

Auditor's report

Foundation for the Conservation of Natural
Resources (Natura Foundation)

Darien National Park Conservation Fund
(Darien Fund)

(Panama, Republic of Panama)

January 1 to December 31, 2012

Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

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To the Board of Trustees / the Oversight Committee
Foundation for the Conservation of Natural Resources
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April 13, 2013
13-1359

This report shows the result of our audit for the year ended December 31, 2012 of the resources resulting from the **Darien National Park Conservation Fund (Darien Fund)**, managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)**, as of this date.

Background

The **Foundation for the Conservation of Natural Resources (Natura Foundation)** is a non-profit organization, legally established on March 28, 1991. Its mission is to enhance the quality of life by promoting environmental conservation and sustainable development through the management of resources.

The **Natura Foundation** has entered into an agreement, known as the “Forest Conservation Agreement,” with The Nature Conservancy (TNC) and the Panamanian government, from August 19, 2004 of 12 years duration to develop a project called the **Darien National Park Conservation Fund (Darien Fund)**.

The **Darien Fund** derived from the second Debt-for-Environment Agreement (Swap) signed between the Government of Panama and the Government of the United States of America, under the Tropical Forest Conservation Law, enacted by the United States in 1998. Under this exchange a Trust was established for the Conservation of Tropical Forests, whereby for a period of twelve (12) years, the Government of the Republic of Panama will disburse the total sum of **ten million nine hundred thirty thousand three hundred twelve dollars (US\$10,930,312)** in annual installments. These disbursements will be distributed according to the procedure established in the agreement, so that upon termination of the twelve (12) years period, fifty percent (50%) of the aggregate amount will constitute the Trust fund and the remaining fifty percent (50%) will be invested in the maintenance, conservation and protection of the Darien National Park and its buffer zone.



Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

The objective of this Trust is the conservation, maintenance and restoration of forest areas of the **Darien National Park** and its 5 kilometer buffer zone, adjacent to the Park boundaries. The **Darien Fund** will finance Park management programs and environmental initiatives carried out by non-profit organizations that promote conservation in the Park and help to diminish and to lower the main identified threats to the area, according to the Park Management Plan and other technical documents approved by ANAM and the Oversight Committee.

The activities carried out by **Natura Foundation** include processing, revision, technical assistance, supervision and administrative functions necessary as part of the Donation Program, including the processing of requests for reimbursement by Operating Units that receive and administer the financial resources provided by this Fund for the development of the projects approved by the Oversight Committee. Additionally, the Foundation acts as Secretary of the Fund's Oversight Committee. Financial information with regard to the Projects funded is based on disbursement requests and is prepared by the Operating Unit for coordinating the activities of the Project in accordance with policies and procedures set out by the Foundation for the Conservation of Natural Resources (**Natura Foundation**).

Objectives of the Darien Fund

The resources generated by the **Darien National Park Conservation Fund (Darien Fund)** may only be used for purposes related to the conservation, maintenance and restoration of Tropical Forests in Panama, specifically those located in the Darien National Park and its buffer zone. The principal objectives of the Fund are:

- The establishment, restoration, protection and maintenance of National Parks, protected areas and local reserves.
- The development and activation of natural resource management systems on a scientific basis, including the management of land and ecosystems.
- Training programs to enhance the scientific, technical and management capabilities of the individuals and organizations involved in conservation efforts.
- Restoration, protection or sustainable use of plant and animal species.
- Research and identification with respect to the medicinal uses of plants from the Tropical Forest, for the treatment of human diseases, as well as other uses related to human health.
- Development and support aimed at ensuring that the lifestyles of the communities located in or near the Tropical Forests are compatible with the protection of such Tropical Forests.



Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

Objectives and Scope of the Audit

The main objective is to conduct a financial review of the resources originating from the **Darien National Park Conservation Fund (Darien Fund)** managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)** for the period from January 1 to December 31, 2012.

