

## **PROFONANPE**

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**Audit of the financial statements of the Debt  
Exchange Counterpart Fund for the Conservation  
of Tropical Forests – ACBT  
for the period from September 7, 2023 to  
December 31, 2024**

## PROFONANPE

Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT  
for the period from September 7, 2023 to December 31, 2024

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## CONTENT

|  | <u>Page</u> |
|--|-------------|
| <b>Cover letter and executive summary</b>  |             |
| • Background of Debt Exchange Counterpart Fund - ACBT and the managing entity      | 02          |
| • Audit purpose  | 03          |
| • Audit scope  | 03          |
| • Audit results  | 03          |
| • Entity's comments  | 03          |
| <b>Independent auditors' opinion on the statement of sources and uses of funds</b> |             |
| • Independent auditor's opinion  | 04          |
| • Statement of sources and use of funds  | 07          |
| • Statement of accumulative investment   | 08          |
| • Notes to the financial statements  | 09          |
| <b>Supplementary financial information</b>   |             |
| Independent auditor's report   | 14          |
| Annex N° 1   | 15          |
| <b>Report on the internal control structure</b>                                    |             |
| Independent auditor's report   | 16          |
| <b>Annex:</b>  |             |
| Annex 2: Summary of audit procedures applied                                       | 18          |



Mr.  
Antón Willems Delanoy  
Executive Director  
PROFONANPE  
Félix Dibos Street 400, Magdalena del Mar  
Lima – Peru

Dear Sirs:

We are pleased to submit you the “**Executive Summary**” of the audit of the statement of sources and use of funds of the Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, managed by PROFONANPE, for the period from September 07, 2023 to December 31, 2024. This executive summary has the following content:

## **1. BACKGROUND OF FONDO CONTRAVALOR ACBT AND THE MANAGING ENTITY**

### **About Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT**

In the context of the “*Tropical Forest and Coral Reef Conservation Act of 1998*”, the Government of the United States of America declared the Government of Peru eligible to access a debt management operation in the form of a Debt Swap, agreeing to enter into a Debt Swap operation for the outstanding obligations corresponding to the indebtedness. Likewise, on September 07, 2023, the Government of Peru and the Non-Governmental Organizations: *The Nature Conservancy; Conservation International Foundation; World Wildlife Fund Inc. and Wildlife Conservation Society*, signed the Tropical Forest Conservation Agreement in order to establish the governance and guidelines to operationalize the Debt Swap with the participation of PROFONANPE. Therefore, by Supreme Decree N° 193-2023-EF, the Government of Peru approved the debt management operation under the Debt Swap modality for up to US\$ 19'577,440.87, as well as the creation of the Tropical Forest Conservation Fund.

### **About the managing entity of Debt Exchange Counterpart Fund - ACBT**

PROFONANPE is a non-profit private institution of public and social interest established in Lima – Peru by Decree Law N° 26154 of December 29, 1992. PROFONANPE's by-laws were approved by its Board of Directors on August 25, 2009 and registered in the Public Records on January 15, 2010. PROFONANPE manages the trust fund established in Article 1 of Decree Law N° 26154 and resources from International Technical Cooperation Agreements and private sector companies.

## **2. AUDIT PURPOSE**

The following purposes were established for the audit of the statement of sources and use of funds of Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, (hereinafter, ACBT)

- Issue an opinion on whether the financial statements of Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, fairly presents, in all material respects, the sources and uses of funds in the period from September 07, 2023 to December 31, 2024, in accordance with applicable accounting policies.

- Issue an opinion on whether the supplementary financial information as of December 31, 2024 has been fairly presented in all material respects.
- Issue an opinion on the reasonableness of PROFONANPE's internal control system established for the management of Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, identifying significant deficiencies in its design and operation, if any.

Our audit was conducted in accordance with International Standards on Auditing issued by the *International Auditing and Assurance Standards Board* – IASB approved for application in Peru by the Board of Deans of the Peruvian Institute of Public Accountants, therefore, our audit included the transactions carried out with the resources of Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, during the period from September 07, 2023 to December 31, 2024. A summary of the audit procedures applied is presented in Annex N° 2 of this report.

