

**Fonseca,
Camargo y
Asociados**

Contadores Pùblicos, Auditores y Consultores

PROFONANPE

Report of Audit of financial statements, Project
"Natural Heritage Initiative of Peru", financed by the
Cooperation Agreement signed between the
Gordon and Betty Moore Foundation, World
Wildlife Found Inc. and Andes Amazon Fund, in
collaboration with PROFONANPE
For the period from January 01 to December 31,
2024

**CONF
AUDITORES**

Miembro en el Perù de ConfeAuditores - España

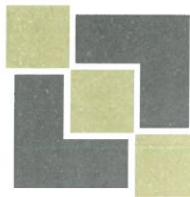
PROFONANPE

Project "Natural Heritage Initiative of Peru" funded by the Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund INC, Andes Amazon Fund, and PROFONANPE
Audit of financial statements for the period from January 01 to December 31, 2024

**AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

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Mr.:

Anton Willems Delanoy

Executive Director

PROFONANPE

Lima - Peru.-

Dear Sirs:

This document constitutes the "**Executive Summary**" of the financial audit report for the period from January 1 to December 31, 2024, of the "*Natural Heritage Initiative of Peru*" project, financed by the Grant Agreements signed between *Gordon and Betty Moore Foundation; World Wildlife Found INC., Andes Amazon Fund* and PROFONANPE. The content of this summary is as follows:

1. BACKGROUND

a) From the entities financing the project

On May 24, 2019, a memorandum of understanding was signed between the Ministry of the Environment, the National Service for Natural Areas Protected by the State, *Gordon and Betty Moore Foundation; World Wildlife INC; Andes Amazon Fund*, and PROFONANPE. The objective of the project is to consolidate the effective management of the thirty-eight (38) protected natural areas of national administration that are part of the Amazon biome, which represent approximately 17 million hectares in Peru, for which the conditions will be generated. authorizations for said management within a term of eleven (11) years that ensures its financial sustainability in perpetuity.

(1) Gordon and Betty Moore Foundation and other Foundations

It is a nonprofit organization constituted in Delaware, United States of America, that promotes scientific discovery, environmental conservation, improvements in patient care, and preservation of the San Francisco Bay Area. In Peru, the Foundation has supported the creation and effective management of approximately eighteen national, regional, and communal land protected areas. The primary donors of the project are made up of: *Gordon and Betty Moore Foundation; Margaret A. Cargill Foundation and Jhon and Catherine T. Mac Arthur Foundation.*

(2) World Wildlife Fund INC.

It is a non-profit organization constituted in Delaware, United States of America, and registered in Peru in the item 11030045 of the Registry of Legal Entities of the Registry Office of Lima and Callao. It is recognized by the Ministry of Foreign Affairs, according to Vice-Ministerial Resolution of August 4, 1998, with renewed ENIEX registration through Directorial Resolution N° 081-2017 / APCI-DOC of February 9, 2017. *World Wildlife Fund*, mission is stopping the degradation of the planet natural environment and build a future where human beings live in harmony with nature, conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable and promoting the reduction of pollution and consumption excessive.

(3) Andes Amazon Fund

It was created as an initiative to make grants from multiple donors to support conservation in the Andean-Amazon region of South America, through the creation and effective management of protected areas and indigenous reserves. This organization is a project of the *New Venture Fund*, of the United States 501(c) public charity that incubates new and innovative public interest projects and grant programs.

b) From the Memorandum of Understanding

On May 24, 2019, the Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund, the Ministry of Environment, and PROFONANPE signed a Memorandum of Understanding to finance the "Peru Natural Heritage Initiative for the 38 Natural Protected Areas of the Amazon Biome - PDP" project for US\$18 million. The project's objective is to promote long-term financial sustainability through effective management of the National System of Natural Protected Areas by the State and the establishment of a Transition Fund. The Moore Foundation is contributing US\$12 million; US\$5 million is being contributed by the World Wildlife Fund through the Global Environment Facility (GEF); and US\$3 million is being contributed by the Andes Amazon Fund, subject to the availability of funds. On December 17, 2019, World Wildlife Fund signed a grant agreement with PROFONANPE to finance the project.

The donation agreement began on December 16, 2019, and will end on December 31, 2029.

c) Transition Fund Portfolio Management

The Investment Portfolio of the Transition Fund amount to US\$ 17 million dollars is managed by PROFONANPE through its competent offices, with the objective of maximizing its returns with the lowest possible risk. For the governance of the PDP Initiative, the Operations Manual - MOP establishes that the Board of Directors is its governing body and the highest decision-making body, which is responsible for monitoring compliance with the objectives and goals of the PDP. MoU, MOP-Amazonia and EI-Amazonia, as well as approve the disbursements of the Transition Fund destined for the implementation of the PdP-Amazonia Initiative. The investment portfolio is managed by an international bank.

d) Of the managing and executing entity of the project

- 1) PROFONANPE, is a non-profit private law institution, established in Peru by Decree Law 26154 of December 29, 1992, with the purpose of administering the National Fund for Natural Areas Protected by the State, therefore that enjoys its own legal existence and legal status. In accordance with Article 181.1 of the Regulations of the Law on Protected Natural Areas approved by Supreme Decree 038-2001-AG, PROFONANPE's mission is the collection, channeling, and allocation of complementary resources required to contribute to the conservation of diversity biological, protection and management of Protected Natural Areas included in the indicated Regulation.
- 2) The Ministry of the Environment is the agency governmental that develops, supervises, and executes the National Environmental Policy; as well as fulfills the function of promoting the conservation and sustainable use of natural resources, biological diversity and protected natural areas in accordance with the provisions of Legislative Decree 1013, Law of Creation Organization and Functions of the Ministry of the Environment. Its objective is the conservation of the environment, in such a way that it promotes and ensures the sustainable, responsible, rational and ethical use of natural resources and the environment that sustains them, which allows contributing to the integral, social, economic and cultural development of the person human being, in

permanent harmony with its environment, and thus ensure present and future generations, the right to enjoy a balanced and adequate environment for the development of life.

3) National Service for Protected Natural Areas by the State- SERNANP was created by Legislative Decree 1013, Law of Creation, Organization and Functions of the Ministry of the Environment. It is a specialized technical body attached to the Ministry of the Environment, created by the Second Final Complementary Provision of Legislative Decree, as the governing body and technical-regulatory authority of the National System of Protected Areas by the State.

On May 3, 2019, PROFONANPE and the National Service for Protected Natural Areas by the State - SERNANP signed the Interinstitutional Cooperation Agreement for the implementation and execution of the Transition Fund for the PDP-Amazon Initiative for the thirty-eight Protected Natural Areas of the Amazon Biome. Subsequently, on May 24, 2019, the Memorandum of Understanding was signed between the Ministry of the Environment, the National Service for Protected Natural Areas - SERNANP, the Gordon and Betty Moore Foundation, the World Wildlife Fund, the Andes Amazon Fund and PROFONANPE. The administrator of the Transition Fund and recipient of donations and other resources is PROFONANPE. SERNANP is responsible for the technical execution of the donations and other resources that constitute the Transition Fund.