The specific objectives of the audit are:

- a. To express an opinion as to whether the **Darien National Park Conservation Fund (Darien Fund)** accountability statement presents fairly, in all material aspects, the funds received, the costs incurred and the products and technical assistance provided directly by **Darien National Park Conservation Fund (Darien Fund)** for the period from January 1 to December 31, 2012, in accordance with the terms of the agreements and with International Financial Reporting Standards and other accounting basis (including income and cash disbursements and the modifications to cash basis).
- b. To evaluate and obtain sufficient understanding of the fund management's internal control structure in order to evaluate the control risk and to identify conditions to be reported, including material deficiencies of the internal control structure. This evaluation should include the internal controls related to the required contributions of shared costs.
- c. To conduct tests to determine whether or not the fund administrator has complied, in all material aspects, with the terms of the agreement (including shared costs) and with the relevant laws and regulations of the programs financed by **Darien National Park Conservation Fund (Darien Fund)**. All material instances of non-compliance and all indications of illegal acts should be identified.
- d. To determine if the fund administrator has taken proper corrective measures based on recommendations of previous audit reports.

We conducted our audit in accordance with international auditing standards, and thus included tests of the accounting records, according to circumstances.

The scope of our work was as follows:

1. To audit the accountability statement of the **Darien Fund** in order to:
 - a) To determine whether the fund accountability statement, including the amounts budgeted for the project by importance of category and heading; the costs reported as incurred during the period covered by the audit and the revenues received by **Darien National Park Conservation Fund (Darien Fund)**, show the true current situation.



Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

- b) To examine whether the fund accountability statement included a separate identification of those revenues and costs pertinent to the Project and to a review of purchasing procedures in order to determine whether sound commercial practices were applied, including competition, fair prices and adequate controls over the quality and quantity of goods received.
 - c) To review the Agreement's general ledger and the books of account to determine if the costs incurred were recorded properly. Reconcile the direct costs paid by the **Darien National Park Conservation Fund (Darien Fund)** with the program's books of account and the general ledger.
 - d) To determine whether the assets acquired were recorded, if control procedures to safeguard these assets exist and if the assets have been used for the stated purposes.
 - e) To examine the performance of the **Darien Fund** and achievement of objectives in order to determine whether the costs incurred are permissible, necessary and reasonable under the terms of the Agreement and to identify areas where fraud, waste, abuse or mismanagement exists or may exist as a result of inadequate controls.
2. To review and to evaluate the internal control structure set up by **Natura Foundation** with respect to the operations of the Project in order to obtain sufficient understanding of the design used for relevant control policies and procedures and if these policies and procedures are having results.
 3. To determine whether **Natura Foundation** has complied in all important aspects of the terms of the agreement and other pertinent laws and regulations, and to identify those aspects of non-compliance that could have direct and important effect on the fund accountability statement.
 4. To determine whether the beneficiary used the services supplied for the purposes prescribed in the Agreement and whether they were properly documented and accounted for.

Result of the Audit

Accountability statement report

The results of our audit of the accountability statement of the **Darien National Park Conservation Fund (Darien Fund)** for the year ended December 31, 2012 managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)** show that the attached accountability statement reasonably reflect, in all important aspects, the funds received and the costs incurred by the **Darien National Park Conservation Fund (Darien Fund)** for the period from January 1 to December 31, 2012.



**Foundation for the Conservation of Natural Resources (Natura Foundation)
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(Panama, Republic of Panama)

Internal Control Structure

Our review and evaluation of the current internal control structure showed satisfactory procedures in the recording, processing, summarizing and reporting of financial information in accordance with management's statements in the accountability statement.

Compliance with the terms of the Agreement and with pertinent laws and regulations


In the course of obtaining a reasonable assurance that the accountability statement contained no significant errors and with the purpose of forming an opinion of compliance with the terms, laws and regulations pertinent to the Agreement, we performed tests to assure ourselves that in all significant aspects, the terms of the Agreement and the provisions of the pertinent laws and regulations that might affect the Darien National Park Conservation Fund (Darien Fund) have been complied with.