### 3. AUDIT RESULTS

From the audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, for the period from September 07, 2023 to December 31, 2024, we have issued our audit report on March 07, 2025. A summary of this report is presented below:

- Unqualified opinion on the financial statements for the period from September 07, 2023 to December 31, 2024.
- Unqualified opinion on the supplementary information as of December 31, 2024.
- In the report on PROFONANPE's internal control for the period from September 07, 2023 to December 31, 2024, no significant deficiencies were reported regarding the design and operation of internal controls in the project.

### 4. ENTITY'S COMMENTS

The PROFONANPE's Executive Direction has taken knowledge of the present audit report and agrees with its contents.

Lima, Peru  
March 07, 2025

Countersigned by:

*Fonseca, Camargo y Asociados*



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

## INDEPENDENT AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

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

March 7, 2025

### Opinion

1. We have audited the statement of sources and uses of funds for the period for the period from September 07, 2023 to December 31, 2024 and the statement of accumulated investments as of December 31, 2024, corresponding to the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, 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 September 07, 2023 to December 31, 2024, and the cumulative investments of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT 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 aforementioned 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 and the ethical requirements of the Code of Professional Ethics of the Board of Deans of the Peruvian Institute of Public Accountants.

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 the process 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 Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT 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 the administration 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 matter**

5. Without modifying our opinion, we refer to note 2 to the financial statements describing the basis of accounting. The financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT, for the period from September 07, 2023 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 accepted accounting principles in Peru, which include the International Financial Reporting Standards – IFRS.

This report is issued solely for the information and use of the governments of the United States of America and Peru, The Nature Conservancy; the Conservation International Foundation; the World Wildlife Fund Inc., the Wildlife Conservation Society, and PROFONANPE. Therefore, it may not be used by any other party or for any purpose other than that indicated herein.

Lima, Peru  
March 7, 2025

Countersigned by:

*Fonseca, Camargo y Asociados*



Oswaldo Fonseca Luna  
Certified Public Accountant  
Registration N° 8095

PROFONANPE

Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT  
for the period from September 7, 2023 to December 31, 2024

**STATEMENT OF SOURCES AND USE OF FUNDS**  
FOR THE PERIOD FROM SEPTEMBER 07, 2023 TO DECEMBER 31, 2024  
(Expressed in U.S. Dollars)  
(Notes 1 and 2)

|   | Notes | From Sep. 07,<br>2023<br>to<br>Dec. 31, 2023 | Accumulated<br>at Dec. 31,<br>2023 | From Jan. 01,<br>2024<br>to<br>Dec. 31, 2024 | Accumulated<br>at Dec. 31,<br>2024 |
|---|-------|--|------------------------------------|--|------------------------------------|
| <b>SOURCE OF FUNDS</b>  |       |  |                                    |  |                                    |
| Transfers from Ministry of<br>Economy and Finance               | 4     | 799,371                                      | 799,371                            | 2,096,596                                    | 2,895,967                          |
| Transfers from foreign NGOs                                     | 4     | 677,762                                      | 677,762                            | 1,329,684                                    | 2,007,446                          |
| <b>Total source of funds</b>                                    |       | <b>1,477,133</b>                             | <b>1,477,133</b>                   | <b>3,426,280</b>                             | <b>4,903,413</b>                   |
| <b>USE OF FUNDS</b>   |       |  |                                    |  |                                    |
| 01 Donation agreements  |       | -  | -                                  | -  | -                                  |
| 02 Other direct costs   | 5     | -  | -                                  | 97,749                                       | 97,749                             |
| 03 Indirect costs   | 6     | -  | -                                  | 8,334  | 8,334                              |
| <b>Total use of funds</b>                                       |       | <b>1,477,133</b>                             | <b>1,477,133</b>                   | <b>106,083</b>                               | <b>106,083</b>                     |
| Fondo Contravalor para<br>Conservación de Bosques<br>Tropicales | 7     | -  | -                                  | (3,982,024)                                  | (3,982,024)                        |
| Exchange difference   |       |  |                                    | 6,684  | 6,684                              |
| Accounts to be regularized                                      |       | (240)  | (240)                              | (7)  | (247)                              |
|   |       | (240)  | (240)                              | (3,975,347)                                  | (3,975,587)                        |
| Increase or decrease in cash                                    |       | 1,476,893                                    | -                                  | (655,150)                                    | -                                  |
| Cash at beginning of year                                       |       | -  | -                                  | 1,476,893                                    | 1,476,893                          |
| <b>Cash at end of year</b>                                      | 8     | <b>1,476,893</b>                             | <b>1,476,893</b>                   | <b>821,743</b>                               | <b>821,743</b>                     |

