

FIDEICOMISO GUATEMALA TFCA
Financial Statements
Independent Auditor's Report
As of December 31, 2020 and 2019

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Independent Auditor's Report

To Oversight Committee
**Fondo para la Conservación de Bosques Tropicales –
FCA and Board of Directors of Fundación para la
Conservación de los Recursos Naturales y Ambiente
en Guatemala - FCG**

Opinion

We have audited the attached financial statements of Fondo para la Conservación de Bosques Tropicales del Fideicomiso Guatemala - TFCA (hereinafter called "TRUST"), that include the Statements of Balance Sheets as of December 31, 2020 and 2019, as well as the corresponding Statements of Activities, Changes of Equity, and Cash Flow during the years ended on those dates; also, the explanation notes of the financial statements that include a summary of important accounting policies.

In our opinion, the attached financial statements present reasonably, in all important aspects, the financial situation of the TRUST as of December 31, 2020 and 2019; as well as the result of its activities and cash flows for the years ended on those dates, in accordance with legal regulations, resolutions, contractual conditions and the existing policies that govern the administration of the Trust, which differ in some aspects of the International Financial Reporting Standards (IFRS).

Basis for our Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the TRUST, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guatemala and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Paragraph of other issues

Our audit was conducted for the purpose of having an opinion on the financial statements considered as a whole. The complementary information on the projects that have been financed with the funds of the TRUST as of December 31, 2020, corresponding to the fifth cycle of operations (see Annex I), is presented to facilitate the additional analysis of the financial statements.

Responsibility of the Management and those responsible of the trust on the financial statements

The Trustee of the Trust is responsible for the preparation and reasonable presentation of attached financial statements in accordance with legal regulations, resolutions, contractual conditions and the existing policies that govern the administration of the Trust, which differ in some aspects of the International Financial Reporting Standards (IFRS), 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.

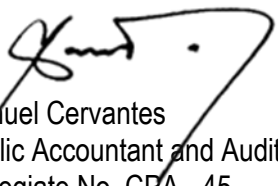
In preparing the financial statements, the management of the Trust is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Trust or to cease operations, or have no other more realistic alternatives to do so.

Those in charge of the administration of the entity are responsible for supervising the process of financial statements of the Trust.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's 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 (ISAs) 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 these financial statements.

A more detailed description of our responsibilities in relation to the audit of the financial statements is included in Appendix "A" of this report. This description is an integral part of this audit report.


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

Manuel Cervantes & Asociados, S.C.
Auditores y Consultores

Guatemala, September 23, 2021

FIDEICOMISO FONDO DE DESARROLLO DE LA MICROEMPRESA Y PEQUEÑA EMPRESA

Administrado por el Banco Crédito Hipotecario Nacional de Guatemala

Estados de Resultados

Al 31 de diciembre de 2011 Y 2010

(Cifras expresadas en Quetzales)

	<u>2020</u>	<u>2019</u>
ASSETS		
Availability (note 4)	8,937,529	2,711,066
Receivable interest (note 5)	1,427,986	812,946
Investment fixed-term deposits (note 6)	72,502,109	87,142,133
Total assets	<u>82,867,624</u>	<u>90,666,145</u>
EQUITY		
Permanently restricted	33,564,399	45,398,404
Temporarily restricted	49,303,225	45,267,741
EQUITY	<u>82,867,624</u>	<u>90,666,145</u>
TOTAL EQUITY	<u>82,867,624</u>	<u>90,666,145</u>

The attached notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Statements of Activities

For the years ended on December 31

(Amounts expressed in Quetzals)

Description	2020			2019		
	Temporarily restricted	Permanently restricted	Total	Temporarily restricted	Permanently restricted	Total
INCOME						
Financial interests (note 9)	4,532,516	-	4,532,516	4,707,813	-	4,707,813
Payments from the Ministry of Public Finance (note 7)	-	1,745,317	1,745,317	-	1,748,380	1,748,380
Other income	-	354,991	354,991	-	2,153,770	2,153,770
Total income	4,532,516	2,100,308	6,632,824	4,707,813	3,902,150	8,609,963
ADMINISTRATIVE EXPENSES						
Administrative expenses	4,490	-	4,490	38	-	38
Transfers 15% administrative expenses (note 8)	-	2,716,315	2,716,315	-	2,292,643	2,292,643
Donations for projects (note 8)	-	11,217,998	11,217,998	-	18,191,330	18,191,330
Total expenses	4,490	13,934,313	13,938,803	38	20,483,973	20,484,011
Profits before income tax	4,528,026	(11,834,005)	(7,305,979)	4,707,775	(16,581,823)	(11,874,048)
(-) Income Tax (note 10)	453,252	-	453,252	470,978	-	470,978
Excess income over expenses	4,074,774	(11,834,005)	(7,759,231)	4,236,797	(16,581,823)	(12,345,026)
OTHER RESULTS						
Result from operations in foreign currency	(39,290)	-	(39,290)	(15,147)	-	(15,147)
CHANGES OF NET ACTIVITIES OF THE YEAR	4,035,484	(11,834,005)	(7,798,521)	4,221,650	(16,581,823)	(12,360,173)