2. OBJECTIVES AND SCOPE OF THE AUDIT

The external audit professional services contract signed with PROFONANPE, to audit the financial statements of the Project "*Natural Heritage Initiative of Peru*", financed by the Grant Agreements signed between the *Gordon and Betty Moore Foundation, World Wildlife INC., Andes Amazon Fund* and PROFONANPE, established the following objectives:

- Issue an opinion on whether the statement of sources and use of funds and the statement of accumulated investments of the Project "*Natural Heritage Initiative of Peru*", reasonably present the sources and uses of funds in the period from January 1 to December 31, 2024, as well as the investments as of the last date, in accordance with the accounting policies applied and the terms of the Grant Agreements entered into between the *Gordon and Betty Moore Foundation, World Wildlife, Andes Amazon Fund* and PROFONANPE.
- Issue an opinion on whether the supplementary financial information as of December 31, 2024, has been fairly presented in all material aspects.
- Issue an opinion regarding compliance with the clauses included in the Donation Agreement with World Wildlife Fund INC. in the period examined.
- Issue an opinion on the reasonableness of the internal control system in PROFONANPE for the management of funds transferred by donors in the period examined, identifying significant deficiencies in the design and operation, if any.

Our audit was carried out in accordance with the International Auditing Standards issued by the International Auditing and Assurance Standards Board - IIASB approved for its application in Peru by the Board of Deans of the Associations of Public Accountants of Peru, for which it included the transactions carried out with the funds of the Donation Agreements, in the period from January 1 to December 31, 2024. A summary of the audit procedures applied is presented in Annex 4 of this report.

3. RESULTS OF THE AUDIT

As a result of the audit of financial statements of the Project "Natural Heritage Initiative of Peru" for the period from January 01 to December 31, 2024, we issued our audit report on April 12, 2024. A summary of this report is presented below:

- Unqualified opinion on the status of sources and use of funds and the status of accumulated investments for the period from January 1 to December 31, 2024. Material misstatements were not identified in the funds executed in the period.
- Unqualified opinion on the supplementary information as of December 31, 2024.
- We are of the opinion that PROFONANPE reasonably complied with the clauses of the Grant Agreement, signed with World Wildlife INC. in the period from January 1 to December 31, 2024.
- In the report on the internal control established by PROFONANPE in the period from January 1 to December 31, 2024, no significant deficiencies are reported regarding the design and operation of internal controls in the project.

4. COMMENTS FROM THE ENTITY

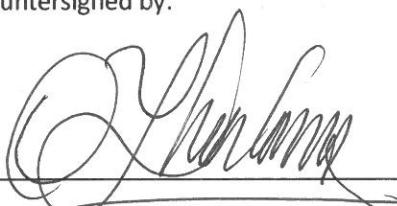
The Executive Director of PROFONANPE has taken note of this audit report, expressing its agreement on its content.

Lima, Peru

April 18, 2025

Countersigned by:

Fonseca, Camargo y Asociados



Oswaldo Fonseca Luna
Certified Public Accountant
Registration Nº 8095

To the members of the Directive Board and Executive Director
PROFONANPE
Lima – Peru

April 18, 2025

Opinion

1. We have audited the statement of sources and uses of funds for the period from January 01 to December 31, 2024, and the statement of accumulated investments as of December 31, 2024, corresponding to the project "Natural Heritage Initiative of Peru", funded by the *Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund and Andes Amazon Fund, which is executed by PROFONANPE*, as well as the summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the sources and uses of funds for the period from January 01 to December 31, 2024, and the cumulative investments of the project "Natural Heritage Initiative of Peru" for the period then ended, in accordance with the accounting policies described in Note 2 to the accompanying financial statements and the terms of the Agreement.

Basis for opinion

2. We conducted our audit in accordance with International Standards on Auditing – ISA formalized in Peru by the Board of Deans of the Peruvian Institute of Public Accountants. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section. We are independent of PROFONANPE in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements of the Code of Professional Ethics issued by the Board of Deans of Peruvian Institute of Public Accountants that are relevant to our audit of financial statements. We have complied with our ethical responsibilities under the IESBA Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management' Responsibility for the financial statements

3. Management is responsible for the preparation and fair presentation of the accompanying financial statements in *accordance* with accounting standards applicable to not-for-profit organizations and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as appropriate, matters related to this accounting principle and its use, unless Management intends to liquidate the entity or cease operations, unless it has no realistic alternative but to do so.

Those charged with governance of the entity are responsible for overseeing of preparing its financial information.

Auditor's Responsibilities for the Audit of the Financial Statements

4. Our objectives are to obtain reasonable assurance about whether the financial statements of the project "*Natural Heritage Initiative of Peru*" as a whole are free from material misstatement, whether due to fraud or error, and to issue the audit report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Standards on Auditing approved for application in Peru by the Board of Deans of the Peruvian Institute of Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit.

Also:

- a) We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks and applied audit procedures to respond to those risks and obtained sufficient appropriate evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) We obtain an understanding of internal control relevant to the audit 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.
- c) We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- d) We conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to disclosures related to the financial statements or, if these disclosures are inadequate, to modify our opinion. The conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the entity to cease to operate as a going concern.
- e) We evaluate the overall presentation, structure, content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to those charged with management of PROFONANPE a statement that we have complied with ethical requirements, including the planned scope and timing of the audit, as well as any deficiencies in internal control identified during the audit.

Other matters

5. Without modifying our opinion, we refer to note 2 to the financial statements describing the basis of accounting. The financial statements of the project "*Natural Heritage Initiative of Peru*", for the period from January 01 to December 31, 2024, have been prepared in accordance with the cash basis of accounting. According to this basis of accounting, revenues are recognized when received and expenses are recognized when paid and not when accrued, which results in a method different from that based on generally accepted accounting principles in Peru, which include the International Financial Reporting Standards – IFRS.
6. Our report is intended solely for the knowledge and use of PROFONANPE, *Gordon and Betty Moore Foundation, World Wildlife Fund and Andes Amazon Fund*, so it should not be used by others or for purposes other than those indicated here.