The accompanying notes are part of this financial statement.



PROFONANPE

Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT  
for the period from September 7, 2023 to December 31, 2024

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**STATEMENT OF ACCUMULATIVE INVESTMENT**  
FOR THE PERIOD FROM SEPTEMBER 07, 2023 TO DECEMBER 31, 2024  
(Expressed in U.S. Dollars)

| <b>Category</b>                       | <b>From<br/>07/09/2023<br/>to<br/>31/12/2023</b> | <b>From<br/>01/01/2024<br/>to<br/>31/12/2024</b> | <b>Accumulated<br/>at<br/>31/12/2024</b> | <b>Budget<br/>Project</b> |
|---------------------------------------|--|--|--|---------------------------|
| 01 Donation agreement                 | -  | -  | -  | -                         |
| 02 Other direct costs costos directos | -  | 97,749   | 97,749                                   | 203,504                   |
| 03 Indirect Costs                     | -  | 8,334  | 8,334                                    | 21,368                    |
| <b>TOTAL INVESMENT</b>                | <b>-</b>   | <b>106,083</b>                                   | <b>106,083</b>                           | <b>224,872</b>            |

The accompanying notes are part of this financial statement.

## PROFONANPE

Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT  
for the period from September 7, 2023 to December 31, 2024

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### NOTES TO THE FINANCIAL STATEMENTS OF THE DEBT EXCHANGE COUNTERPART FUND FOR THE CONSERVATION TROPICAL FORESTS - ACBT FOR THE PERIOD FROM SEPTEMBER 07, 2023 TO DECEMBER 31, 2024

#### 1. THE ENTITY AND THE PROJECT

##### **About the managing entity of the Debt Exchange Counterpart Fund - ACBT**

PROFONANPE is a non-profit private institution of public and social interest established in Lima – Peru by Decree Law N° 26154 of December 29, 1992. PROFONANPE's by-laws were approved by its Board of Directors on August 25, 2009 and registered in the Public Records on January 15, 2010. PROFONANPE manages the trust fund established in Article 1 of Decree Law N° 26154 and resources from International Technical Cooperation Agreements. It is governed by its bylaws and, in a supplementary manner, by the rules of the Civil Code.

PROFONANPE manages the trust fund established in Article 1 of Decree Law N° 26154 and resources from International Technical Cooperation Agreements and private sector companies. As administrator of the National Fund for Natural Areas Protected by the State – FONANPE, it collects, channels and allocates the resources required to contribute to the conservation, protection and management of the Natural Areas included in its regulations.

##### **About the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT**

The Government of the United States of America declared the Government of Peru eligible to access a debt management operation in the form of a Debt Swap, in the context of the *“Tropical Forest and Coral Reef Conservation Act of 1998”*. In this context, the same governments agreed to enter a Debt Swap operation for the outstanding foreign debt obligations approved by Supreme Decrees in 2000, 2001, 2002, 2004 and 2006. Likewise, on September 07, 2023, the Government of Peru and the Non-Governmental Organizations: *The Nature Conservancy; Conservation International Foundation; World Wildlife Fund Inc. and Wildlife Conservation Society*, signed the Tropical Forest Conservation Agreement in order to establish the governance and guidelines to operationalize the Debt Swap including the participation of PROFONANPE as administrator of Debt Exchange Counterpart Fund and Grant Fund.

Therefore, by Supreme Decree N° 193-2023-EF of September 06, 2023, the Government of Peru approved the debt management operation under the Debt Swap modality for up to US\$ 19'577,440.87, as well as the constitution of *“Debt Exchange Counterpart Fund for Conservation of Tropical Forest”*.