The attached notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Statements of Change of Equity
For the years ended on December 31
(Amounts expressed in Quetzals)

	2020	2019
PERMANENTLY RESTRICTED		
PAYMENTS TO THE TRUST		
Initial balance (note 7)	188,726,779	184,824,629
Payments from the Ministry of Public Finance (Note 7)	1,745,317	1,748,380
Accumulated payments	190,472,096	186,573,009
Other income	354,991	2,153,770
Ending balance	190,827,087	188,726,779
DEDUCTIONS FROM THE TRUST EQUITY		
Initial balance (note 8)	(143,328,375)	(122,844,402)
Transfers made, 15% administrative expenses (note 8)	(2,716,315)	(2,292,643)
Donations made for projects (note 8)	(11,217,998)	(18,191,330)
Ending balance	(157,262,688)	(143,328,375)
TOTAL PERMANENTLY RESTRICTED	33,564,399	45,398,404
TEMPORARILY RESTRICTED ACCUMULATED ACTIVITIES		
Activities accumulated through investments	45,267,741	41,046,091
Net activities of the year	4,035,484	4,221,650
Ending balance	49,303,225	45,267,741
TOTAL PERMANENTLY RESTRICTED EQUITY	82,867,624	90,666,145

The attached notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Cash Flow Statements

For the years ended on December 31

(Amounts expressed in Quetzals)

Description	2020	2019
CASH FLOWS FROM OPERATIONAL ACTIVITIES		
Net activities during the year	4,528,026	4,707,775
Net changes in assets and liabilities		
Cash received from payments (note 7)	1,745,317	1,748,380
Other income	354,991	2,153,770
Donation for project execution (note 8)	(11,217,998)	(18,191,330)
Disbursements for administrative expenses (note 8)	(2,716,315)	(2,292,346)
Disinvestments and investment additions	14,640,024	11,349,593
Receivable interest	(615,040)	259,595
Operating expenses in foreign currency	(39,290)	(15,147)
Income tax (note 10)	(453,252)	(470,978)
Net cash generated from operating activities	6,226,463	(750,688)
Net change in cash during the year	6,226,463	(750,688)
Cash at the beginning of the year	2,711,066	3,461,754
Cash at the end of the year	8,937,529	2,711,066

The attached notes are an integral part of the financial statements

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

1. HISTORY AND OPERATIONS

Brief history of the Trust

The Guatemala TFCA Trust (the "Trust"), was established for an indefinite period of time on September 30, 2008, according to Deed No.151 of Notary Karla Guerra de Balsells. Its fiscal domicile is in Guatemala City. The accounting period of the Trust runs from the first of January to the thirty-first of December of each year.

The Trust does not have employees, as it is managed by the Trustee Banco G&T Continental, S.A.

Trustor: Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG (as administrator of the FCA). According to the Forest Conservation Agreement and to the Agreement for the creation of the Trust, 10% of the payments of the Government of Guatemala or 15% of the funds awarded to projects (the adoption of this last modality authorized by the Oversight Committee by resolution No.001-XXIII-2018, dated December 7, 2018) will be used for administrative expenses.

FCG was created on March 27, 2000, as a private, non-profit non-governmental organization with no political affiliation and for conservation, ecological, scientific, educational, technological and cultural purposes, with legal personality and the capacity to acquire rights, to acquire obligations and to carry out the necessary activities to achieve its goals.

The general objective of FCG is to promote conservation of biodiversity and sustainable use of natural resources, environmental management and sustainable development, through the stable execution and generation of funds, administration of services and projects, proposal and execution of specialized services in the environmental area, project financing, as well as environmental project administration. The mission of FCG is to manage and provide financial resources for the conservation and sustainable management of the natural and cultural heritage in Guatemala, as drivers of sustainable economic development in the country. This is done through donations and the provision of services.

Trustees: Trustees are the legal beneficiaries listed in the Trust, which are the grantees. They will be trustees up to the amount of the donation and only for the term in which they maintain the status quo as the grantees, and one or more persons designated in writing by the Oversight Committee.

Trustee: Banco G&T Continental, S.A.