Follow-up on recommendation from previous audit

The follow-up to the recommendations made by the previous audit performed on the management of the Darien National Park Conservation Fund (Darien Fund) has shown that controls are functioning and applied on a consistently basis.

Very truly yours,

Grant Thornton Cheng y Asociados


Rafael Salazar Jacques., partner
RFS/dg



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Fund accountability statement independent auditors' report

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Panama, Republic of Panama

We have audited the accompanying accountability statement of the **Darien National Park Conservation Fund (Darien Fund)** managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)** for the period from January 1 to December 31, 2012, and a summary of the most significant policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and internal control as management determines necessary to enable the preparation of financial statements free of material misstatement due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this fund accountability statement based on our audit. We conducted our audit in accordance with International Auditing Standards, issued by the International Federation of Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the fund accountability statement is free from material misstatements.



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An audit involves performing procedures to obtain audit evidence with respect to the amounts and disclosures in the fund accountability statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the fund accountability statement, due to either fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the Darien Fund's accountability statement 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 Darien Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the fund accountability statement.

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

The policy of the Foundation for the Darien Fund's, is to prepare the accompanying accountability statement on a cash-flow basis. On this basis, income is recognized when received and not when earned, while costs are recognized when paid and not when incurred.

Opinion

In our opinion, the fund accountability statement referred to above presents fairly, in all material aspects, program revenues, costs incurred and expenditure for the period from January 1 to December 31, 2012 in accordance with the terms of the Agreement and pursuant to the accounting basis described in Note 2.

This report is intended for the information of the Natura Foundation and the donors of the Darien National Park Conservation Fund (Darien Fund) and the Oversight Committee of Darien Fund. However, upon release by the Oversight Committee, this report is a matter of public interest.

Grant Thornton Cheng y Asociados

April 13, 2013
Panama, Republic of Panama

Foundation for the Preservation of Natural Resources (Natura Foundation)
 Darien National Park Conservation Fund (Darien Fund)
 (Panama, Republic of Panama)

Fund accountability statement
Year ended December 31, 2012
(Expressed in United States dollars)

	Budget	Accumulated previous period 31/12/2011	Completed 01/01/2012 to 31/12/2012	Accumulated 31/12/2012	Balance of budget 31/12/2012	Questioned costs		Notes
						Ineligibles	Not documented	
Total budget of the fund for investments Initial balance as of August 19, 2004	US\$ 5,465,156				2,343,376			
Revenues:								
Donations received		2,570,825	550,955	3,121,780				4
Other income		20,286	1,366	21,652				5
Total revenues		2,591,111	552,321	3,143,432				
Expenses:								
Park management and training program		1,455,406	316,067	1,771,473				6
Program for strengthening Darien organizations		340,370	-	340,370				7
Project support program (small donations projects)		71,202	27,493	98,695				8
Strategic plan monitorin		166	-	166				
Fund administration		447,662	66,160	513,822				9
Total expenses		2,314,806	409,720	2,724,526				
Excess of income over expenses	US\$	276,305	142,601	418,906				
Return of cash		14,030	18,293	32,323				10
Cash at the beginning of the year		-	290,335	-				
Cash at the end of the year	US\$	290,335	451,229	451,229				11

See accompanying notes to the fund accountability statement.

Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

Notes to the fund accountability statement
For the period from January 1 to December 31, 2012

1 General information

The **Foundation for the Conservation of Natural Resources (Natura Foundation)** is a non-profit organization, legally constituted on March 28, 1991. Its mission is to enhance the quality of life by promoting environmental conservation and sustainable development through the management of resources.

The **Natura Foundation** has entered into an agreement, known as the “Forest Conservation Agreement” with The Nature Conservancy (TNC) and the Panamanian government, from August 19, 2004 of 12 year duration to develop a project called the **Darien National Park Conservation Fund (Darien Fund)**.