Lima, Peru
April 18, 2025

Countersigned by:

Fonseca, Camargo y Asociados



Oswaldo Fonseca Luna
Certified Public Accountant
Registration N° 8095

PROFONANPE

Project "Natural Heritage Initiative of Peru" funded by the Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund INC, Andes Amazon Fund, and PROFONANPE
 Audit of financial statements for the Audit of financial statements for the period from January 01 to December 31, 2024

STATEMENT OF SOURCES AND USES OF FUNDS
 FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024
 (Expressed in U.S. Dollars)
 (Notes 1 and 2)

	Accumulated as of December 31, 2023			From the period January to December 2024			Accumulated as of December 31, 2024						
	Notes	AMAZON FUND		TOTAL	AMAZON FUND		TOTAL	AMAZON FUND					
		WWF GEF	WWF MOORE		WWF GEF	WWF MOORE		WWF GEF	WWF MOORE				
SOURCE OF FUNDS:													
INCOME													
Transfers PDP		5,000,000	2,131,175	16,999,875	24,131,050	-	-	5,000,000	2,131,175	16,999,875	24,131,050		
Total funds received		5,000,000	2,131,175	16,999,875	24,131,050	-	-	5,000,000	2,131,175	16,999,875	24,131,050		
USE OF FUNDS BY COMPONENT:													
EGRESOS													
01 Preliminary Management Level	3	-	149,314	2,134	151,448	-	-	7,439	7,439	-	149,314	9,573	158,887
02 Basic and structural Management Level	4	2,675,628	1,689,107	2,821,056	7,185,791	698,620	36,060	728,138	1,462,818	3,374,248	1,725,167	3,549,194	8,648,609
03 Optimal Management Level	5	5,822	672	636,246	642,740	93,082	-	97,128	190,210	98,904	672	733,374	832,950
04 Financial Sustainability	6	-	-	228,018	228,018	-	-	49,806	49,806	-	-	277,824	277,824
05 Adaptive Management of Intervention	7	58,752	208,872	2,818,874	3,086,498	88,056	20,916	802,334	911,306	146,808	229,788	3,621,208	3,997,804
Sub total inversiones del proyecto		2,740,202	2,047,965	6,506,328	11,294,495	879,758	56,976	1,684,845	2,621,579	3,619,960	2,104,941	8,191,173	13,916,074
Accounts to be regularized		1,977	4,023	(207,580)	(201,580)	2,823	(142)	138,193	140,874	4,800	3,881	(69,387)	(60,706)
Investments		(2,159,073)	(58,771)	(10,125,985)	(12,343,829)	1,029,870	46,361	1,763,013	2,839,244	(1,129,203)	(12,410)	(8,362,972)	(9,504,585)
Exchange difference		(13,988)	(17,674)	(45,103)	(76,765)	6,284	17,411	(13,344)	10,352	(7,704)	(263)	(58,447)	(66,413)
		(2,171,084)	(72,422)	(10,378,668)	-12,622,174	1,038,977	63,630	1,887,738	2,990,470	(1,132,107)	(8,792)	-8,490,930	(9,631,704)
Increase (decrease) of cash		88,714	10,788	114,879	214,381	159,220	6,654	203,018	368,891	247,933	17,442	317,897	583,272
Effective at the beginning of the period		-	-	-	-	88,714	10,788	114,879	214,381	-	-	-	-
Effective at the end of the period	9g	88,714	10,788	114,879	214,381	247,934	17,442	317,897	583,272	247,933	17,442	317,897	583,272

The accompanying notes form part of this financial statement.

STATEMENT OF ACCUMULATED INVESTMENTS
 FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024
 (Expressed in U.S. Dollars)

USE OF FUNDS BY COMPONENT	Budget Accumulated				Accumulated as of December 2023				Movements from January to December 2024				Accumulated as of December 31, 2024			
	Amazon		WWF/ Moore		Amazon		WWF/ Moore		Amazon		WWF/ Moore		Amazon		WWF/ Moore	
	WWF	Fund	Foundation	Total	WWF	Fund	Foundation	Total	WWF	Fund	Foundation	Total	WWF	Fund	Foundation	Total
01 Nivel de Gestión Preliminar Basic and structural Nivel	-	149,314	9,573	158,887	-	149,313	2,135	151,448	-	-	7,439	7,439	-	149,314	9,573	158,887
02 Management level	3,374,248	1,725,167	3,549,194	8,648,609	2,675,628	1,689,108	2,821,055	7,185,791	698,620	36,060	728,138	1,462,818	3,374,248	1,725,167	3,549,194	8,648,609
03 Optimal Management Level	98,904	672	733,374	832,950	5,822	672	636,246	642,740	93,082	-	97,128	190,210	98,904	672	733,374	832,950
04 Financial Sustainability	-	-	277,824	277,824	-	-	228,017	228,017	-	-	49,806	49,806	-	-	277,824	277,824
05 Gestión Adaptativa de la Intervención	<u>146,808</u>	<u>229,788</u>	<u>3,621,208</u>	<u>3,997,804</u>	<u>58,753</u>	<u>208,872</u>	<u>2,818,874</u>	<u>3,086,499</u>	<u>88,056</u>	<u>20,916</u>	<u>802,334</u>	<u>911,306</u>	<u>146,808</u>	<u>229,788</u>	<u>3,621,208</u>	<u>3,997,804</u>
Total project investments	<u>3,619,960</u>	<u>2,104,941</u>	<u>8,191,173</u>	<u>13,916,074</u>	<u>2,740,203</u>	<u>2,047,965</u>	<u>6,506,327</u>	<u>11,294,495</u>	<u>879,758</u>	<u>56,976</u>	<u>1,684,845</u>	<u>2,621,579</u>	<u>3,619,960</u>	<u>2,104,941</u>	<u>8,191,173</u>	<u>13,916,074</u>

The accompanying notes form part of this financial statement.

PROFONANPE

Project "Natural Heritage Initiative of Peru" funded by the Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund INC, Andes Amazon Fund, and PROFONANPE
Audit of financial statements for the period from January 01 to December 31, 2024

NOTES TO THE STATEMENT OF SOURCES AND USES OF FUNDS AND TO THE STATEMENT OF ACCUMULATED INVESTMENTS

FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024

1. NATURE AND ACTIVITIES OF THE ENTITY AND THE PROJECT

a) The managing entity of the Project

PROFONANPE is a non-profit private law institution of public and social interest, established by Decree Law 26154 of December 29, 1992, to administer the National Fund for Natural Areas Protected by the State. The Single Integrated Text of PROFONANPE's by laws was approved by the Board of Directors at its meeting on August 25, 2009, and registered in the Public Registries of Lima on January 15, 2010. According to the regulations of the law approved by Decree Supreme 024-93-AG, PROFONANPE has the following purposes: a) contribute to the conservation, protection and management of Natural Areas Protected by the State; b) strengthen the operational capacity of the General Direction of Protected Natural Areas and Wildlife (formerly, INRENA); c) contribute to the strengthening of the technical capacity of the personnel that works in the Natural Areas Protected by the State; y, d) finance projects, programs and/or activities related to the conservation and management of protected natural areas, developed by the State or non-governmental organizations.

PROFONANPE, manages the trust fund established in Article 1 of Decree Law 26154, as well as the resources from the International Technical Cooperation Agreements. In its capacity as administrator of the National Fund for Natural Areas Protected by the State, it captures, channels and assigns the complementary resources required to contribute to the conservation, protection and management of Natural Protected Areas included in its regulations. PROFONANPE is governed by its Statutes and in a supplementary manner by the norms of the Civil Code.

b) Of the executing entity of the project

The National Service of Natural Areas Protected by the State - SERNANP, was created by Legislative Decree 1013 on May 14, 2008, as a Specialized Technical Public Organization, attached to the Ministry of the Environment. SERNANP is responsible for the administration of the National System of Natural Areas Protected by the State (SINANPE), with the following functions: a) direct SINANPE and ensure its operation as a "unitary" system; b) approve the regulations and establish the technical and administrative criteria, as well as the procedures for the management of Protected Natural Areas; c) guide and support the management of protected natural areas whose administration is the responsibility of regional and local governments and the owners of properties recognized as private conservation areas y, d) establish the inspection and control mechanisms and the corresponding administrative infractions and sanctions; and exercise the sanctioning power in cases of non-compliance.

c) Of the Project

The National Service of Natural Areas Protected by the State - SERNANP, is a Specialized Technical Public Organization attached to the Ministry of the Environment by Legislative Decree 1013 of May 14, 2008, in charge of directing and establishing the technical and administrative criteria for the conservation of Protected Natural Areas and safeguarding the maintenance of biological diversity.