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

Patrimony in Trust: The Patrimony in Trust is formed by the payments of the Government of Guatemala to the Debt Service Account, under the provisions of the Forest Conservation Agreement (FCA).

Purposes of the Trust: Among the purposes of the Trust are: To provide funds for the fulfillment of the objectives of the Fund for the Conservation of Tropical Forests, by means of the selection made by the Oversight Committee of project proposals presented by the grantees, pursuant to the procedures established in the FCA and cover the operating costs of the same Trust, in accordance with the authorization of the Oversight Committee, in accordance with the procedures established in the FCA. Likewise, the Endowment Fund will be created as established in the aforementioned Agreement.

FCA's Oversight Committee is formed as follows:

- Permanent members:
- a) Government of the United States of America (USAID)
 - b) Government of Guatemala (CONAP)
 - c) The Nature Conservancy (TNC)
 - d) Conservation International (CI).
- Term member:
- e) Asociación de Investigación y Estudios Sociales (ASIES).

Fund for the Conservation of Tropical Forests: The Fund is financed with the funds obtained from the debt for nature swap between Guatemala and the Government of the United States. The regions supported by the fund have been selected for their ecological importance at the regional and national levels, because they are critical areas that comply with the national and institutional policies and strategies of the Government of Guatemala within the Guatemalan System of Protected Areas - SIGAP and for their social and economic relevance for Guatemala and Mesoamerica.

These regions are:

1. The Maya Biosphere Reserve.
2. The Cuchumatanes region.
3. The Motagua – Polochic valley system and the Caribbean coast.
4. The Volcanic chain of the Western Highlands of Guatemala.

The activities carried out in the regions are financed with funds obtained from the Trust and are executed by community, regional or national non-governmental organizations. The allocation of resources for the fund was US\$22 million from the Government of the United States of America through the debt swap with the Government of Guatemala and US\$2 million from private NGO's: The Nature Conservancy (TNC) and Conservation International (CI). The total amount is US\$24 million, which must be contributed during 15 years from the date of signature of the debt swap agreements.

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

The first cycle covers operations from 2008 to 2010, the second cycle covers operations from 2010 to 2012, the third cycle covers operations from 2012 to 2015, the fourth cycle covers operations from 2016 to 2019 and the fifth cycle covers operations from 2019 to 2021 (see Annex I).

During 2012, the FCA Fund launched the first cycle of projects and started the Small Grants Program (SGP/FCA) whose objective is to establish community participation as a key pillar to promote the sustained use of Ecosystems through the decentralization of FCA functions through the implementation of 5 regional sub-programs of Q2,500,000 each, that awarded small grants to Local Grassroots Organizations (LGO) for projects of under Q300,000 which have the non-objection of the fund's oversight committee.

Currently the organizations selected to manage subprograms, which are implementing the third cycle of the SGP / FCA are:

- Asociación de Organizaciones de los Cuchumatanes (ASOCUCH)
- Fundación Naturaleza para la Vida (NPV)
- Asociación Programas de Gestión Ambiental Local (ASOPROGAL)
- Asociación Tikonel
- Asociación de Desarrollo Integral para el Occidente (ADIPO)

2. SIGNIFICANT ACCOUNTING POLICIES

Presentation bases

Financial statements have been prepared according to the legal regulations, resolutions, contractual conditions and the existing policies that govern the administration of the Trust, which differ in some aspects of the International Financial Reporting Standards (IFRS), but are acceptable for the Trust Management.

a) Income

The interest from bank accounts is monthly recorded when it is accredited by the Bank, and this do not differ from the accounting method of the earned. This is an acceptable accounting practice for registration of financial institutions.

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

Likewise, interest from investments in fixed-term certificates of deposit is recorded monthly, which complies with the accounting method of accrual. Such interest is credited according to the conditions agreed upon in the certificates, in monthly or quarterly installments and at maturity.

b) Foreign currency transactions

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

c) Permanently restricted trust equity

These are the funds intended exclusively for specific objectives, whose restriction is defined by the FCA Agreement and by the Trust Agreement. It is made up of the funds that enter the Trust from the Government of Guatemala through the debt swap with the Government of United States of America and the private NGOs named above. These funds are used according to the objectives of the creation of the Trust, based on the plans approved by the Oversight Committee of FCA, covering mainly donations for projects and 10% of the payments received from the Government of Guatemala or 15% of funds awarded to projects, which are intended for administrative expenses (see note 8).

d) Temporarily restricted accumulated activities

These arise from the operation and administration of the Trust and will be used to support the objectives of the Trust, with prior authorization from the FCA Oversight Committee.

e) Investments

Investments in fixed-term certificates of deposit are recorded at the acquisition cost and agreed upon at applicable market interest rates.

f) Currency valuation

For the valuation purposes of the investments in foreign currency (US dollars), the administration of the Trust Fund uses the Principle of original Historical Cost; for this reason, if there has been a valuation at the current rate of exchange on closing day of the financial statements, a negative or positive variation may be observed, depending on the movements in exchange rates.

