

FINANCIAL STATEMENTS
PROFONANPE

As of December 31, 2020, and 2019



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Independent Auditor's Report

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

1. We have audited the accompanying financial statements of **PROFONANPE**, which comprise the statement of financial position as of December 31, 2020 and Statement of Comprehensive Income, Changes in Shareholders' Equity and Cash Flows for the year then ended, and the summary of significant accounting policies and other accompanying explanatory notes from 1 to 18.

Executive Management's Responsibility for the Financial Statements

2. Executive Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally 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.

Auditor's Responsibility

3. 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 issued by the International Auditing and Assurance Standards Board, as approved by the Board of Deans of the Peruvian Associations of Public Accountants for application in 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the balances and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 **PROFONANPE's** 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 such Company's internal control. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Executive Management of **PROFONANPE**, as well as evaluating the overall financial statement presentation.

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

Opinion

5. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **PROFONANPE**, as of December 31, 2020, and its financial performance and its cash flows for the year then ended, in accordance with the accounting principles and practices set forth in Note 2 to the audited financial statements.



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Emphasis of Matter

6. According to the accounting principles and practices used by **PROFONANPE** to record donations from International Technical Cooperation Agencies, in which it acts as administrator of financial resources and in other cases allocate them to other non-profit associations involved in the implementation of environmental conservation and management sub-projects, the funds received and expenses incurred are accounted for through asset (cash and cash equivalents) and liability (funds under administration) accounts, not including these operations as income or as expenses in the statement of comprehensive income for the period, since it is considered that such funds are administered on behalf of the donors.
7. The financial statements of **PROFONANPE** comprising the statement of financial position as of December 31, 2019 and the statement of comprehensive income, changes in equity, and cash flows for the year then ended were examined by other independent auditors who, on October 9, 2020, issued an unqualified opinion.
8. On June 15, 2020, at a meeting of the Board of Directors, it was agreed to terminate the process of merger by absorption of National Environmental Fund (FONAM) (merged company) and the effective date of the merger; however, the transfer of FONAM's account balances took place in January 2021.

Lima, Peru, October 29, 2021

Countersigned by:

Andres Ropert Dokmanovic
Partner
Ropert, Sarrio & Asociados S.C.
Certified Public Accountant
Registration No. 39184

Statement of Financial Position

As of December 31, 2020, and 2019
(In United States Dollars)

	Note	12.31.2020	12.31.2019		Note	12.31.2020	12.31.2019
ASSETS				LIABILITIES AND EQUITY			
CURRENT ASSETS				CURRENT LIABILITIES			
Cash and cash equivalents	3	41,695,856	7,943,927	Trade accounts payable		2,105	1,646
Other current accounts receivable	4	713,395	251,194	Miscellaneous accounts payable, current portion	6	1,148,177	399,509
Precontract costs		218,160	75,274				
Total current assets		<u>42,627,411</u>	<u>8,270,395</u>	Total current liabilities		<u>1,150,282</u>	<u>401,155</u>
NON-CURRENT ASSETS				NON-CURRENT LIABILITIES			
Financial investments	5	46,930,026	46,436,677	Miscellaneous non-current accounts payable	6	374,805	233,923
Furniture and equipment, net		41,604	54,489	Funds under administration	7	88,499,756	54,562,312
Other non-current accounts receivable	4	233,923	233,923	Total non-current liabilities		<u>88,874,561</u>	<u>54,796,235</u>
Intangibles, net		78,379	89,207	Total liabilities		<u>90,024,843</u>	<u>55,197,390</u>
Total non-current assets		<u>47,283,932</u>	<u>46,814,296</u>	EQUITY			
				Retained earnings	8	(113,500)	(112,699)
				Total equity		<u>(113,500)</u>	<u>(112,699)</u>
Total assets		<u>89,911,343</u>	<u>55,084,691</u>	Total liabilities and equity		<u>89,911,343</u>	<u>55,084,691</u>
MEMORANDA ACCOUNTS	9	<u>1,061,832</u>	<u>688,427</u>	MEMORANDA ACCOUNTS	9	<u>1,061,832</u>	<u>688,427</u>

The accompanying notes are part of the financial statements.