The implementation horizon of Debt Exchange Counterpart Fund is 13 years. During this period, the Government of Peru will use the payments to cover the debt to finance subprojects that contribute to the objectives, results and expected impacts of the Strategic Plan of the Debt Exchange Fund for Forest Conservation 2024-2036, approved by the Oversight Committee of Debt Exchange Counterpart Fund.

## **Administración of projects financed by the Debt Exchange Equity Fund - ACBT**

The actors involved in the Project implementation process are the Oversight Committee, the Debt Exchange Counterpart Fund administrator, the grant administrator and the executing agencies, whose roles are described below:

### **Oversight Committee**

It is composed of representatives of the governments of the United States of America and Peru, as well as representatives of the non-governmental organizations participating in the project. The Committee is responsible for overseeing the proper administration of the accounts and ensuring that all funds from debt payments (together with interest, income and capital gains derived therefrom) are applied in accordance with the terms of the Agreement and each management instrument approved by the Committee.

### **Administrator of Debt Exchange Counterpart Fund and Grants account**

PROFONANPE is the entity in charge of managing the Debt Exchange Counterpart Fund account following the guidelines established in the Agreement and the indications provided by the Oversight Committee. Managed the grants account from which the grants programmed in the budget and operating plan of the winning subprojects approved by the Oversight Committee are disbursed to the executing entities.

### **Executing entity**

This is the entity that signs the Donation Agreement with PROFONANPE to receive financing from the Debt Exchange Counterpart Fund and execute the proposed subproject. Through the agreement, it assumes the rights and obligations to execute the selected subproject. Its function is to develop tasks, activities and generate products (goods or services) that contribute to the achievement of the Strategic Plan's objectives.

## **2. ACCOUNTING POLICIES AND PRACTICES**

PROFONANPE adopted the following accounting principles and practices for the formulation of the statement of sources and uses of funds:

### **a) Presentation of financial statements**

The statement of sources and uses of Debt Exchange Counterpart Fund was prepared based on PROFONANPE's accounting records and is maintained in accordance with the accounting principles and standards applicable in Peru for non-profit associations.

### **b) Accounting basis**

The statement of sources and uses of funds has been prepared on the cash basis of accounting. Under this accounting basis, revenues are recognized when received and expenses when paid and not when earned. The adoption of this accounting basis gives rise to a method different from that based on the International Financial Reporting Standards - IFRS disclosed by the *International Accounting Standards Board*.

### **c) Monetary unit**

For presentation purposes, the project's financial statements are expressed in U.S. dollars.



## Financial Statements

This financial statement shows the cash transactions carried out and are classified as follows: *Source of Funds* (Income), which comes from transfers of funds made by the donor to the project's bank account; *Use of Funds* (Expenses), which comprises the funds applied in the activities planned for the period; and, *Cash on hand at the end of the period*, which comprises the balance in the bank accounts at the end of the period.

### d) Exchange rate

Transactions carried out by the project are recorded in Soles and U.S. Dollars. For the preparation and presentation of its financial statements (statement of sources and uses of funds), the financial resources received from the Ministry of Economy and Finance are monetized according to the exchange rate at the date of disbursement instruction.

### e) Restricted use of funds

The funds in the bank accounts are restricted and may only be used for operations related to the project's objectives and activities included in the Annual Operating Plan.

## 3. BUDGET

The budget of Debt Exchange Counterpart Fund derived from the Debt Swap Agreement between the Governments of the United States of America and Peru amounted to US\$ 19,577,440.87, whose funds must be used to finance projects that contribute to the conservation of tropical forests in Peru based on the transfer of funds made by the Ministry of Economy and Finance to the Debt Exchange Counterpart Fund bank account, under the administration of PROFONANPE.