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

3. CURRENCY UNIT AND EXCHANGE REGIME

Financial statements are expressed in Quetzals (Q), official currency of the Republic of Guatemala. The acquisition and sale of foreign currency is carried out in the national banking system, through free negotiation, according to Decree 94-2000 in force since May 1, 2001.

The Banco de Guatemala, an entity authorized by the Monetary Board to execute monetary policies, calculates and publishes the reference exchange rate of Quetzal daily with respect to the Dollar of the United States of America, to be used in the settlement of tax obligations or others that involve payments by the State or the State and its entities, as well as for the resolution of conflicts in the administrative and jurisdictional sphere. As of December 2, 2006, the use of a single exchange rate according to resolution JM-126-2006, issued by the Monetary Board, became effective. As of December 31, 2020, and 2019 the reference exchange rate is Q7.79382 and Q7.69884 for US\$1.00. There are no exchange restrictions in Guatemala for capital repatriation, payment of debts or any other purpose. Any amount in foreign currency may be bought and sold in banks of the system, or in authorized exchange facilities.

4. AVAILABILITIES

The cash balances as of December 31 are integrated as follows: (figures expressed in Quetzals):

Description	2020	2019
Banco Industrial 006-019376-0 Quetzals	7,057,384	170,249
Banco G&T Continental 001-0036607-0 Quetzals	1,879,496	2,340,779
Banco Industrial 006-019377-8 Dollars	568	192,466
Banco G&T Continental 01-5801697-5 Dollars	81	7,572
TOTAL	8,937,529	2,711,066

5. RECEIVABLE INTEREST

Interest that corresponds to certificates of fixed term deposits, invested in the Guatemalan banking system. As of December 31, it is integrated as follows: (figures expressed in Quetzals):

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
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Description	2020	2019
Investment in dollars		
Banco Agromercantil, certificate No. 8270	672,702	-
Inter Banco, certificate No. 9200019854	253,991	-
Inter Banco, certificate No. 9200022723	86,241	
Banco Industrial, certificate No. 310061582055	61,981	
Inter Banco, certificate No. 62821	13,020	
Banco Agromercantil, certificate No. 8270	-	657,740
Banco Industrial, certificate No. 32372	-	65,238
Inter Banco, certificate No. 62821	-	15,748
Subtotal	1,087,935	738,726
Investments in Quetzals		
Banco Agromercantil, certificate No. 8270	227,910	
Inter Banco, certificate No. 62821	108,380	
Banco de los Trabajadores, certificate No. 9100099864	3,761	-
Banco Promérica, certificate No. 150417	-	25,490
Inter Banco, certificate No. 60341	-	20,832
Banrural, certificate No. 879249	-	17,801
Banrural, certificate No. 903440	-	10,097
Subtotal	340,051	74,220
TOTAL	1,427,986	812,946

6. INVESTMENTS

As of December 31, investment balances are integrated as follows: (figures expressed in Quetzals):

Description	2020	2019
Investments in Quetzals		
Investment of fixed-term deposit No. 8010594776 in Banco Agromercantil, S. A. for 365 days, with maturity date on May 27, 2021, at an annual interest rate of 6.50%. At the time of maturity, Q7,000,000 were disinvested and Q2,000,000 were renewed that expire on March 19, 2022 at an annual interest rate of 4.65%	9,000,000	-
VAN	9,000,000	-

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

Description	2020	2019
Incoming balance	9,000,000	-
Investment in fixed-term deposit No. 9100099864 in Inter Banco, for 360 days, with maturity date November 24, 2021, at an annual interest rate of 5.50% payable monthly	4,850,000	-
Investment in fixed-term deposit No. 1010141103 in Banco de los Trabajadores, for 365 days, with maturity date December 25, 2021, at an annual interest rate of 5.65% payable monthly	4,500,000	
Investment in fixed-term deposit No. G-51392 in Banco Agromercantil, S. A., for 365 days, with maturity date May 27, 2020, at an annual interest rate of 6.75%.	-	10,000,000
Investment in fixed-term deposit No. 903440 in Banco de Desarrollo Rural, for 365 days, with maturity date December 21, 2020, at an annual interest rate of 6.50% payable monthly.	-	7,000,000
Investment in fixed-term deposit No. 150417 in Banco Promerica, for 365 days, with maturity date December 21, 2019, at an annual interest rate of 6.75% payable monthly. This certificate was disinvestment in January 2020.	-	5,000,000
Investment in fixed-term deposit No. 60341 in Inter Banco, for 360 days, with maturity date November 29, 2020, at an annual interest rate of 6.70% payable monthly.	-	4,850,000
Investment in fixed-term deposit No. 430110 in Banco de los Trabajadores, for 365 days, with maturity date December 27, 2020, at an annual interest rate of 6.30%.	-	4,500,000
Investment in fixed-term deposit No. 879249 in Banco de Desarrollo Rural, for 365 days, with maturity date June 1, 2020, at an annual interest rate of 6.75% payable monthly.	-	3,450,000
	<u>18,350,000</u>	<u>34,800,000</u>