The **Darien Fund** derived from the second Debt-for-Environment Agreement (Swap) signed between the Government of Panama and the Government of the United States of America, under the Tropical Forest Conservation Law, enacted by the United States in 1998. Under this exchange a Trust was established for the Conservation of Tropical Forests, whereby for a period of twelve (12) years, the Government of the Republic of Panama will disburse the total sum of **ten million nine hundred thirty thousand three hundred twelve dollars (US\$10,930,312)** in annual installments. These disbursements will be distributed according to the procedure established in the Agreement, so that upon termination of the twelve (12) years period, fifty percent (50%) of the aggregate amount will constitute the Trust fund and the remaining fifty percent (50%) will be invested in the maintenance, conservation and protection of the Darien National Park and its buffer zone.

The objective of this Trust is conservation, maintenance and restoration of forest areas of the **Darien National Park** and its 5 kilometer buffer zone, adjacent to the Park boundaries. The Darien Fund will finance Park management programs and environmental initiatives carried out by non-profit organizations that promote conservation in the park and help to diminish and to lower the main identified threats to the area, according to the Park Management Plan and other technical documents approved by the ANAM and the Oversight Committee.

**Foundation for the Conservation of Natural Resources (Natura Foundation)
 Darien National Park Conservation Fund (Darien Fund)**
 (Panama, Republic of Panama)

The activities carried out by the **Natura Foundation** include processing, revision, technical assistance, supervision and administrative functions necessary as part of the Donation Program, including the processing of requests for reimbursement by Operating Units that receive and administer the financial resources provided by this Fund to carry out the projects which are approved by the Oversight Committee. Additionally, the Foundation acts as Secretary of the Fund's Oversight Committee. Financial information with regard to the Projects funded is based on disbursement requests and is prepared by the Operating Unit for coordinating the activities of the Project in accordance with policies and procedures set out by the Foundation for the Conservation of Natural Resources (**Natura Foundation**).

The accountability statement of **Natura Foundation / Darien National Park Conservation Fund (Darien Fund)** as of December 31, 2012, were issued under the authorization of the Executive Director – Rosa Montanez Gallego, on April 13, 2013.

2 Summary of the most significant accounting policies

A summary of the most significant accounting policies is presented as follows:

Basis for the presentation of the fund accountability statement

The **Natura Foundation** prepares its fund accountability statement using a cash system to record its operations, thus income and costs are accounted for when received or disbursed, and income not received and costs not disbursed are not accounted for.

Monetary unit

The fund accountability statement is shown in United States Dollars (US\$), which are of equal value and freely exchangeable with the Balboa (B/.), the monetary unit of the Republic of Panama.

3 Darien fund budget

The budget for the year ended December 31, 2012 was US\$777,292 consisting of disbursements pending from the previous period and those corresponding to the estimates for the 2012 period.

<u>Activity description</u>	<u>Budget</u>
Park management and training program	US\$ 325,869
Project support program (small donations for projects)	385,263
Fund administration	<u>66,160</u>
	US\$ <u>777,292</u>

The Program Budget shown in the fund accountability statement presents the contributions received in accordance with the Forest Conservation Agreement and the disbursements made with the approval of the Oversight Committee in order to carry out the program of the **Darien National Park Conservation Fund (Darien Fund)** during the operating period.

Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

4 Trust Fund

During the period ended December 31, 2012, the **Foundation for the Conservation of Natural Resources (Natura Foundation)** received US\$550,955, as Trust funds for the financial support of the entities designed by the Oversight Committee in the management, conservation and protection of the natural resources duly disclosed in the Trust Agreement.

Disbursements received in prior periods	US\$	<u>2,570,825</u>
Disbursements received from January 1 to December 31, 2012		
March 8, 2012	US\$	275,478
August 29, 2012		<u>275,477</u>
Total received as of December 31, 2012		<u>550,955</u>
Total	US\$	<u>3,121,780</u>

5 Other revenues

Related to interest earned on saving account exclusively of Darien Fund from Banco General, S. A. During the period from January 1 to December 31, 2012, the saving account generated interest in the amount of US\$1,366.