## 4. TRANSFERS OF RESOURCES TO DEBT EXCHANGE COUNTERPART FUND

The transferred funds were deposited in the Debt Exchange Counterpart Fund bank account, the detail of which is as follows:

| <u>Date</u> | <u>Description</u>                                  | <u>2023</u>    | <u>2024</u>      | <u>Total in U.S.<br/>Dollars</u> |
|-------------|---|----------------|------------------|----------------------------------|
|             | <b>Contribution from the<br/>Government of Peru</b> |                |                  |                                  |
| 27/12/2023  | Ministry of Economy and Finance                     | 391,535        | -                | 391,535                          |
|             | Ministry of Economy and<br>Finance.                 |                | -                |                                  |
| 29/12/2023  |   | 407,836        |                  | 407,836                          |
| 23/10/2024  | Ministry of Economy and Finance                     | -              | 402,804          | 402,804                          |
| 5/11/2024   | Ministry of Economy and Finance                     | -              | 458,583          | 458,583                          |
| 8/11/2024   | Ministry of Economy and Finance                     | -              | 254,674          | 254,674                          |
| 22/11/2024  | Ministry of Economy and Finance                     | -              | 188,306          | 188,306                          |
| 27/12/2024  | Ministry of Economy and Finance                     | -              | 792,229          | 792,229                          |
|             |   | <u>799,391</u> | <u>2,096,596</u> | <u>2,895,967</u>                 |
|             | <b>Transfers from foreign NGOs</b>                  |                |                  |                                  |
| 15/12/2023  | Conservation Intl Foundation                        | 169,440        | -                | 169,440                          |
| 15/12/2023  | The Nature Conservancy                              | 169,440        | -                | 169,440                          |
| 15/12/2023  | Wildlife Conservation Society                       | 169,441        | -                | 169,441                          |
| 19/12/2023  | World Wildlife Fund                                 | 169,441        | -                | 169,441                          |
| 12/09/2024  | Farm Service Agency                                 | -              | 1,329,684        | 1,329,684                        |
|             |   | <u>677,762</u> | <u>1,329,684</u> | <u>2,007,446</u>                 |

## 5. OTHER DIRECT COSTS

It includes:

| <u>Description</u>                       | <u>Total in U.S.<br/>Dollars<br/>2024-2023</u> |
|--|--|
| 00 Preliminary expenses                  | 47,709   |
| 01 Design                                | 13,556   |
| 02 Call for proposals and implementation | 3,188  |
| 04 Personnel                             | 33,296   |
|  | <u>97,749</u>                                  |

## 6. PROJECT MANAGEMENT FEE

The balance of this item amounted to US\$ 8,334 and corresponds to the project management fee in favor of PROFONANPE, approved by the Oversight Committee of Debt Exchange Counterpart Fund.

## 7. DEBT SWAP FOR TROPICAL FOREST CONSERVATION

As of December 31, 2024, the Debt Exchange Counterpart Fund was constituted as a portfolio managed by JP Morgan Bank of New York and amounted to US\$ 4'043,539, as follows:

| <u>Date</u> | <u>Description</u>     | <u>In U.S.<br/>Dollars</u> |
|-------------|------------------------|----------------------------|
| 31-03-2024  | Portfolio Contribution | 1,415,624                  |
| 13-12-2024  | Portfolio Contribution | 2,615,400                  |
|             |                        | <u>4,031,024</u>           |
| 31-12-2024  | Gross yield            | 61,515                     |
| 31-07-2024  | Portfolio Withdrawal   | ( 49,000)                  |
|             |                        | <u>4,043,539</u>           |

As of December 31, 2024, disbursements made to the the Debt Exchange Counterpart Fund, both by the Peruvian Government and by the contribution of foreign NGOs, amounted to US\$ 4'903,413, as follows:

| <u>Description</u>              | <u>In U.S.<br/>Dollars</u> |
|---------------------------------|----------------------------|
| At December 2024:               | 4,225,652                  |
| Ministry of Economy and Finance | 2,895,968                  |
| NGOs                            | <u>1,329,684</u>           |
| At December 2023:               |                            |
| Foreign NGOs                    | <u>677,761</u>             |
| Total                           | <u>4,903,413</u>           |