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

Description	2020	2019
Investments in dollars		
Investment in fixed-term deposit No. 8270 in Banco Agromercantil, for US\$2,868,700, for 365 days, with maturity date February 27, 2021, at an annual interest rate of 4%. This investment was renewed for US\$3,019,089.54 maturing on 02/27/2022 at an annual interest rate of 3.50%	22,215,529	-
Investment in fixed-term deposit No. 32372 in Banco Industrial, for US\$2,877,707.56, for 367 days, with maturity date March 31, 2021, at an annual interest rate of 3.75%. This investment was renewed for US\$2,885,956.33, maturing on 04/03/2022 at an annual interest rate of 3.50%	21,081,450	-
Investment in fixed-term deposit No. 9200019854 in Inter Banco for US\$907,702.08, for 365 days, with maturity date December 26, 2021, at an annual interest rate of 4.00%.	6,703,171	-
Investment in fixed-term deposit No. 9200022723 in Inter Banco for US\$367,454.15, for 365 days, with maturity date June 5, 2021, at an annual interest rate of 4%. This investment was renewed with maturity date June 5, 2022 at an annual interest rate of 3.75%.	4,151,959	-
Investment in fixed-term deposit No. 8270 in Banco Agromercantil, for US\$2,868,700, for 360 days, with maturity date February 28, 2020, at an annual interest rate of 4%.	-	22,215,529
Investment in fixed-term deposit No. 32372 in Banco Industrial, for US\$2,869,500, for 367 days, with maturity date March 29, 2020, at an annual interest rate of 4%.	-	21,073,241
Investment in fixed-term deposit No. 62821 in Inter Banco for US\$845,549, for 365 days, with maturity date December 26, 2020, at an annual interest rate of 4.25%.	-	6,222,000
Investment in fixed-term deposit No. 64693 in Inter Banco for US\$367,454.15, for 365 days, with maturity date June 5, 2020, at an annual interest rate of 4%.	-	2,831,363
	<u>54,152,109</u>	<u>52,342,133</u>
TOTAL	<u>72,502,109</u>	<u>87,142,133</u>

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

7. PERMANENTLY RESTRICTED TRUST EQUITY

As of December 31, these are formed as follows: (figures expressed in Quetzals):

Description	2020	2019
Initial balance of the period	188,726,779	184,824,629
<u>Payments from the Ministry of Public Finance</u>		
January 31, 2020	871,652	-
July 30, 2020	873,665	-
January 31, 2019	-	877,793
July 30, 2019	-	870,587
Contributions from the Ministry of Finance	1,745,317	1,748,380
Returns to debt service account		
Return of unused funds	-	1,200,000
Return of interest and reimbursement of projects	354,991	953,770
Returns to debt service account	354,991	2,153,770
TOTAL	190,827,087	188,726,779

8. DEDUCTIONS FROM THE TRUST EQUITY PERMANENTLY RESTRICTED

As of December 31, these are formed as follows: (figures expressed in Quetzals):

Description	2020	2019
Initial balance of the period	143,328,375	122,844,402
<u>Donations for FCA projects</u>		
February 11, 2020	1,038,052	-
February 11, 2020	261,495	-
March 5, 2020	596,017	-
March 13, 2020	1,569,743	-
April 28, 2020	1,117,138	-
April 28, 2020	1,049,007	-
June 23, 2020	392,789	-
July 27, 2020	320,282	-
BALANCE FORWARD	6,344,523	122,844,402