Statement of Comprehensive Income

For the years ended December 31, 2020, and 2019
(In United States Dollars)

	<u>Note</u>	<u>12.31.2020</u>	<u>12.31.2019</u>
INCOME			
Management income	10	1,270,717	771,857
Other income		<u>10,009</u>	<u>66,316</u>
Total income		1,280,726	838,173
EXPENSES			
Administrative expenses	11	(1,205,873)	(819,088)
Provisions		<u>(22,525)</u>	<u>(21,927)</u>
Total expenses		(1,228,398)	(841,015)
Operating results		(52,328)	(2,842)
FINANCIAL, NET			
Exchange difference, net		<u>(52,328)</u>	<u>(21,632)</u>
		<u>(52,328)</u>	<u>(21,632)</u>
Income for the year		<u>0</u>	<u>(24,474)</u>

The accompanying notes are part of the financial statements.

Statement of Changes in Equity

For the years ended December 31, 2020, and 2019
(In United States Dollars)

	<u>Retained earnings</u>	<u>Total</u>
BALANCES AS OF DECEMBER 31, 2018	(87,962)	(87,962)
Adjustment	(263)	(263)
Income for the year	<u>(24,474)</u>	<u>(24,474)</u>
BALANCES AS OF DECEMBER 31, 2019	(112,699)	(112,699)
Adjustment	(801)	(801)
BALANCES AS OF DECEMBER 31, 2020	<u>(113,500)</u>	<u>(113,500)</u>

The accompanying notes are part of the financial statements.

Statement of Cash Flows

For the years ended December 31, 2020, and 2019
(In United States Dollars)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from operating and portfolio funds	28,809,836	16,027,075
Income from Institutional Development contributions, donations and portfolio administration	1,270,717	771,857
Other activity-related collections	<u>25,299,688</u>	<u>596,405</u>
	<u>55,380,241</u>	<u>17,395,337</u>
Less:		
Payments to suppliers	(7,257,868)	(6,146,801)
Remuneration payments	(2,678,153)	(2,171,158)
Tax payments	(713,026)	(755,845)
Direct subdonations	(7,879,099)	(2,303,010)
Other accounts payable related to the activity	<u>(3,100,166)</u>	<u>(5,939,338)</u>
Cash from operating activities	<u>(21,628,312)</u>	<u>(17,316,152)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed assets due to purchases	<u>0</u>	<u>(23,487)</u>
Cash from investing activities	<u>0</u>	<u>(23,487)</u>
Increase in assets and cash equivalents during the year, net	33,751,929	55,698
Cash and cash equivalents at the beginning of the year	<u>7,943,927</u>	<u>7,288,229</u>
Cash and cash equivalents at the end of the year	<u>41,695,856</u>	<u>7,943,927</u>

The accompanying notes are part of the financial statements.

**SUPPLEMENTARY INFORMATION
TO THE FINANCIAL STATEMENTS**

PROFONANPE

As of December 31, 2020



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Independent Auditor's Report on Supplementary Information

To the members of the Board of Directors and the Executive Director of
PROFONANPE
Lima - Peru. -

1. In connection with the audit of PROFONANPE's financial statements as of December 31, 2020, on which we have issued our report dated October 29, 2021, we have also examined the supplementary financial information required by that entity included in Annexes No. 1 "Movement of the Investment Portfolio; No. 2 "Structure of the Investment Portfolio", and, No. 3 "Investment Projects Balance Sheet". These annexes have been prepared by the Executive Management of PROFONANPE, in line with its records, in accordance with the accounting principles and practices set forth in Note 2 to the financial statements.
2. Our audit was conducted for the purpose of expressing an opinion on the financial statements taken as a whole. The accompanying supplementary financial information is presented in compliance with the requirements established by PROFONANPE and is not necessary for a fair presentation of the financial statements as of that date. This supplementary information has been subjected to the auditing procedures applied to the financial statements and therefore, it included selective tests of the accounting records and the application of such other auditing procedures as we considered necessary in the circumstances and, in our opinion, it is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Lima, Peru, October 28, 2021

Countersigned by:

Andres Ropert Dokmarovic
Partner
Ropert, Sarrío & Asociados S.C.
Certified Public Accountant
Registration No. 39184