Faced with this situation, SERNANP, as the governing of the National System of Natural Areas Protected by the State - SINANPE, manages the human, financial, and logistical resources and establishes a series of administrative and technical procedures, which it permanently executes in order to improve the efficiency of their intervention, in order to contribute to conserving biological diversity and generating alternatives for sustainable use for the benefit of the local population.

Likewise, the relevance of the need to have a fundraising strategy for the good management of Protected Natural Areas is considered, ensuring financial sustainability within a period of 20 years, through the Initiative "Securing the future of Natural Areas Protected-National Parks: Natural Heritage of Peru" (PdP), recognized by Resolution 254-2015-SERNANP and declared of national interest by Supreme Decree 003-2019-MINAM. This will allow SERNANP to mobilize and leverage greater resources and new financial support commitments through innovative mechanisms that help strengthen its institutionality and the effective management of SINANPE; covering the current gap between the budget required and that available for the conservation of these living spaces.

The Natural Heritage Initiative of Peru in its Amazon Phase (PdP-Amazonia) begins its implementation in January 2020 following as a guide the Implementation Strategy prepared by SERNANP to manage the implementation of the initiative and the US\$ 70 million already committed on behalf of the *Natural Heritage Initiative of Peru* for the effective management of Protected Natural Areas. For this reason, it requires a strong drive to generate and establish new income and financing sources for the Protected Areas system to guarantee the sustainability of its management and comply with the PdP commitments in the long term.

The "Transition Fund of the Natural Heritage Initiative of Peru" was established to implement part of the already extinct capital resources of the Initiative in accordance with the provisions of its governing documents, the Operations Manual of the PdP-Amazon Initiative (MOP Amazonia) and the Implementation Strategy of the PdP-Amazon Initiative. These documents recognize the responsibility of PROFONANPE and SERNANP in the implementation of the social and environmental safeguards that are part of the policies of the cooperating institutions of the initiative.

2. ACCOUNTING POLICIES

The most important accounting policies used for the registration of operations and the preparation of the financial statements of the project are the following:

a) Presentation of financial statements

The financial statements of the project were prepared by PROFONANPE based on the accounting records that are kept in accordance with the accounting standards applicable in Peru, and the procedures established for that purpose.

b) Accounting basis

The statement of sources and uses of funds and the statement of accumulated investments are prepared in accordance with the cash basis of accounting. Under this basis, income is recognized when it is received, and expenses when they are paid, and not when they are accrued. The adoption of this accounting basis originates a different method from that based on generally accepted accounting principles in Peru.

c) Monetary unit

For presentation purposes, the financial statements of the project are expressed in US dollars.

d) Exchange rate

The transactions carried out are recorded in Soles and in US dollars, as appropriate in each case. For the preparation and presentation of the financial statements (statement of sources and uses of funds and statement of accumulated investments), the funds in Soles are converted to US dollars at the exchange rate from the Superintendencia de Bancos, Seguros y AFP.

e) Statement of Sources and Use of Funds

This financial statement shows the cash transactions carried out by the executing entity, classified in Source of Funds (Revenues); Use of funds (expenses), and Cash available at the end of the period.

f) Statement of accumulated investments

This statement records the disbursements made from the funds transferred by the donor and classified in the corresponding budget items for each period.

g) Restricted use of funds

Project funds are deposited in local banks in national currency and foreign currency. They are of restricted use and can only be used in operations related to their objectives.

3. USE OF FUNDS - PRELIMINARY MANAGEMENT LEVEL (COMPONENT 1)

It comprises:

	In US dollars			
	WWF	Amazon Fund	Moore Foundation	Total
04 Project coordination	-		7,439	7,439
Total	-		7,439	7,439

4. USE OF FUNDS – BASIC AND STRUCTURAL MANAGEMENT LEVEL (COMPONENT 2)

It comprises:

<u>Descripción</u>	In US Dollars			
	WWF/ GEF	Andes/ Amazon Fund	WWF/Fun- dación Moore	Total
01 Development of Public – Private Initiative of multiple partners for the long-term financial sustainability of the ANP of the Peruvian Amazon.	478,602	-	-	478,602
02 Diversification of sources to increase the financing of the ANP.	2,848	-	102,574	105,422
03 Implementation of measures of the PdP Initiative action plan to consolidate and improve the effective management of the ANP of the Amazon	117,774	21,810	164,287	303,871
04 Project coordination	99,396	14,439	307,484	421,319
06 Sub – Grants	-	-	151,173	151,173
13 Travel, transportation and per diem	-	(189)	2,620	2,431
Total	698,620	36,060	728,138	1,462,818

5. USE OF FUNDS — OPTIMAL MANAGEMENT LEVEL (COMPONENT 3)

It comprises:

	In US Dollars			
	WWF/GEF	Andes Amazon Fund	WWF/Fun- dación Moore	Total
01 Development of Public – Private Initiative of multiple partners for the long-term financial sustainability of the ANP of the Peruvian Amazon.	31,025	-	-	31,025
03 Implementation of measures of the PdP Initiative action plan to consolidate and improve the effective management of the ANP of the Amazon.	54,593	-	38,047	92,640
04 Project coordination	7,464	-	59,081	66,545
Total	93,082	-	97,128	190,210

6. USE OF FUNDS - FINANCIAL SUSTAINABILITY (COMPONENT 4)

It comprises:

	In US Dollars			
	WWF/GEF	Andes Amazon Fund	WWF/Foun- dation Moore	Total
03 Implementation of measures of the PdP Initiative action plan to consolidate and improve the effective management of the ANP of the Amazon.	-	-	20,599	20,599
04 Project coordination	-	-	29,207	29,207
Total	-	-	49,806	49,806

7. USE OF FUNDS – ADAPTIVE MANAGEMENT OF THE INTERVENTION (COMPONENT 5)

It comprises:

<u>Description</u>	In US Dollars			
	WWF/GEF	Andes Amazon Fund	Moore Foundation WWF	Total
03 03 Implementation of measures of the PdP Initiative action plan to consolidate and improve the effective management of the ANP of the Amazon.	-	-	83,790	83,790
04 Project coordination	88,056	19,242	171,700	278,998
06 Sub – Grants	-	-	85,675	85,675
08 Management costs – personnel	-	-	308,707	308,707
11 Financial management	-	1,674	124,546	126,220
13 Travel, transportation an per diem	-	-	27,916	27,916
Total	88,056	20,916	802,334	911,306

8. TRANSITION FUND PORTFOLIO

The investment portfolio is managed by JP Morgan Bank and was established on March 31, 2021, with contributions from the Andes Amazon Fund (US\$1,329,155.22); World Wildlife Fund/Moore Foundation (US\$2,950,895.19); and World Wildlife Fund/General Environment Fund – GEF (US\$4,772,441.68). As of December 31, 2024, the net balance of the Transition Fund Investment Portfolio amounted to US\$9,504,585.

