

Conservation International Foundation and Affiliates

Statement of Cash Receipts and Expenditures – Cash
Basis of The International Bank for Reconstruction
and Development/Global Environment Facility Funds

July 1, 2020 through June 30, 2021

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Independent Auditor's Report

Audit and Risk Management Committee
Conservation International Foundation

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and expenditures – cash basis of The International Bank for Reconstruction and Development/Global Environment Facility Funds Program (the Program) of Conservation International Foundation and Affiliates (CI) for the period from July 1, 2020 through June 30, 2021, and the related note to the financial statement.

We are independent of CI in accordance with the ethical requirements that are relevant to our audit of the financial statement in the United States of America together with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and we have fulfilled our other ethical responsibilities in accordance with these requirements, respectively.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Program'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 Program or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Program's financial reporting process.

Auditor's Responsibility

Our responsibility is to express an opinion of the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit 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 this financial statement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. We design audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial 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 CI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation, structure and content of the financial statement, including disclosures, and whether the financial statement represent the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Program'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 statement 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 may cause the Program to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Program to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies or material weaknesses in internal control that we identify during our audit.

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

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, cash receipts and expenditures – cash basis of The International Bank for Reconstruction and Development/Global Environment Facility Funds Program of Conservation International Foundation and Affiliates for the period from July 1, 2020 through June 30, 2021, in accordance with the cash basis of accounting described in Note 1.

Report on Summarized Comparative Information

We have previously audited the Program's financial statement for the period from July 1, 2019 through June 30, 2020, and we expressed an unmodified audit opinion on that audited financial statement in our report dated December 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the period from July 1, 2019 through June 30, 2020, is consistent, in all material respects, with the audited financial statement from which it has been derived.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

RSM US LLP

McLean, Virginia
December 22, 2021

**Conservation International Foundation and Affiliates –
The International Bank for Reconstruction and Development
Global Environment Facility Funds**

**Statement of Cash Receipts and Expenditures – Cash Basis
Period From July 1, 2020 through June 30, 2021
(With Comparative Totals for 2020)**

	2021					2020
	GEF	CBIT	LDCF	SCCF	Total	
Cash receipts:						
Cash receipts for funded projects	\$ 6,975,663	\$ 892,064	\$ -	\$ 797,139	\$ 8,664,866	\$ 13,707,382
Refund	-	-	-	-	-	65,000
Total cash receipts	6,975,663	892,064	-	797,139	8,664,866	13,772,382
Disbursements:						
Grants disbursed for funded projects	12,288,000	1,209,616	30,000	478,852	14,006,468	12,598,240
Total disbursements	12,288,000	1,209,616	30,000	478,852	14,006,468	12,598,240
Excess of cash receipts over (under) disbursements	(5,312,337)	(317,552)	(30,000)	318,287	(5,341,602)	1,174,142
Beginning cash balance	6,513,871	1,361,893	-	254,225	8,129,989	6,955,847
Ending cash balance	\$ 1,201,534	\$ 1,044,341	\$ (30,000)	\$ 572,512	\$ 2,788,387	\$ 8,129,989

See note to the financial statement.

**Conservation International Foundation and Affiliates –
The International Bank for Reconstruction and Development/
Global Environment Facility Funds**

Note to the Financial Statement

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Conservation International Foundation and Affiliates (CI), founded in 1987, imagines a healthy, prosperous world in which societies are forever committed to caring for and valuing nature for the long-term benefit of people and all life on Earth. By building upon a strong foundation of science, partnership and field demonstration, CI empowers societies to responsibly and sustainably care for nature for the well-being of humanity.

Much like CI, the Global Environment Facility (GEF) believes that every person on Earth deserves a healthy environment and the fundamental benefits that nature provides. Since its inception in 1991, the GEF has improved the lives of billions of people while creating conditions for sustainable development. By investing in the planet, the GEF is investing in the human capital of this generation and of generations to come. Bringing together 183 countries in partnership with international institutions, civil society organizations and the private sector, the GEF is the largest public funder of projects to improve the global environment. The GEF channels funding through GEF agencies, which are responsible for assisting eligible governments and nonprofit organizations in the development, implementation and management of GEF projects.