**8. BALANCE AVAILABLE AS OF DECEMBER 31, 2024**

It includes:

| <u>Concept</u>  | <u>In U.S.<br/>Dollars</u> |
|---|----------------------------|
| Current account in local currency N° 193-1537762-0-48             | 818,587                    |
| Current account in U.S. dollars N° 191-1465630-1-52               | 877                        |
| Current account in local currency – Operating N° 191-4713053-0-95 | 2,279                      |
| Current account in local currency N° 193-1188608-0-39             | -                          |
| Current account in U.S. dollars N° 000 193-1192490-1-62           | -                          |
| Available as of December 31, 2024                                 | <u>821,743</u>             |

**9. SUBSEQUENT EVENTS**

We are not aware of any significant events that have occurred between the closing date of the financial statements of the Debt Exchange Counterpart Fund and the date of this report that could significantly affect it.



## INDEPENDENT AUDITOR'S OPINION ON THE SUPPLEMENTARY INFORMATION

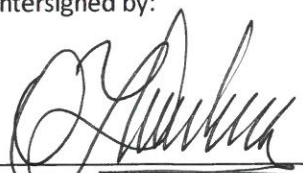
To the members of the Directive Board and Executive Director  
PROFONANPE  
Lima – Peru

1. We have audited the statement of sources and uses of funds for the period from September 7, 2023 to December 31, 2024, corresponding to the "Debt Exchange Counterpart Fund for the Conservation of Tropical Forests" funded by the Debt Exchange Agreements entered into between the Governments of the United States of America and Peru, as well as the Agreements signed with Non-Governmental Organizations: The Nature Conservancy; Conservation International Foundation; World Wildlife Fund Inc. and Wildlife Conservation Society and, we have issued our unqualified opinion thereon, dated March 7, 2025.
2. Our review was intended to provide an opinion on the statement of source and uses funds and the statement of accumulated investment for the period from September 7, 2023 to December 31, 2024 of the Debt Exchange Counterpart Funde, 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.
3. The supplementary financial information included as Annex N° 1 presented for additional analysis purposes and is not considered necessary for the presentation of the 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 information and use of the governments of the United States of America and Peru, The Nature Conservancy; the Conservation International Foundation; the World Wildlife Fund Inc., the Wildlife Conservation Society, and PROFONANPE. Therefore, it may not be used by any other party or for any purpose other than that indicated herein.

Lima, Peru  
March 7, 2025

Countersigned by:

*Fonseca. Camargo y Asociados*

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

PROFONANPE

Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT  
for the period from September 7, 2023 to December 31, 2024

Annex N° 1

**LIST OF PROCUREMENT OF GOODS, SERVICES AND CONSULTING SERVICES  
FOR THE PERIOD FROM SEPTEMBER 07, 2023 TO DECEMBER 31, 2024  
EXPRESSED IN U.S DOLLARS AND SOLES**