9. AVAILABLE AS OF DECEMBER 31, 2024

Cash availability is as follows:

	In Soles	In US Dollars
Proyecto 090-047 WWF / GEF		
Current account in foreign currency N° 191-2662654-1-03		244,565
Current account in Soles 191-2673571-0-56	12,658	3,368
Available balance at December 31, 2024		247,933
Proyecto 090-054 ANDES AMAZON FUND		
Current account in foreign currency° 191-2632227-1-60		15,067
Current account in Soles 191-2664776-0-27	8,930	2,376
Available balance at December 31, 2024		17,443
Proyecto 090-055 WWF / Moore Foundation		
Current account in foreign currency° 191-2636475-1-69	-	311,872
Current account in Soles 191-2664777-0-37	33,848	9,020
Available balance at December 31, 2024		320,892
Plus/Less		
Payment of various services in national currency	(10,064)	(2,691)
Payment of various services in foreign currency	-	(305)
		(2,996)
Available balance at December 31, 2024		317,896
Total at December 31, 2024		583,272

10. SUBSEQUENT EVENTS

There is no knowledge of important events that occurred between the closing date of the project's financial statements and the date of this report that could significantly affect them.

INDEPENDENT AUDITOR'S OPINION ON THE SUPPLEMENTARY INFORMATION

To the members of the Directive Board and Executive Director
PROFONANPE
Lima – Peru

1. We have audited the statement of sources and uses of funds for the period from January 01 to December 31, 2024 and the statement of accumulated investments as of December 31, 2024, corresponding to the project "*Natural Heritage Initiative of Peru*", funded by the Grant Agreements signed between *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund*" and PROFONANPE, and have issued our unqualified opinion thereon on April 18, 2025.
2. Our review was intended to provide an opinion on the statement of funds and the statement of accumulated investments for the period from January 01 to December 31, 2024 of the project signed between the *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund* and PROFONANPE taken as a whole, was conducted in accordance with the International Standards on Auditing disclosed by the *International Auditing and Assurance Standards Board* and approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountant; therefore, it included selective accounting tests and the application of other audit procedures as we considered necessary in the circumstances.
3. The supplementary financial information included as Annex 1,2 and 3 is presented for additional analysis purposes and is not considered necessary for the presentation of the project's financial statements. This supplementary financial information has been the subject of the audit procedures applied to the project's financial statements and is, in our opinion, fairly presented in all material respects in relation to those statements taken as a whole.
4. This report is issued solely for the knowledge and use of *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund* and PROFONANPE, so it should not be used by others or for purposes other than those indicated herein.

Lima, Peru
 April 18, 2025

Countersigned by:



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

Fonseca, Camargo y Asociados

PROFONANPE

Project "Natural Heritage Initiative of Peru" funded by the Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund INC, Andes Amazon Fund, and PROFONANPE
Audit of financial statements for the period from January 01 to December 31, 2024

Annex 1

GOODS

FROM THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024
(Expressed in Soles and US Dollars)

Date	Description	Supplier	In US Dollars	In Soles
16/01/2024	Bote de madera	Mercado Azania Kenny	8,000.00	-
11/04/2024	Grabadora de carrete	Explorador Andino S.A.C.	4,500.00	-
11/04/2024	Cámara fotográfica trampa	Explorador Andino S.A.C.	6,250.00	-
11/04/2024	Colchoneta	Fuentes Herrera Leodan	4,035.00	-
11/04/2024	Camarote de madera	Alvarez Rivera Segundo Adriano	1,680.00	-
12/04/2024	Carpa para campamento	Explorador Andino S.A.C.	2,720.00	-
12/04/2024	Equipo de posicionamiento - GPS	Explorador Andino S.A.C.	3,890.02	-
15/04/2024	Cámara fotográfica digital	J & M Soluciones Ti S.A.C.	-	1,369.00
16/04/2024	Silla giratoria de metal	Imax Int'l S.A.C.	1,932.96	-
17/04/2024	Cámara fotográfica digital	J & M Soluciones Ti S.A.C.	-	3,198.00
23/04/2024	Bote de madera	Aguilar Carrion Lindsay	3,000.00	-
23/04/2024	Computadora personal portátil	J & M Soluciones Ti S.A.C.	-	1,699.00
23/04/2024	Proyector	J & M Soluciones Ti S.A.C.	-	1,399.00
14/05/2024	Equipo de posicionamiento - GPS	La Casa Del Gps E.I.R.L.	2,000.00	-
14/05/2024	Equipos de campo en general	Falcon Wink S.A.C.	6,000.00	-
24/05/2024	Disco duro externo	Dayana Noemi Sinchi Bellido	380.00	-
24/05/2024	Impresora multifuncional	Dayana Noemi Sinchi Bellido	1,220.00	-
5/06/2024	Computadora personal portátil	J & M Soluciones Ti S.A.C.	-	1,749.00
5/06/2024	Proyector	J & M Soluciones Ti S.A.C.	-	1,399.00
5/06/2024	Impresora multifuncional	J & M Soluciones Ti S.A.C.	-	260.00
13/06/2024	Bote de metal	Malca Lopez Segundo Wilder	8,000.00	-
19/06/2024	Cámara fotográfica	J & M Soluciones Ti S.A.C.	-	659.00
19/06/2024	Cámara fotográfica trampa	Explorador Andino S.A.C.	17,998.00	-
19/06/2024	Equipo de posicionamiento - GPS	Explorador Andino S.A.C.	7,780.00	-
19/06/2024	Binocular	Explorador Andino S.A.C.	1,230.00	-
26/06/2024	Bote inflable	Explorador Andino S.A.C.	2,930.00	-
27/06/2024	Bote inflable	Explorador Andino S.A.C.	3,439.00	-
28/06/2024	Lampara solar	Explorador Andino S.A.C.	518.00	-
28/06/2024	Linterna de mano a pilas	Explorador Andino S.A.C.	398.00	-
28/06/2024	Linterna frontal	Explorador Andino S.A.C.	1,464.08	-
28/06/2024	Binocular	Explorador Andino S.A.C.	989.00	-
28/06/2024	Microscopio (otros)	Explorador Andino S.A.C.	1,350.00	-
9/07/2024	Equipo de posicionamiento - GPS	Explorador Andino S.A.C.	7,900.00	-
9/07/2024	Carpa para campamento	Explorador Andino S.A.C.	10,960.00	-
9/07/2024	Binocular	Explorador Andino S.A.C.	3,396.00	-
9/07/2024	Medidor (otros)	Explorador Andino S.A.C.	3,480.00	-
9/07/2024	Linterna frontal	Explorador Andino S.A.C.	1,050.00	-
9/07/2024	Colchoneta	Mq Importaciones Mdd E.I.R.L.	2,400.00	-
9/07/2024	Bolsa de dormir	Mq Importaciones Mdd E.I.R.L.	3,120.00	-
9/07/2024	Cámara fotográfica digital	J & M Soluciones Ti S.A.C.	-	1,699.00
10/07/2024	Equipos de pesca	Bioservice Consulting & Laboratory S.A.C.	1,486.80	-
15/07/2024	Balde y similares implemento para el aseo	Chuco Ponce Ricardo Rodrigo	100.00	-
15/07/2024	Mesa plegable de PVC	Chuco Ponce Ricardo Rodrigo	1,320.00	-
15/07/2024	Silla apilable de plástico	Chuco Ponce Ricardo Rodrigo	1,520.00	-

