

PROFONANPE

Financial statements audit report as of
December 31, 2019

INDEPENDENT AUDITOR'S OPINION

To the members of the Board of Directors and Executive Director
PROFONANPE

October 09, 2020

1. We have audited the accompanying financial statements of **PROFONANPE** which comprise the statements of financial position as of December 31, 2019 and 2018 the statement of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes from 1 to 23.

Management's responsibility for the financial statements -

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with general accepted accounting principles in Peru. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility –

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with international standards on auditing approved in Peru by the Board of Deans of Colleges of Public Accountants of Peru. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the **PROFONANPE** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PROFONANPE

Opinion –

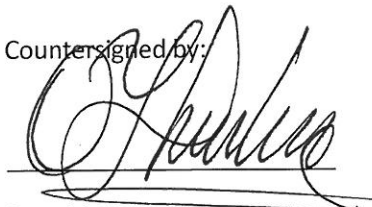
5. In our opinion, the financial statements above indicated present fairly, in all material respects, the financial position of **PROFONANPE** as of December 31, 2019 and 2018, as well as its financial performance and its cash flows for the years then ended, in accordance with accounting principles described in Note 2 to the audited financial statements.

Matter of importance –

6. According to the principles and practices used by **PROFONANPE** for the accounting registration of funds from Agreements financed by International Cooperation Agencies, in which it acts as manager of donated financial resources and in other cases derive these to other Government entities or non-profit associations for the realization of projects on conservation and management of the environment, funds received and expenses executed are recorded through assets accounts (Cash and Cash Equivalents, Other Accounts Receivable and Financial Investment) and liabilities (Management Funds), which is why they are not included as revenue or as expense in the statement of comprehensive income for the period.

Lima, Peru
October 09, 2020

Countersigned by:



Oswaldo Fonseca Luna (Partner)
Collegiate Public Accountant
Registration N° 8095

Fonseca, Camargo & Associates

PROFONANPE

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018
(In American Dollars)

ASSETS	<u>Notes</u>	<u>2019</u>	<u>2018</u>	LIABILITIES AND EQUITY	<u>Notes</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	3	7,943,927	7,888,229	Accounts payable	9	1,646	-
Other accounts receivable, current	4	251,194	148,459	Other accounts payable, current	10	399,509	320,623
Prepaid expenses	5	75,274	46,376	Total Current Liabilities		<u>401,155</u>	<u>320,623</u>
Total Current Assets		<u>8,270,395</u>	<u>8,083,064</u>	NON-CURRENT LIABILITIES			
NON-CURRENT ASSETS				Accounts payable, non-current	10	233,923	233,923
Financial investments	6	46,436,677	41,428,931	Management funds	11	54,562,312	49,425,810
Furniture and equipment, net	7	54,489	46,732	Total Non-Current Liabilities		<u>54,796,235</u>	<u>49,659,733</u>
Other accounts receivable non-current	7	233,923	233,923	Total Liabilities		<u>55,197,390</u>	<u>49,980,356</u>
Intangibles, net	8	89,207	99,744	EQUITY			
Total Non-Current Assets		<u>46,814,296</u>	<u>41,809,330</u>	Retained Earnings	12	(112,699)	(87,962)
Total Assets		<u>55,084,691</u>	<u>49,892,394</u>	Total Equity		<u>(112,699)</u>	<u>(87,962)</u>
Off-Balance sheet accounts	13	688,427	652,569	Total Liabilities and Equity		<u>55,084,691</u>	<u>49,892,394</u>
				Off-Balance sheet accounts	13	688,427	652,569

The accompanying notes from page 8 to 30 are part of the financial statements.