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

Description	2020	2019
INCOMING BALANCE	6,344,523	122,844,402
August 28, 2020	528,819	
September 11, 2020	903,444	
October 5, 2020	469,455	
October 19, 2020	417,823	
November 3, 2020	1,153,132	
November 26, 2020	1,000,227	
December 22, 2020	400,575	
Total donations for the year 2020	11,217,998	
Total donations for the year 2019		18,191,330
		-
Administrative expenses corresponding to 15% of the year		
January 27, 2020	226,359	
February 19, 2020	226,360	
April 3, 2020	226,359	
April 3, 2020	226,360	
May 6, 2020	226,359	
June 3, 2020	226,360	
July 2, 2020	226,359	
August 6, 2020	226,360	
September 2, 2020	226,359	
October 5, 2020	226,360	
November 5, 2020	226,360	
December 3, 2020	226,360	
Administrative expenses for the year 2020	2,716,315	
Administrative expenses for the year 2019		2,292,643
TOTAL	157,262,688	143,328,375

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

9. FINANCIAL INTERESTS

The income generated during the period from January 1 to December 31, is outlined below: (figures expressed in Quetzals):

Description	2020	2019
Interest received on investments	4,411,659	4,625,199
Interest capitalized on Debt Service account	120,857	82,614
TOTAL	4,532,516	4,707,813

10. INCOME TAX

The Trust is registered in the Simplified Optional Regime on Income from Profitable Activities of the Income Tax. The determination of the Income Tax as of December 31 is outlined below, and is based mainly on "Capital Income", whose tax is withheld at the source: (figures expressed in Quetzals):

Description	2020	2019
Interest received on investments	4,411,659	4,625,199
Interest capitalized on Debt Service account	120,857	82,614
Taxable income	4,532,516	4,707,813
ISR applicable to 10%	453,252	470,978

11. EXCHANGE DIFFERENTIAL

The accounting records of the TFCA Trust are carried out in accordance with the Commerce Code Decree 2-70 of the Congress of the Republic of Guatemala, which is in force to date. For the accounting record of the investments made, historical cost is used.

12. PARAGRAPH OF COVID-19

In December 2019, the appearance in China of a new SARS-CoV-2 coronavirus (known as "COVID-19") was announced, which after December 31, 2019 spread practically throughout the world. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. This emergency and the measures adopted in the different countries to deal with it have significantly affected routine and local and international economic activities with different impacts in each affected country.

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

Notes to the financial statements
As of December 31, 2020 and 2019

In the case of the Trust, it is affected by different regulations of the Government of Guatemala through the Ministry of Health, which ordered the suspension of non-essential activities and services, with gradual easing. As of the date of approval of these financial statements, the Trust informs that these events after the reporting date do not require adjustment. The uncertainties regarding the effects, extent and duration of this matter do not allow a reasonable estimate of that impact as of the date of approval of these financial statements, which will depend on the severity of the health emergency and the success of the measures taken and that are taken in the future by the Government of Guatemala, and those taken by the administration of the Trust.

13. SUBSEQUENT EVENTS

There is no knowledge of any subsequent event occurred between the date of the financial statements and the date of its approval by the administration and even prior to the date of the issuance of the independent audit's report, requiring the modification of the figures presented in the financial statements.



Report of the Independent Auditor on Compliance with contractual terms

To Oversight Committee
**Fondo para la Conservación de Bosques Tropicales –
FCA and Board of Directors of Fundación para la
Conservación de los Recursos Naturales y Ambiente
en Guatemala - FCG**

We have audited the financial statements of Fondo para la Conservación de Bosques Tropicales, which operates under a Trust (Fideicomiso Guatemala TFCA) established in the Banco G&T Continental, which includes the Balance Sheets as of December 31, 2020 and 2019, as well as the corresponding Statements of Activities, Changes of Equity and Cash Flow for the years ended on those dates. The Program is managed by the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG and we have issued our report on September 23, 2021.

Regarding our audit, we examine the compliance with the accounting and financial contractual conditions established in the Deed of Constitution of the TRUST and its regulatory provisions and other Laws and Regulations applicable to the operations of the TRUST, for the years ended on December 31, 2020 and 2019.

Compliance with the terms of the agreement, laws and regulations applicable to Fondo para la Conservación de Bosques Tropicales (Fideicomiso Guatemala TFCA), is responsibility of the Trust Management and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG).

We conducted our audits in accordance with International Standards on Auditing -NIA. These standards require the proper planning and execution of the audit to obtain reasonable certainty that the Administration of the Trust Fund has complied with the relevant clauses of the Trust Constitution Deed, and to applicable laws and regulations; therefore, our goal was to get an opinion about the overall compliance with such regulations.

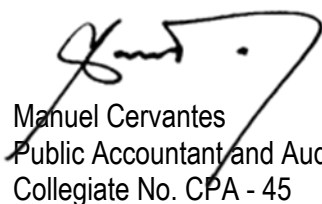
Also, we perform an assessment of compliance with legal aspects of financial accounting, established in the above-mentioned contract and other applicable laws and regulations.