Date	Description	Supplier	In US Dollars	In Soles
15/07/2024	Radio portatil vhf	Explorador Andino S.A.C.		1,680.00
15/07/2024	Binocular	Explorador Andino S.A.C.	-	900.00
15/07/2024	Contometro	Explorador Andino S.A.C.	-	48.00
15/07/2024	Maleta	Explorador Andino S.A.C.	-	940.00
15/07/2024	Equipo de posicionamiento - GPS	Explorador Andino S.A.C.	-	1,020.00
15/07/2024	Telescopio	Explorador Andino S.A.C.	-	3,500.00
19/07/2024	Multiparametro portátil	Explorador Andino S.A.C.	-	595.00
31/07/2024	Cámara fotográfica digital	Importadora Y Distribuidora Udenio Srl	-	2,638.00
7/08/2024	Cocina a gas	Ecom Negocios E Inversiones Generales S.A.C.S.	2,638.00	-
7/08/2024	Cocina (otras)	Ecom Negocios E Inversiones Generales S.A.C.S.	181.00	-
8/08/2024	Silla para equino	Palomino Flores Julio	8,985.00	-
14/08/2024	Estereoscopio	Explorador Andino S.A.C.	-	1,420.00
20/08/2024	Impresora (otras)	Computers & Tecnology S.A.C.	-	437.38
20/08/2024	Proyector	Computers & Tecnology S.A.C.	-	1,250.00
20/08/2024	Pantalla ecran	Computers & Tecnology S.A.C.	-	92.00
27/08/2024	Cuatrimoto	Corporacion L & A Mayorga Empresa Individual De Responsabilidad Limitada	-	10,400.00
2/09/2024	Generador (otros)	Eximport Distribuidores Del Peru S A	-	1,350.00
2/09/2024	Motor peque peque	Representaciones Y Servicios Yamamotor E.I.R.L.	4,600.00	-
25/09/2024	Carpas grandes impermeables	Higinio Edilberto Riofrio Sena	25,000.00	
27/09/2024	Sonar	Explorador Andino S.A.C.	-	4,160.00
27/09/2024	Sonar	Explorador Andino S.A.C.	-	650.00
1/10/2024	Cámara fotográfica digital	Importadora Y Distribuidora Udenio Srl	4,867.00	
3/10/2024	Impresora (otras)	Invelpu E.I.R.L	2,000.00	-
3/10/2024	Proyector	Invelpu E.I.R.L	2,300.00	-
3/10/2024	Pantalla ecran	Invelpu E.I.R.L	500.00	-
3/10/2024	Motobomba	Seguridad Y Salud Del Trabajo E.I.R.L.	900.00	-
15/10/2024	Mesa (otras)	Comercial Atenas Sac	650.00	-
17/10/2024	Carpa para campamento	Explorador Andino S.A.C.	2,760.00	-
17/10/2024	Equipo de posicionamiento - GPS	Explorador Andino S.A.C.	6,150.00	-
23/10/2024	Estante de madera	Yucra Rojas Valeriana Valeria	1,200.00	-
23/10/2024	Cocina (otras)	Comercial Atenas Sac	416.50	-
4/11/2024	Mobiliario de oficina varios	Cabanillas Rudas Clever Faustino	13,000.00	-
20/11/2024	Silla giratoria ergonomica	Fuentes Herrera Leodan	930.00	-
20/11/2024	Silla giratoria ergonomica	Fuentes Herrera Leodan	470.00	-
27/11/2024	Mesa (otras)	Comercial Atenas Sac	650.00	-
28/11/2024	Motobomba	Muñoz Valera Alec	3,000.00	-
28/11/2024	Tanque de agua	Muñoz Valera Alec	2,710.00	-
28/11/2024	Bateria de gel	Real Music Peru Sociedad Anonima Cerrada	16,200.00	-
28/11/2024	Panel solar	Real Music Peru Sociedad Anonima Cerrada	14,700.00	-
29/11/2024	Camara fotográfica trampa	Explorador Andino S.A.C.	1,369.00	-
29/11/2024	Binocular	Explorador Andino S.A.C.	899.00	-
2/12/2024	Bote de fibra de vidrio	Victor Ya E.I.R.L.	10,300.00	-
5/12/2024	Computadora personal portatil	Computers & Tecnology S.A.C.	-	17,815.44
Total			255,812.36	62,326.82

PROFONANPE

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Audit of financial statements for the period from January 01 to December 31, 2024

Annex 2

CONSULTING
FROM THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024
(Expressed in Soles and US Dollars)

Description	Supplier	Beginning	End	Total US\$ Dolars	Total in Soles
Elaboración Línea de Base	Sinca Cansino Felipe	30/01/2024	29/05/2024	-	34,240
Consultorías en supervisión de servicios	Zarate Ávila Rafael Alfonso	12/02/2024	2/05/2024	-	30,000
Supervisión de Obras En General	Gonzales Vergara Jesús Antonio	29/04/2024	29/07/2024	-	110,157
Servicio de Consultoría Y Asesoría	Vanesa Torres Bustamante	14/05/2024	12/08/2024	33,000	-
Consultoría asistencia técnica en general	Álvarez Aguirre Rocío	27/05/2024	26/09/2024	-	33,000
Facilitador de Talleres Y/O Reuniones	Pedro Fernando Solano Morales	27/05/2024	26/09/2024	10,000	-
Servicio de Consultoría Y Asesoría	Huertas Campoverde Jessica Mercedes	19/06/2024	9/09/2024	-	35,000
Consultoría y asesoría en logística	García Jahnsen Aldana Joyce	19/06/2024	13/12/2024	-	30,000
Mantenimiento de instalaciones	Muguruza Caverlo Hélar Jorge	24/06/2024	28/09/2024	-	185,861
Servicio de Consultoría Y Asesoría	Rojas Ayala John Francisco	28/06/2024	20/11/2024	-	28,000
Servicio de Consultoría Y Asesoría	Gonzales Solorzano Josué Carlos	18/07/2024	24/01/2025	-	36,000
Servicio de Consultoría Y Asesoría	Huaytalla Llallahui Víctor Alfonso	27/08/2024	27/08/2024	-	36,000
Servicio de Consultoría Y Asesoría	Quillahuaman Lasteros Natividad	18/09/2024	15/04/2025	-	21,756
Servicio de Consultoría Y Asesoría	Castillo Granados Mauro Miguel	4/10/2024	15/02/2025	-	8,970
Mantenimiento de Hitos Y/O Señalización	Contratistas Generales Geo Wild Forest Sociedad Anónima Cerrada	18/10/2024	13/12/2024	-	73,000
Campañas de Comunicación	Diaz Leigh Juan	4/11/2024	13/02/2025	-	60,000
Mantenimiento de Ambientes En General	Consorcio Bella Durmiente	25/04/2024	10/05/2024	-	115,600
Total:				43,000	837,584