PROFONANPE

STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
 (In American Dollars)

	Notes	2019	2018
REVENUES			
Management income	14	771,857	1,189,091
Other income	14	66,316	34,728
Total revenues		838,173	1,223,819
EXPENSES			
Administrative expenses	15-18	(819,088)	(1,309,934)
Provisions	19	(21,927)	(18,245)
Total expenses		(841,015)	(1,328,179)
Gross profit		(2,842)	(104,360)
OTHER INCOME (EXPENSES)			
Financial income and expenses, net	20	(21,632)	(14,287)
		(21,632)	(14,287)
Integral Result		(24,474)	(118,647)

The accompanying notes from page 8 to 30 are part of the financial statements.

PROFONANPE

STATEMENT OF CHANGES IN EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
 (In American Dollars)

	Net income	Retained earnings	Total
Balance at December 31, 2017	(76,709)	105,776	29,067
Previous years adjustments	76,709	(75,091)	1,618
Results of the year	(118,647)	-	(118,647)
Balance at December 31, 2018	(118,647)	30,685	(87,962)
Previous years adjustments	-	(263)	(263)
Results of the year	(24,474)	-	(24,474)
Balance at December 31, 2019	(143,121)	30,422	(112,699)

The accompanying notes from page 8 to 30 are part of the financial statements.

PROFONANPE

STATEMENT OF CASH FLOW
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
 (In American Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income by investment funds and portfolio	16,027,075	10,786,103
Income by contributions of institutional development, grants and management of portfolio	771,857	1,082,490
Financial income	-	2,650
Other collections related to activity	596,405	102,253
	17,395,337	11,973,496
Less:		
Payment to suppliers	(6,146,801)	(3,636,334)
Payment of wages	(2,171,158)	(1,494,346)
Payment of taxes	(755,845)	(533,008)
Administrative transfer of projects and sub grants	(2,303,010)	(2,520,693)
Other accounts payable related to activity	(5,939,338)	(2,727,745)
Cash and cash equivalents provided by operating activities	(17,316,152)	(10,912,126)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase of fixed asset by purchases	(23,487)	(1,073)
Increase in intangible assets of purchases	-	(101,609)
Cash and cash equivalents provided by financing activities	(23,487)	(102,682)
Net increase of cash and cash equivalents	55,698	958,688
Cash at the beginning of the year	7,288,229	6,929,541
Cash at the end of the year	7,943,927	7,888,229

The accompanying notes from page 8 to 30 are part of the financial statements.

INDEPENDENT AUDITOR'S OPINION ON COMPLEMENTARY INFORMATION

To the members of the Board of Directors and Executive Director

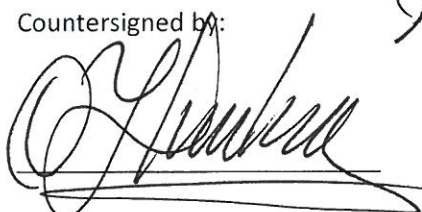
PROFONANPE

Lima - Peru.-

1. In regard to the audit of financial statements of **PROFONANPE** as of December 31, 2019, on which we have issued our report on October 09, 2020, we have also reviewed the additional financial information required by that entity included in Annexes N° 1 "Movement of Investments Portfolio"; N° 2 "Structure of Investment Portfolio"; and N° 3 "Project Balance". These annexes have been prepared by PROFONANPE Executive Director, in compliance to its records, according to accounting principles described in Note 2 to the financial statements.
2. Our review was conducted in order to express an opinion on the financial statements taken as a whole. The accompanying additional financial information is submitted pursuant to the requirements established by **PROFONANPE** and is not necessary for a fair presentation of the financial statements at that date. This additional information has been subject to audit procedures applied to the financial statements and therefore, included selective tests of the accounting and implementing other audit procedures as we consider necessary in the circumstances, therefore, in our opinion is fairly presented, in its important respects in relation to the financial statements taken as a whole.

Lima, Peru
October 09, 2020

Countersigned by:



Oswaldo Fonseca Luna (Partner)
Collegiate Public Accountant
Registration N° 8095

Fonseca, Camargo & Associates