The interests of the investments are calculated and recorded correctly and do not present discrepancy.

In our opinion, the Trust Management and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG), complied with the provisions of relevant financial accounting nature and we were not aware of other facts or events involving the breach or violation by the trust of such clauses and provisions of financial accounting nature.

We observed no other matters related to compliance with the terms of the contract and applicable laws and regulations that we would have informed the Trust Management and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG).

This report was prepared for use of the Trust Management of Fondo para la Conservación de Bosques Tropicales (Trust Fund Guatemala TFCA) and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala (FCG). This restriction does not try to limit its distribution, which with the approval of the trustor, is a matter of public interest.



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

Manuel Cervantes & Asociados, S.C.
Auditores y Consultores

Guatemala, September 23, 2021



Report of the Independent Auditor on compliance with the terms of the Forest Conservation Agreement, regarding the granting of donations, Project Management and compliance with the terms of the Donation Agreement by the Grantees

To Oversight Committee

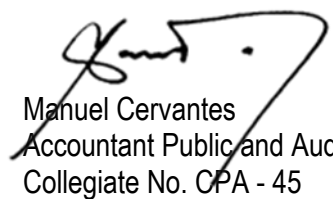
Fondo para la Conservación de Bosques Tropicales – FCA and Board of Directors of Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG

We have audited the compliance of the matters established by the program **Fondo para la Conservación de los Bosques Tropicales FCA**, in relation to the debt-for-nature swap and managed by **Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG** and in relation to section 5 of the Forest Conservation Agreement on the granting of donations, administration and follow-up for the projects, (section 5.2.6 Use of donations) and compliance with the implementation of donations in accordance with the terms of the Grant Agreement by the grantees.

We conducted our audit in accordance with International Auditing Standards applicable to the compliance reviews of contractual clauses. Those standards require that we plan and develop the audit to obtain reasonable assurance about whether the funds authorized for the institutions that receive grants have been awarded in accordance with the authorized purposes and if Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG, in its capacity as administrator of the program, has complied with the specified in the FCA agreement and if the grantees are implementing the project in accordance with the terms of the grant agreement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Program "Fondo para la Conservación de los Bosques Tropicales – FCA" administered by "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG", kept, in respect of all material, compliance with the matters mentioned in Forest Conservation Agreement to which we referred in the preceding paragraphs for the years ended on December 31, 2020 and 2019.

This report was prepared for information to the Oversight Committee of the Program “Fondo para la Conservación de los Bosques Tropicales - FCA” and Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG. However, once, this report is distributed, it is a matter of public interest and their distribution will not be restricted.



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

Manuel Cervantes & Asociados, S.C.
Auditores y Consultores

Guatemala, September 23, 2021



ACCOUNTING CERTIFICATION

To Oversight Committee
**Fondo para la Conservación de Bosques Tropicales –
FCA and Board of Directors of Fundación para la
Conservación de los Recursos Naturales y Ambiente
en Guatemala - FCG**

We issue this Certification on the reasonableness of the management of funds, accounting records and budget of the **account FCG - Administrative Expenses Account - FCA** identified with the No. 66-0009301-3 of Banco G&T Continental, S. A., of the **account FCG - Grants Account - TFCA** identified with the No. 66- 0009302-1, of Banco G&T Continental, S. A. and of the **account FCG – Reserve account – TFCA** identified with No. 66-0015478-1 of Banco G&T Continental Bank S. A., under the responsibility of the Administrator, **Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala - FCG**, for the year ended on December 31, 2020.

This certification is only for information to the Oversight Committee of the Program "Fondo para la Conservación de Bosques Tropicales – FCA" and "Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG".