| <u>Date</u>              | <u>Description</u>  | <u>Supplier</u>                                | <u>In U.S.<br/>Dollars</u> | <u>In Soles</u>  |
|--------------------------|---|--|----------------------------|------------------|
| <b><u>Goods</u></b>      |   |  |                            |                  |
| 2/10/2024                | Personal laptop   | EAC CONSULTING S.A.C.                          | 4,127.64                   | -                |
| 2/10/2024                | Personal laptop   | EAC CONSULTING S.A.C.                          | 3,516.40                   | -                |
| 2/10/2024                | Wireless mouse  | EAC CONSULTING S.A.C.                          | 52.05                      | -                |
| 2/10/2024                | Backpack  | EAC CONSULTING S.A.C.                          | 37.29                      | -                |
| 2/10/2024                | Backpack  | EAC CONSULTING S.A.C.                          | 18.76                      | -                |
| 2/10/2024                | Headphones  | EAC CONSULTING S.A.C.                          | 131.7                      | -                |
| 2/10/2024                | Flat monitor  | EAC CONSULTING S.A.C.                          | 217.12                     | -                |
| 16/10/2024               | Semi-professional digital camera  | INVERSIONES<br>FOTOGRAFICAS DEL PERÚ<br>S.A.C. | -                          | 5,399.00         |
| 16/10/2024               | Stabilizer  | INVERSIONES<br>FOTOGRAFICAS DEL PERU<br>S.A.C. | -                          | 1,699.00         |
| 16/10/2024               | Camera flash  | INVERSIONES<br>FOTOGRAFICAS DEL PERU<br>S.A.C. | -                          | 699              |
|                          |   | <b>Subtotal goods</b>                          | <b>8,100.96</b>            | <b>7,797.00</b>  |
| <b><u>Consulting</u></b> |   |  |                            |                  |
| 4/04/2024                | Management Document<br>Preparation Service: Strategic Plan<br>and Monitoring Plan | GERENS ESCUELA DE<br>GESTION Y ECONOMIA S.A.   | 12,900.00                  | -                |
|                          |   | <b>Subtotal consulting</b>                     | <b>12,900.00</b>           | <b>-</b>         |
| <b><u>Services</u></b>   |   |  |                            |                  |
| 5/04/2024                | Office rental   | COSTA DEL SOL S. A.                            | -                          | 3,945.31         |
| 10/04/2024               | Projection equipment rental   | COSTA DEL SOL S. A.                            | -                          | 199.22           |
| 26/06/2024               | Auditorium rental for events  | COSTA DEL SOL S. A.                            | -                          | 3,078.00         |
| 16/10/2024               | Graphic design services   | PAREDES CALDERON DANIEL<br>HERNAN              | -                          | 11,328.00        |
|                          |   | <b>Subtotal services</b>                       | <b>-</b>                   | <b>18,550.53</b> |
|                          |   | <b>Total:</b>                                  | <b>21,000.96</b>           | <b>26,347.53</b> |

## INDEPENDENT AUDITOR'S OPINION ON THE INTERNAL CONTROL STRUCTURE

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

March 7, 2025

1. We have audited the financial statements for the period from September 7, 2023 to December 31, 2024, corresponding to the "Debt Exchange Counterpart Fund for the Conservation of Tropical Forests" funded by the Debt Exchange Agreements entered into between the Governments of the United States of America and Peru, as well as the Agreements signed with Non-Governmental Organizations: The Nature Conservancy; Conservation International Foundation; World Wildlife Fund Inc. and Wildlife Conservation Society and, we have issued our unqualified opinion thereon, dated March 7, 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. 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 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 aforementioned 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.

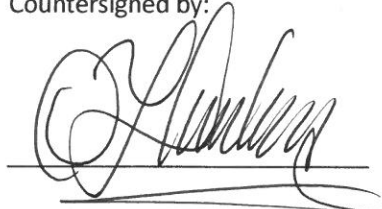


**PROFONANPE**

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.

Lima, Peru  
March 7, 2025

Countersigned by:



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

*Fonseca, Camargo y Asociados*

## PROFONANPE

Audit of the financial statements of the Debt Exchange Counterpart Fund for the Conservation of Tropical Forests – ACBT  
for the period from September 7, 2023 to December 31, 2024

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## Annex 1

### SUMMARY OF AUDIT PROCEDURES APPLIED

The plan and program for this audit include the procedures applied on the project's financial statement and its notes, as well as the evaluation of the internal control system. A summary of the procedures performed is described below:

#### Objective 1

Issue an opinion on the project's statement of sources and use of funds, as well as the notes to the financial statements.

#### Specific procedures

1. Obtaining the project's financial statements for the period under review, which are as follows:
  - a) Financial Statements.
  - b) Notes to the financial statements.
2. Review of documentation related to the project's background and other aspects of the administration of the resources, which included:
  - Understanding the organizational structure of the project's executing agency, its internal financial control system, regulations and internal rules applicable to the execution of funds.
  - Debt Swap Agreement between the Governments of the United States of America and Peru.
  - Agreement signed between the Government of Peru and the non-governmental organizations participating in the project.
  - Regulations for the procurement of goods and services and contracting of consultants.
  - Project's Strategic Plan.
3. Obtaining the documents that support the expenses executed with resources from Fondo Contravalor to know if they are kept in an orderly manner in the files of the entity 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 audit of the statement of sources and use of funds:
  - a) Understanding of the internal control system and its components: control environment, risk assessment, control activities, information and communications system and monitoring; from which the risk assessment applicable to the project was carried out.