INDEPENDENT AUDITOR'S OPINION ON THE STATUS OF COMPLIANCE OF THE GRANT AGREEMENT

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

1. We have audited the statement of sources and uses of funds for the period from January 01 to December 31, 2024 and the statement of accumulated investments as of December 31, 2024, corresponding to the project "*Natural Heritage Initiative of Peru*", funded by the Grant Agreements signed between *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund* and PROFONANPE, and have issued our unqualified opinion thereof on April 18, 2025.
2. We conducted our audit in accordance with the International Standards on Auditing disclosed by the *International Auditing and Assurance Standards Board*, approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountants, applicable to compliance auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that PROFONANPE has complied with the terms of the above-mentioned Grant Agreement. An audit includes the examination, based on evidence, of appropriate evidence. We believe that our examination provides a reasonable basis for our opinion.
3. In our opinion, in the period from January 01 to December 31, 2024, PROFONANPE complied in all material respects with the provisions of the Grant Agreement signed with *Gordon and Betty Moore Foundation, World Wildlife Fund and Andes Amazon Fund*.
4. This report is issued solely for the knowledge and use of *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund* and PROFONANPE, so it should not be used by others or for purposes other than those indicated herein.

Lima, Peru
April 18, 2025

Countersigned by:



Oswaldo Fonseca Luna (Partner)

Certified Public Accountant
Registration N° 8095

Fonseca, Camargo y Asociados

PROFONANPE

Project "Natural Heritage Initiative of Peru" funded by the Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund INC, Andes Amazon Fund, and PROFONANPE
Audit of financial statements for the period from January 01 to December 31, 2024

STATUS OF COMPLIANCE WITH THE CLAUSES OF THE GRANT AGREEMENT SIGNED BETWEEN GORDON AND BETTY MOORE FOUNDATION, WORLD WILDLIFE FUND INC, ANDES AMAZON FUND AND PROFONANPE FOR THE PERIOD FROM JANUARY 01 TO DECEMBER 31, 2024

<u>Reference</u>	<u>Description</u>	<u>Evaluation</u>
H	Deliverable	
	1. Technical reports	
	Collaborative agreement between SERNANP and PROFONANPE	Status: Fulfilled clause
	Draft annual work plan and budget, with the no objection of WWF	Status: Fulfilled clause
	Operations Manual by PDP.	Status: Fulfilled clause
	Project progress reports, including the annual work plan	Status: Fulfilled clause
	Financial reports submitted (quarterly one month after the end of the quarter	Status: Fulfilled clause
	3. Audits performed	
	Annual financial audit of the project, including copy and letter indicating that no material misstatement were found.	Status: Fulfilled clause
	TERMS AND CONDITIONS	
	1. Use of funds	Status: Fulfilled clause
	1.2 Only reasonable, approved and documented cost expenditures identified in the project budget are allowed. All expenses must be incurred during the agreement period. .	
	1.5 Any funds from the Agreement in US dollars that are exchanged into local currency must be exchanged at the best exchange rate through authorized channels in application of laws and regulations.	Status: Fulfilled clause
	3. Financial records	
	The recipient agrees to maintain separate financial records according to generally accepted accounting principles and procedures for the realization of expenses, as indicated by the agreement.	Status: Fulfilled clause
	6. Public recognition	
	6.1 GEF visibility. The recipient will include information and communications related to the activities to identify the support of GEF to the projects and to communicate to the public the results of the projects.	Status: Fulfilled clause
	14. Compliance with laws	
	The recipient agrees to comply with all applicable local labor and social laws.	Status: Fulfilled clause

INDEPENDENT AUDITOR'S OPINION ON THE INTERNAL CONTROL STRUCTURE

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

April 18, 2025

1. We have audited the statement of sources and uses of funds for the period from January 01 to December 31, 2024 and the statement of accumulated investments as of December 31, 2024, corresponding to the project "*Natural Heritage Initiative of Peru*", funded by the Grant Agreements signed between *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund* and PROFONANPE, and have issued our unqualified opinion thereof on April 18, 2025.
2. Our review was conducted in accordance with the International Standards on Auditing disclosed by the International Auditing and Assurance Standards Board and approved for application in Peru by the Board of Deans of Peruvian Colleges of Public Accountants; therefore, it included selective accounting tests and the application of other audit procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements audited do not include material misstatements. In planning and performing our audit of financial statements of the project, we considered the related internal control structure in order to determine our audit procedures for expressing an opinion on the financial statements referred to above and not for expressing an opinion on the internal control structure.
3. PROFONANPE's management is responsible for establishing and maintaining an internal control structure. To fulfill this responsibility, the implementer must make estimates and judgments to evaluate the expected benefits and costs related to the policies and procedures of such structure. The objectives of an internal control system are to provide reasonable, but not absolute, assurance that assets are protected from loss through unauthorized use or disposition, that transactions are conducted in accordance with the authorizations of PROFONANPE and the terms of the agreements, in accordance with the basis of accounting described in Note 2 to the financial statements.
4. Due to the inherent limitations of any internal control system, errors and irregularities may occur that are not detected. In addition, projections of any evaluation of the internal control structure into future periods are subject to the risk that procedures may become inadequate due to changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. There is also the possibility that when control procedures are applied, errors may arise due to inappropriate understanding of the instructions, errors in judgment, lack of attention from staff, human failure, among other factors. Also, procedures whose effectiveness is based on segregation of duties could be circumvented in the event of collusion between employees involved in internal accounting and financial control, as well as procedures aimed at ensuring that transactions are conducted on terms authorized by management, may become ineffective if decisions are made erroneously or irregularly. Therefore, we cannot assure you that all processing errors, deficiencies in the internal control system or non-compliance with applicable regulations were disclosed in the course of our audit and we do not express an opinion as to whether all internal accounting and compliance procedures in place were applied correctly during the year.

5. Our consideration of the internal control structure does not necessarily reveal all aspects of that structure that could be considered material weaknesses. A material deficiency is one in which the design or operation of one or more specific elements of the internal control structure does not reduce to a relatively low level the risk that errors or irregularities in amounts that could be material to the project's financial statements may occur and not be detected by employees in the normal course of their duties. We did not observe any issues with the internal control structure and its operation that we consider to be a significant deficiency as defined above.
6. This report is issued solely for the knowledge and use of *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund* and PROFONANPE, and should not be used by others or for purposes other than those indicated herein.