6 Park management and training program

He hires the services of Darien Professionals Association for Integrated and Sustainable Development (APRODISO) and the Group for Education and Sustainable Environmental Management (GEMAS) to support the implementation of the Darien National Park Administration (PND) given by National Environmental Authority (ANAM) in the acquisition of goods and services and the recruitment of staff to the park, to implement the management plan of the protected area with Darien Fund resources. In 2012, expenditure on the training program and park management were U.S. \$ 316.067

7 Program for strengthening Darien organizations

This component is directed toward the promotion, identification, orientation and reinforcement of organizations, providing them with the elements of organization and institutional development, not only in the legal and administrative areas but also in the development of planning and resource management capabilities. It is hoped that these reinforced community organizations will become the managers of the resources provided by the **Darien Fund** and other sources of financing. This program did not receive fund in 2012.

8 Project support program (small donations) to projects

The objective of this component is to promote external initiatives to the ANAM that synergize with the efforts of this one and other institutions in obtaining a better management of Darien National Park. During the year 2012 the investment realized to the projects support program, (small donations) was of US\$27,493.

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Comprises technical assistance to Darien community organizations in the preparation of projects and proposals. The communities located in the watersheds of the Tuira and Balsas rivers, within the Darien Park and up to 5 km. into its buffer zone, receive technical assistance in the preparation of projects and proposals for presentation to the Darien Fund. The logistics of the Project Planning Workshop are coordinated, starting with projects chosen for financing by the **Darien Fund**, training is provided in Logic framework and groups are assisted in the preparation of project documentation during the Workshop.

9 Fund administration

This includes disbursements made to Fund administrator (**Natura Foundation**) for the performance of the functions set forth in the Tropical Forest Conservation Agreement, Article IV, subsection 4.1 and Article VII, paragraph (g). The total amount disbursed to the Fund Administration Body in 2012 was US\$66,160.

10 Cash Returns

During the period of January 1 to December 31, 2012, we received cash back program and Training Administration Foundation Park PA.NA.MA. by B/.400.00 and APRODISO by B/.17,893, giving a total of B/.18,293.

11 Reconciliation of available cash

As of December 31, 2012, the available cash was as follow:

Accountability statement at December 31, 2011	US\$	290,335
Add: Revenue received as of December 31, 2012		550,955
Interest earned		1,366
Return of cash		18,293
Less: Costs incurred (disbursements)		409,720
Available cash at December 31, 2012	US\$	<u>451,229</u>

As of December 31, 2012 the balance presented on the bank statement of Banco General, S.A. amount to US\$451,229.



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Independent auditor's report on the internal control structure

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We have audited the accountability statement of the **Darien National Park Conservation Fund (Darien Fund)**, managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)** for the period from January 1 to December 31, 2012 and have issued our corresponding report on April 13, 2013.

We conducted our audit in accordance with International Auditing Standards issued by the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit in order to obtain reasonable assurance that the fund accountability statement is free of material misstatement.

The manager of the **Darien National Park Conservation Fund (Darien Fund)** is responsible for establishing and maintaining internal control structures. In fulfilling this responsibility, estimates and judgments by management are required in order to assess the expected benefits and related costs of internal control policies and procedures. The objectives of the internal control structures are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; that transactions are executed in accordance with management's authorization and with the terms of the agreements and that transactions are recorded properly so as to permit the preparation of the fund accountability statement in conformity with the accounting basis described in Note 2. Because of inherent limitations in internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, the projection of any evaluation of the structure into future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



**Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)**
(Panama, Republic of Panama)

In planning and performing our audit of the fund accountability statement of the **Darien National Park Conservation Fund (Darien Fund)** for the period from January 1 to December 31, 2012, we gained an understanding of the internal control structure. With respect to internal control, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to decide on our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide assurance with regard to internal control structures. Accordingly, we do not offer such assurance.

We noted no matters involving internal control structures and their operation that we considered to be a reportable conditions under the standards established by the American Institute of Certified Public Accountants (AICPA). Reportable conditions involve matters coming to our attention related to significant deficiencies in the design or operation of the internal control structures that, in our judgment, could adversely affect the recipient's ability to record, process, summarize and report financial data consistent with the assertion of management in the fund accountability statement.