In 2013, CI became one of the first nonprofit organizations to be accredited as a GEF agency. As such, CI directly assists national governments in incorporating global environment concerns into their policies, programs and projects. As an agency of the GEF, CI disburses funding for global conservation and sustainable development initiatives.

During 2020, CI received and disbursed funding from four separate GEF funds, as noted below:

GEF Trust Fund: The GEF Trust Fund was established on the eve of the 1992 Rio Earth Summit to help tackle our planet's most pressing environmental problems. GEF funding to support the projects is contributed by donor countries. These financial contributions are replenished every four years by the GEF's 39 donor countries.

GEF funds are available to developing countries and countries with economies in transition to meet the objectives of the international environmental conventions and agreements.

Capacity Building Initiative for Transparency Fund (CBIT): As part of The Paris Agreement of 2015, parties to the United Nations Framework Convention on Climate Change (the Convention), established in 1992, agreed to establish a Capacity-Building Initiative for Transparency. The goal of the CBIT is to strengthen the institutional and technical capacities of developing countries to meet the enhanced transparency requirements of the Paris Agreement. These enhanced transparency requirements are defined in Article 13 of the Paris Agreement. The Paris Agreement requested the GEF to support the establishment of the CBIT through voluntary contributions during GEF-6 and future replenishment cycles. Following COP 21 (the Convention), the GEF established the CBIT with high levels of donor support and engagement of stakeholders and countries within a year. Transparency and accountability are a key pillar of the Paris Agreement, and the CBIT will help developing countries, pre- and post-2020, strengthen their ability to meet this essential element of the agreement. This builds upon the GEF's provision of support to non-Annex I Parties to fulfill their obligations under the UNFCCC, including National Communications and Biennial Update Reports.

**Conservation International Foundation and Affiliates –
The International Bank for Reconstruction and Development/
Global Environment Facility Funds**

Note to the Financial Statement

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Special Climate Change Fund (SCCF): The Special Climate Change Fund was established under the Convention in 2001 to finance projects relating to adaptation; technology transfer and capacity building; energy, transport, industry, agriculture, forestry and waste management; and economic diversification. This fund should complement other funding mechanisms for the implementation of the Convention (Decision 7/CP.7). The GEF, as an operating entity of the Financial Mechanism, has been entrusted to operate the SCCF. In 2004, the GEF Council approved a programming document, which provides the operational basis for funding activities under the SCCF (GEF/C.24/12).

Least Developed Countries Fund: The LDCF is the Fund that enables Least Developed Countries to prepare for a more resilient future. LDCF funding helps recipient countries address their short-, medium- and long-term resilience needs and reduce climate change vulnerability in priority sectors and ecosystems. LDCF backing helps countries implement National Adaptation Programs of Action (NAPAs) – country-driven strategies for addressing their most urgent adaptation needs. It also supports the implementation of the National Adaptation Plan (NAP) process, and the Least Developed Country work program under the UNFCCC.

CI is committed to working with all governments and engaging with all sectors in society to achieve our ultimate goal of improved human well-being, particularly focusing on the essential services that nature provides such as fresh water, food, health, livelihoods and climate resilience.

A summary of GEF Funds' (the Program) significant accounting policies follows:

Basis of presentation: The accompanying statement of cash receipts and expenditures – cash basis for the period from July 1, 2020 through June 30, 2021, is prepared based on the cash receipts received and disbursements paid during the year for the Program. The cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP); therefore, the financial statement is not intended to conform with U.S. GAAP. Receipts are reported when collected rather than when pledged/earned, and disbursements are reported when paid rather than when incurred.

Prior year information: The financial statement includes certain prior year summarized comparative information but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Program's financial statement for the year ended June 30, 2020, from which the summarized information was derived.

Subsequent events: CI evaluated subsequent events through December 22, 2021, which is the date the financial statement was available to be issued.