Lima, Peru
April 18, 2025

Countersigned by:



Fonseca, Camargo y Asociados

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

PROFONANPE

Project "Natural Heritage Initiative of Peru" funded by the Grant Agreements signed between the Gordon and Betty Moore Foundation, World Wildlife Fund INC, Andes Amazon Fund, and PROFONANPE
Audit of financial statements for the period from January 01 to December 31, 2024

Annex 3

SUMMARY OF AUDIT PROCEDURES APPLIED

The following is a summary of the procedures applied in the review of the project's basic financial statements:

Objectives

Objective N° 1

Issue an opinion on the project's statement of funds, statement of accumulated investments, notes to the financial statements and supplementary information.

Specific procedures

1. Obtaining the project's basic financial statements for the period under review, as follows:
 - a) Statement of funds
 - b) Statement of accumulated investments
 - c) Notes to the financial statements
2. Review of documentation related to project's background and other aspects of resource management that included:
 - Understanding the organizational structure of the Agreement-executing agency, its financial internal control system, internal rules and regulations applicable to the implementation of funds in the project.
 - Grant Agreement signed between *Gordon and Betty Moore Foundation, World Wildlife Fund, Andes Amazon Fund and PROFONANPE* and PROFONANPE, applicable regulations, budget and other related documents.
 - Operational Plan of Activities (POA) approved for 2024.
 - Internal rules and procedures established by PROFONANPE for the selection and hiring of consultants and the acquisition of goods.
3. Obtaining the documents that support the expenses executed with funds from the donation to find out if the documentation of the executing entity is kept in an orderly manner in the files through procedures that ensure the integrity of the information and its easy location.

Audit of financial statements

4. The following audit procedures were included in the examination of the statement of funds and the statement of accumulated investments:

- a) Understanding the internal control system and its components: control environment, risk assessment, control activities, information and communication system and monitoring, from which the material error risk assessment was carried out.
- b) Understanding the accounting policies used for the preparation of the project's financial statements, to establish their application during the reporting period.

Source of funds

- 5. We reviewed the project's financial statements which are presented by the project-executing agency in US dollars, in accordance with the following procedures:
 - a) We verified that the project's financial statements were prepared on a cash accounting basis, recognizing income when funds are received and expenses when executed and representing disbursements of funds.
 - b) We verified that transactions in local currency were recorded in the entity's accounting books at the date they occurred and translated into U.S. dollars at the exchange rate prevailing at the date of each transaction.
- 6. We obtained from the project-executing agency's management the details of the funds received during the audited period and checked them against the credits in the relevant bank account.
- 7. We verified the accounting process followed by the project-executing agency for the recording of revenues received and issuance of financial statements in order to establish if they are adequate and are properly documented.

Use of funds

- 8. We obtained from the project-executing agency's management the accounting records of disbursements made and selected certain items to review the documentation of expenses made for the purpose of determining whether they were properly classified, properly documented and applied for the purposes of the project, taking into account the following:
 - a) Eligibility of expenses incurred in accordance with the stipulations set out in the Grant Agreements.
 - b) Reliable documentary support, duly authorized and approved, verifying that it includes the conformity of reception of the contracted service.
 - c) Correct accounting and budgetary allocation considering the budget items approved by the donor.
 - d) Application of the current exchange rate for the conversion of local currency transactions into US dollars.
 - e) In regard to the justification of expenses, we verified the compliance with the procedures established internally in the executing entity for the granting, use, presentation and control of funds.
- 9. We reconciled the use of funds according to the statement of funds with the balances of the statement of accumulated investments.

Statement of accumulated investments

10. We obtained from the executing entity's management the statement of accumulated investments at the end of the audited period, verifying their accumulation through reports from the institutional accounting system.
11. Taking into account the selection criteria for the selected sample of expenses included in the statement of accumulated investments over the audited period, the following was carried out:
 - a) Determine whether the budget items established were applied to the corresponding lines in the financial statement.
 - b) Reconciliation of the cumulative totals of the period with the relevant accounting records.
12. If differences were established as indicated above, we made the appropriate comparisons.

Objective N° 2

Issue an opinion on the notes to the financial statements and supplementary information and whether they have been fairly presented in all material respects.

Specific procedures

1. We obtained from the executing agency's management the notes to the financial statements and supplementary information for the period audited.
2. We verified that the notes to the project's financial statements and supplementary information prepared by the project-executing agency describe and/or explain in an appropriate manner the objectives of the Agreement, the accounting policies, the composition of available cash and other items that require it.

Objective N° 3

Issue an opinion regarding the compliance of the project-executing agency with the terms of the Grant Agreement.

Specific procedures

1. We obtained information from the Project's management regarding the following:
 - Grant Agreements and annexes
 - Progress reports; description of the accounting system; policies and procedures for the selection and hiring of consultants and acquisition of assets, as well as any other necessary documentation.
2. Based on the Agreement, we extracted the applicable clauses in order to take them into account in the evaluation.
3. We will prepare a summary certificate for each of the clauses of the Agreement indicating the current status of each one of them (accomplished, in process or pending) at the date of the review.
4. The above document supports our opinion on compliance with the terms of the Agreement as a supplement to the principal opinion on the project's financial statements.

Objective N° 4

Issue a report regarding the adequacy of the executing entity's internal control system in relation to the contractual agreement.

Specific procedures

1. The evaluation of the project's internal control system will be carried out on the basis of the elements and their functioning during the period under review, in accordance with the structure of the COSO Report. For this purpose, aspects relating to organizational structure, information systems, procurement and/or contracting management and financial management will be included.
2. In assessing the control environment of the project-executing agency, consideration shall be given to its organizational structure, line of authority, segregation of duties, policy and procedures for selection and hiring of staff, in particular the following:
 - a. Administrative procedures governing the activities and responsibilities of the resources' financial administration.
 - b. Levels of authority, job descriptions, number and adequacy of skills of the staff working in the various areas of execution.
 - c. Segregation of functions in financial administration (treasury activities, accounting and preparation of financial statements).
3. In assessing the aspects relating to control activities, consideration will be given to those relating to the design and implementation of control procedures established by PROFONANPE for the receipt, custody and payment of funds in order to establish their suitability for the purposes of the Agreement. Likewise, the evaluation of control procedures for the selection and hiring of consultants required by the project will be aimed at determining whether they were appropriate practices for this purpose.
4. In evaluating the aspects related to the information system, the policies and procedures established by PROFONANPE to record, process, summarize and present financial information were taken into account, especially the following:
 - a. Adequacy of data processing systems to produce timely and reliable financial and accounting information.
 - b. Ability of the accounting system to verify, control and monitor all sources and uses of project-related funds, including advance transactions received.
 - c. Ability of the accounting system used by the executor to record financial transactions.
5. Evaluation of the monitoring activities performed by PROFONANPE to determine whether they were adequately performed in terms of providing adequate information on the functioning of internal controls and whether appropriate corrective actions were taken to correct the deficiencies identified by the management of the agreement funds.

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