q2,021,492.00	91%
3	Completion of Legal Declaratory process, consolidation of core areas and start of participatory management processes of the Water Forest Reserve of Sierra Caral	Q1,634,235.00	Fund Tropical Forest Conservation	FUNDAECO	Developing	Q1,476,136.00	90%
4	Consolidation of Governance in Carmelita route of the Multiple Use Zone of the Maya Biosphere Reserve, Peten, Guatemala	Q2,490,340.00	Fund Tropical Forest Conservation	Wildlife Conservation Society -WCS-	Finalized	Q2,490,340.00	100%
5	Local Capacity Building for the Conservation and Management of Natural Resources and Biodiversity in Protected Areas and Forests of Municipalities, Communities and Private of the Volcanic Chain of Quetzaltenango and Tonicapan	Q2,308,605.00	Fund Tropical Forest Conservation	HELVETAS Guatemala	Developing	Q2,063,580.00	89%
6	Indigenous youth training, developing economic alternatives and promoting good practices in sustainable tourism and community development for the conservation of natural and cultural heritage in areas of priority for the department of Izabal	Q2,006,410.00	Fund Tropical Forest Conservation	Asociación Aktenamit	In liquidation	Q2,006,410.00	100%

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

ANNEX I: DETAIL OF PROJECTS FINANCED BY FCA

To December 31, 2015

Third Cycle					Liquidates 2015	%	
7	Consolidation of sustainable management of natural resources with local stakeholders in the Mancomunidad Frontera del Norte in the basins of the Ixcán, Nentón and Pojom rivers	Q2,100,000.00	Fund Tropical Forest Conservation	Ecologic	In liquidation	Q2,100,000.00	100%
8	Strengthening the indigenous collective management for the conservation and sustainable management of community forests in the volcanic chain and Western Cuchumatanes. PHASE II	Q2,212,561.00	Fund for Tropical Forest Conservation	SOTZIL	Finalized	Q2,212,561.00	100%
9	Administration of sustainable management and conservation of Acatenango Volcano and its Municipal región alta de Acatenango Volcano	Q2,308,901.60	Fund for Tropical Forest Conservation	Centro Agronómico Tropical para la Investigación y Enseñanza -CATIE-	Finalized	Q2,308,815.66	100%
10	Management and conservation of biodiversity with local participation in priority watersheds of Sierra de las Minas and Dry Forest-Thorw scrub	Q2,363,277.57	Fund for Tropical Forest Conservation	Fundación Defensores de la Naturaleza	In liquidation	Q2,363,278.00	100%
11	Sustainable management of forests in areas of water recharge Samalá, Nahualate, Salinas, Motagua and Lake Atitlán watershed in the municipalities of Santa María Chiquimula and Totonicapán	Q2,440,447.13	Fund for Tropical Forest Conservation	CARE	In liquidation	Q2,440,447.00	100%
Programa de Pequeñas Donaciones PPD/FCA							
12	Regional subprogram	Q2,500,000.00	Fund for Tropical Forest Conservation	ASOCUCH	In liquidation	Q2,500,000.00	100%
13	Regional subprogram	Q2,500,000.00	Fund for Tropical Forest Conservation	Fundación Naturaleza para la Vida	In liquidation	Q2,500,000.00	100%
14	Regional subprogram	Q2,500,000.00	Fund for Tropical Forest Conservation	ASOPROGAL	In liquidation	Q2,500,000.00	100%
15	Regional subprogram	Q2,500,000.00	Fund for Tropical Forest Conservation	TIKONEL	In liquidation	Q2,500,000.00	100%
16	Regional subprogram	Q2,500,000.00	Fund for Tropical Forest Conservation	ADAM	In liquidation	Q2,500,000.00	100%
Línea de Donación Especial							
17	Protection and Sustainable Management of environmental goods and services of the springs Protection Reserve Cerro Alux and support financial sustainability	Q1,999,914.00	Fund for Tropical Forest Conservation	FUNDAECO	Developing	Q957,322.00	48%

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

ANNEX I: DETAIL OF PROJECTS FINANCED BY FCA

To December 31, 2015

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 ASOCUCH
- c) 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.