A material weakness is a reportable condition in which the design or operation of one or more elements of the internal control structure does not reduce to a relatively low level the risk that error of irregularities in amounts that would be material in relation to the fund accountability statement may occur and not be readily detected by employees in the normal course of their duties.

Our examination of the internal control structures would not necessarily disclose all aspects of the same that might be a reportable condition and therefore would not necessarily disclose all reportable conditions which would also be considered significant as defined above.

This report is intended for the information of the **Natura Foundation** and the donors to the **Darien National Park Conservation Fund (Darien Fund)** and the Oversight Committee of the **Darien Fund**. However, upon release by the Oversight Committee, this report is a matter of public record.

Grant Thornton Cheng y Asociados

April 13, 2013
Panama, Republic of Panama



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Independent auditor's compliance report

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We have audited the accountability statement of the **Darien National Park Conservation Fund (Darien Fund)**, managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)**, for the period from January 1 to December 31, 2012 and issued our corresponding on April 13, 2013.

We conducted our audit in accordance with International Auditing Standards, issued by the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit in order to obtain reasonable assurance that the fund accountability statement is free of material misstatement.

Compliance with the terms of the Agreement and with the laws and regulations applicable to the **Darien National Park Conservation Fund (Darien Fund)** is the responsibility of the Executive Director of the **Foundation for the Conservation of Natural Resources (Natura Foundation)**. In the course of obtaining a reasonable assurance as to whether the fund accountability statement is free of material misstatement, we applied compliance tests to the **Foundation for the Conservation of Natural Resources (Natura Foundation)**, with respect to certain terms of the Agreement, and the applicable laws and regulations. However, our objective was not to issue an opinion as to the general compliance with such provisions. Accordingly, we do not express such opinion.



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**Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)**
(Panama, Republic of Panama)

The results of our compliance tests indicate that with respect to the tested items, the **Foundation for the Conservation of Natural Resources (Natura Foundation) / Darien National Park Conservation Fund (Darien Fund)** has complied, in all significant aspects, with the terms of the Agreement and with the applicable laws and regulations. With regard to the items not tested, we have not found any noteworthy situation that would lead us to believe that the **Foundation for the Conservation of Natural Resources (Natura Foundation) / Darien National Park Conservation Fund (Darien Fund)** has not complied, in all important aspect, with such regulations.

This report is intended for the information of **Natura Foundation**, the donors of the **Darien National Park Conservation Fund (Darien Fund)** and the Oversight Committee of Darien Fund. However, upon release by the Oversight Committee, this report becomes a public document.

Grant Thornton Cheng y Asociados

April 13, 2013
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Independent auditor's report on follow-up to prior audit recommendation

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We have audited the accountability statement of **Darien National Park Conservation Fund (Darien Fund)**, managed by the **Foundation for the Conservation of Natural Resources (Natura Foundation)**, for the period from January 1 to December 31, 2012 and have issued our corresponding report on April 13, 2013.

We conducted our audit in accordance with International Auditing Standards, issued by the International Federation of Accountants (IFAC). Those standards require that we plan and perform the audit in order to obtain reasonable assurance that the fund accountability statement is free of material misstatement.

The follow-up to the recommendations from the previous audit on the **Darien National Park Conservation Fund (Darien Fund)**, is the responsibility of the management of the **Foundation for the Conservation of Natural Resources (Natura Foundation)**. In the course of obtaining reasonable assurance that the fund accountability statement was free of material misstatement, we followed up on the recommendations of the previous audit.

This follow-up on the recommendations of the previous audit performed on the management of the **Darien National Park Conservation Fund (Darien Fund)** has shown that no applicable material discoveries were found therein which would require follow-up.