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

Manuel Cervantes & Asociados, S.C.
Auditores y Consultores

Guatemala, September 23, 2021

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

ANNEX I: DETAIL OF PROJECTS FINANCED BY FCA

As of December 31, 2020

Agreement	Executing organization	Title of the project	Project amount Q	Disbursements made during 2020
FCA 001-2015	FUNDAECO	Protection and Sustainable Management of environmental goods and services of the springs Protection Reserve Cerro Alux and support to its financial sustainability.	1,999,914	261,495
FCA 001-2019	Asociación Balam	Multi-sectoral strategic alliances among the government, community groups and civil society organizations are consolidated, for the protection, recovery and restoration of biodiversity and ecosystems in the eastern area of Laguna del Tigre National Park and its biological corridor.	2,000,000	960,000
FCA 002-2019	Wildlife Conservation Society	Governance, livelihoods and biodiversity in the Multiple Use Zone, Maya Biosphere Reserve	1,999,828	887,566
FCA 003-2019	CATIE	Conservation and sustainable management of the Acatenango volcano, Cerro Sanay and Montaña El Socó forest landscape	1,803,133	1,080,957
FCA 004-2019	FUNDAECO	Sustainable Management of Natural Resources and Conservation of Biodiversity, in strategic ecosystems of the Sierra de los Cuchumatanes	1,927,637	1,012,993
FCA 005-2019	CDRO	Rural communities manage and reduce pressure on natural resources in the Western Highlands of Guatemala	1,694,674	951,421
FCA 006-2019	ADECCAP	Strategy for the conservation and restoration of the biological corridor in the south of the Lake Atitlán basin	1,999,680	996,592
FCA 007-2019	FUNDAECO	Support for the participatory conservation of tropical forests, for the financial sustainability of the protected areas of the Caribbean of Guatemala	1,988,000	1,033,900
		BALANCE FORWARD		7,184,924

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

ANNEX I: DETAIL OF PROJECTS FINANCED BY FCA

As of December 31, 2020

Agreement	Executing organization	Title of the project	Project amount Q	Disbursements made during 2020
		INCOMING BALANCE		7,184,924
FCA 008-2019	ACOFOP	Strategic alliances for the Conservation of the Yaloch Management Unit as a risk prevention area for the Melchor block, in the Maya Biosphere Reserve	2,000,000	600,000
FCA 009-2019	HELVETAS	Conservation for Sustainable Development in Quetzaltenango: governance, community tourism and collective action - Uk'uch Ixcanul / Corazón del Volcán-	1,630,456	320,282
FCA 010-2019	CARE de Guatemala	Conservation and restoration of native ecosystems for the maintenance of water regulation and protection of biodiversity in four municipalities of Totonicapán and Sololá	1,998,587	1,087,493
FCA 011-2019	CARE de Guatemala	Sustainable Management for the Conservation and Restoration of the Mesophilic Forest of the Volcanic Foot of the Mount of the Municipalities of Quetzal, La Reforma, Nuevo Progreso and El Tumbador of the department of San Marcos, in the Naranjo River basin	1,997,800	1,103,690
FCA 014-2019	ACODIHUE	Conservation of the Pinabete, (<i>Abies guatemalensis</i> Rehder) a protected, endemic and in danger of extinction species in Guatemala, through the restoration, protection and conservation of its ecosystem	1,997,369	392,790
FCA 015-2019	Asociación Vivamos Mejor	Consolidating two decades of conservation and restoration in Atitlán: the Regional Park system and the new contextualized reforestations	1,978,699	528,819
TOTAL DISBURSEMENTS FCA PROJECTS FCA 2020				11,217,998

FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES (FIDEICOMISO GUATEMALA TFCA)

ANNEX I: DETAIL OF PROJECTS FINANCED BY FCA

As of December 31, 2020

Agreement	Executing organization	Title of the project	Project amount Q	Disbursements made during 2020
		INCOMING BALANCE		11,217,998
Small donations program SDP/FCA				
PPD/FCA 004-2019	Asociación Tikonel	Volcanic Chain Region of the Western Highlands of Guatemala	3,000,000	1,500,000
TOTAL DISBURSEMENTS SMALLGRANTS PROGRAM DONATIONS SDP/FCA FOR THE YEAR 2020				1,500,000
TOTAL DISBURSEMENTS FOR THE YEAR 2020				12,717,998

Observations

Among the audit procedures, additional to the documentary evidence in the records that are submitted by each beneficiary organization to the Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG, specific reviews were made to the headquarters of the organizations described below, in order to validate the financial reports, accounting records, receipts, statements of account which reflect the income received and bank reconciliations, among others. The institutions were the following:

- a) HELVETAS Guatemala
- b) Asociación Vivamos Mejor

With the selected sample, we conclude that the records are adequate and consistent with those that are in the files of Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala – FCG.

**FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES
(FIDEICOMISO GUATEMALA TFCA)
APPENDIX “A” AUDIT PROCEDURES
As of December 31, 2020 and 2019**

As part of an audit in accordance with International Standards on Auditing (ISA), the auditor exercises professional judgment and maintains professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform the audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to 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 Trust’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Trust’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 the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those responsible for the trust regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**FONDO PARA LA CONSERVACIÓN DE BOSQUES TROPICALES
(FIDEICOMISO GUATEMALA TFCA)
APPENDIX “A” AUDIT PROCEDURES
As of December 31, 2020 and 2019**

- We also provide to those responsible of the trust with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Among the matters communicated to those responsible for the trust, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.