- b) Understanding of the accounting policies used in the preparation of the project's basic financial statements to establish their application in the period under review.
- c) Review of income in the period under review to determine whether the grant funds were deposited in the project's dedicated bank account, as well as the transfers made to the operating bank account in local currency and whether their conversion to U.S. dollars was made at the monetization exchange rate on the date of disbursement instruction.

#### **Source of funds**

- 5. We examined the project's financial statements in accordance with the following procedures:
  - a) We verified that the financial statements were prepared on a cash basis of accounting, recognizing revenues when funds are received and expenses when they represent actual cash disbursements.
  - b) We verified that transactions in local currency were recorded in the entity's accounting records as of the date they occurred and were translated into foreign currency at the relevant exchange rate.
- 6. We verified the accounting process followed by the project's executing agency for recording transactions and preparing the project's financial statements to establish whether they are adequate and duly documented.

#### **Use of funds**

- 7. We obtained from the entity's management the accounting records and documentation of the disbursements made and selected some items to examine the executed expenses to determine if they were properly classified, properly documented, and applied for the purposes of the project, taking into account the following:
  - a) Eligibility of expenses executed in accordance with the terms set forth in the Strategic Plan approved by the project's Oversight Committee.
  - b) Reliable documentary support duly authorized and approved, verifying that the conformity of reception of the contracted service is included.
  - c) Correct accounting and budgetary allocation, taking into account the components established in the project budget.
  - d) Application of the current exchange rate in the conversion of transactions made in local currency to foreign currency.
  - e) In case of partial payments, determine the balance of those obligations pending cancellation.
  - f) Regarding the justification of expenses, we verified compliance with the procedures established for the granting, use, accountability and control of funds.
  - g) Verification of the minutes of transfer in cases of delivery of goods to project beneficiaries as appropriate in each case.
- 8. We performed the reconciliation of the balance available at the end of the period based on the bank statements as of December 31 where the project funds are deposited, as well as the corresponding bank reconciliations of the accounts as of that date.

#### **Objective 2**

Issue an opinion on the notes to the financial statements relating to the project and supplementary information to verify whether they are fairly presented in all material respects.



### **Specific procedures**

1. We obtained from the entity's management the notes to the project's financial statements for the audited period.
2. We verified that the notes to the financial statements prepared by the entity adequately describe and/or explain the project's objectives, accounting policies, composition of available cash and other items as required.
3. We obtained information on the acquisition of goods and services, as well as consulting services contracted during the period to determine whether it was fairly presented.

### **Objective 3**

Issue a report on the adequacy of the entity's internal control system in the aspects related to the project.

### **Specific procedures**

1. The evaluation of the project's internal control system was carried out based on the elements and their functioning during the period under review in accordance with the structure of the COSO Report. In this regard, the evaluation aims at identifying both significant strengths and weaknesses, for which purpose aspects related to the organizational structure, information systems, procurement management and/or consulting engagements will be included.
2. In assessing the entity's control environment, aspects related to its organizational structure, line of authority, segregation of duties, policies and procedures for the selection and hiring of consultants were considered, especially the following:
  - a. Administrative procedures governing the project's financial management activities and responsibilities.
  - b. Levels of authority, job descriptions, number and sufficiency of skills of personnel working in the various areas of project execution.
  - c. Segregation of duties in the project's financial management (treasury activities, accounting and preparation of financial statements).
3. In evaluating the aspects related to control activities, those related to the design and implementation of control procedures established by the entity for the receipt, custody and payment of grant funds will be considered in order to establish whether they are adequate for the purposes of the project. Likewise, the evaluation of the control procedures for the selection and contracting of consultants required by the project was aimed at determining whether appropriate practices were followed for that purpose.
4. In evaluating the aspects related to the information system, the policies and procedures established by the entity to record, process, summarize and present the required financial information shall be considered, 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 track all sources and use of funds related to the project, including cash advance transactions.

- c. Ability of the accounting system used by the executor to record financial transactions.
5. Evaluation of the monitoring activities performed by the entity to determine whether they were adequately fulfilled in terms of providing adequate information on the functioning of internal controls.

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