Foundation for the Conservation of Natural Resources (Natura Foundation)
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(Panama, Republic of Panama)

This report is intended for the information of **Natura Foundation** and for the donors to the **Darien National Park Conservation Fund (Darien Fund)** and the Oversight Committee of the Darien Fund. However, upon its release by the Oversight Committee, this report is a matter of public interest.

Grant Thornton Cheng y Asociados

April 13, 2013
Panama, Republic of Panama



Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)
(Panama, Republic of Panama)

Report on visits to the projects

To the Board of Trustees / Oversight Committee
Foundation for the Conservation of Natural Resources
(Natura Foundation)
Darien National Park Conservation Fund
(Darien Fund)
P. O. Box 0816-06822
Panama, Republic de Panama

We have visited the protected areas, projects in progress and in the final stages, for the purpose of verifying the proper management of the funds for the conservation of the Darien National Park, provided to the Foundation of Darien Professional Association for Integrated and Sustainable Development (APRODISO for its Spanish initials) and Education and Sustainable Environmental Management (GEMAS). As part of our review, we performed an evaluation of the accounting controls at the time the funds were distributed.

The management of the **Natura Foundation** is responsible for setting up and maintaining an internal system of accounting controls. To fulfill this responsibility, management is required to make estimates and exercise judgment in order to evaluate the expected benefits and the costs related to the control procedures.

FD-120701-SS-001 - APRODISO

Adopting as a base the final quarterly reports for the year 2012, it was verified that the details of each budgetary account coincided with the expenses incurred as to amounts, proofs of payment and accounting entries. A review was conducted of any excess or use of funds in unauthorized amounts, either due to exhaustion of the budgeted funds and/or undocumented transfers. It was verified that the quarterly transfers, authorized by the **Natura Foundation** during 2012, were received and accounted for by the institution.

The bank reconciliations were reviewed and it was confirmed that the expenses coincided with the supporting data, especially as to payees and amounts, likewise as to the quotation policy, also the amount on deposit conformed with the transfers assigned by the **Natura Foundation**. Also we reviewed contracts of the collaborators hire by Foundation APRODISO to work in the Park and we noticed that they are subordinated to the administration of the ANAM (National Authority of the Atmosphere) reason why a demand risk exists to toil that it affects so much to Foundation APRODISO, as to the Fundación Natura and therefore to the Darien Found.



**Foundation for the Conservation of Natural Resources (Natura Foundation)
Darien National Park Conservation Fund (Darien Fund)**
(Panama, Republic of Panama)

We checked selectively acquiring and location of assets purchased during the accounting period, as well as existing ones were observed. We visit the areas where the project is developed, watching the progress of the project and its development.

Contracts collaborators

There are contracts of employees hired by GEMAS to work in the park and they are subordinate to the administration of ANAM (Authority National Environment) so there is a risk that affects both labor demand GEMAS, as **Natura Foundation** and therefore Darien Fund.

As indicated by the foregoing, we can confirm that the Project is being carried out in a reasonable manner and in accordance with the Agreement.

FD-120704-SS-002 - GEMAS

We reviewed bank reconciliations and expenses incurred comply with the necessary information to backup the emphasis on beneficiaries and amounts, as with policy quote. Also verified that the sum deposited applicable to transfers allocated by the Foundation had also revised the contracts of employees hired by GEMAS to work in the park and we realize that they are subordinate to the administration of ANAM (National Environmental Authority) so that there is a labor demand risk affects both GEMAS, as **Natura Foundation** and therefore the Darien Fund.

We checked selectively acquiring and location of assets purchased during the accounting period, as well as existing ones were observed. We visit the areas where the project is developed, watching the progress of the project and its development.


Contracts collaborators

There are contracts of employees hired by GEMAS to work in the park and they are subordinate to the administration of ANAM (Authority National Environment) so there is a risk that affects both labor demand GEMAS, as **Natura Foundation** and therefore Darien Fund.

As indicated by the foregoing, we can confirm that the Project is being carried out in a reasonable manner and in accordance with the Agreement.

Yours truly,

Grant Thornton Cheng y Asociados



Rafael Salazar Jacques, partner
RFS/am