

**Fundación Defensores de la Naturaleza**

**Financial Statements**

**As of December 31, 2019 and 2018**

(With the Independent Auditors' Report)

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## Independent Auditors' Report

To the members of the Board of Directors of  
**Fundación Defensores de la Naturaleza**

### Opinion

In our opinion, the Financial Statements fairly present, in all material respects, the financial position of Fundación Defensores de la Naturaleza, as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended, in accordance with the accounting bases that the Foundation uses for purposes of the filing of the annual Income Tax return.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient to provide a reasonable basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters are selected from matters communicated with those charged with governance. These matters were addressed in the context of our audit, and in the forming of our opinion thereon, and therefore a separate opinion on these matters is not provided. Based on the above, it is important to mention that during the audited period, we considered it important to mention the following:

- **Tax Regime**

Fundación Defensores de la Naturaleza is a non-profit institution and therefore is exempt from the Income Tax, except for those activities that are not related to its main objective, in accordance with resolution No. SAT-IG-940-2000 issued on September 29, 2005 by the Superintendency for Tax Administration.

In compliance with that established in article 39 of the Tax Update Law, taxpayers that obtain income for any amount must present before the Tax Administration, within the first three (3) months of the calendar year, the determination of the income obtained during the previous year, through an annual income tax return. For the 2019 period, the Foundation complied with such obligations with preliminary figures on April 20, 2020. Such tax return was subsequently rectified using the final financial results.

According to the regime under which it is registered for the Income Tax, the Foundation adopted the accrual accounting system. With respect to its income, the Foundation uses the modified cash system. Therefore, when donations are received from partner organizations, they are recorded as income in an income statement account. As of December 31 of each year, the result between the income and expenses is transferred to the balance sheet as a liability (Project funds), where the cash of the project is reflected. The value of the receipts issued during the period may vary with what is presented in the statement of income and expenses.

- **Reporting obligation**

The Foundation is classified as a Foundation that is Obligated to Report to the Special Verification Intendency -IVE per its Spanish acronym- under the category of non-profit foundations, regardless of their denomination and organization. The IVE is a body of an administrative nature responsible for ensuring the objectives of and compliance with the laws Against the Laundering of Money and to Prevent and Suppress the Financing of Terrorism; and with the functions of a Financial Intelligence Unit (FIU) in accordance with the international standards and treaties relating to this matter. The process for registering with the IVE as an Obligated entity began in the year 2020, and thus the related provisions have not been complied with during the 2019 period.

It is important to mention that per the applicable legislation, when external audit services are contracted, the obligated entity -Foundation- should send a copy of the opinion issued within a term no later than 15 days following the receipt of the opinion.

Such matters have been timely communicated to the Foundation, with the intention of reporting on internal control improvements since they do not affect our opinion and do not affect the determination of the Income Tax.

### **Auditor's responsibilities for the audit of the financial statements (See annex)**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and issue our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

### **Responsibilities of management and those charged with governance for the financial statements**

The Foundation's management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with IFRSs, and for such internal control as the Foundation's management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

## Annex (Auditor's responsibilities)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain 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 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 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 the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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 relevant disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained as of the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, 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.

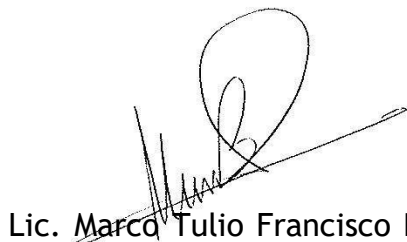


- Obtain sufficient appropriate audit evidence regarding the financial information of the Foundation or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Foundation. We are solely responsible for 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 in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence.

From the matters communicated with those charged with governance, 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 due to possible adverse consequences.



Lic. Marco Tulio Francisco Bautista Stewart  
CPA Register No. 3216

Guatemala, September 25, 2020

FUNDACIÓN DEFENSORES DE LA NATURALEZA  
STATEMENT OF FINANCIAL POSITION  
As of December 31, 2019 and 2018  
(Figures in Quetzales Q.)

	Note	2019	2018
<b>ASSETS</b>			
<b>Current</b>			
Cash and banks	(4)	9,227,905	7,708,861
Investments	(5)	7,025,940	7,050,359
Accounts receivable	(6)	199,145	235,203
<b>Total current assets</b>		<b>16,452,990</b>	<b>14,994,423</b>
<b>Non-current</b>			
Property, plant and equipment (net)	(7)	29,538,985	29,595,758
Deferred	(8)	12,528	12,529
<b>Total non-current assets</b>		<b>29,551,513</b>	<b>29,608,287</b>
<b>Total Assets</b>		<b>46,004,503</b>	<b>44,602,710</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Short-term liabilities</b>			
Accounts payable	(9)	4,082,886	3,837,510
Project funds	(10)	5,664,337	4,553,555
<b>Long-term liabilities</b>			
Support funds	(11)	216,878	216,878
<b>Total liabilities</b>		<b>9,964,101</b>	<b>8,607,943</b>
<b>NET ASSETS</b>			
Own assets		290,204	290,204
Donated assets		2,431,730	2,431,730
Accumulated surplus	(12)	33,318,468	33,272,834
<b>Total net assets</b>		<b>36,040,401</b>	<b>35,994,767</b>
<b>Total Liabilities and Net Assets</b>		<b>46,004,503</b>	<b>44,602,710</b>



FUNDACIÓN DEFENSORES DE LA NATURALEZA  
STATEMENT OF INCOME AND EXPENSES  
From January 01 to December 31, 2019 and 2018  
(Figures in Quetzales Q.)

	Note	2019	2018
<b>INCOME</b>			
Cash donations		20,383,405.91	23,059,785.00
In-kind donations			98,062.00
Institutional support		638,128.71	846,396.00
Services			0.00
Others		64,546.12	18,712.00
Meeting dues		27,500.00	13,000.00
Bank interest		251,611.10	370,107.00
<b>Total income</b>		<b>21,365,191.84</b>	<b>24,406,062.00</b>
<b>EXPENSES</b>			
Personnel services		13,779,268.28	14,595,333.00
Non-personnel services		5,371,196.35	5,456,590.00
Materials and supplies		1,495,241.54	3,035,857.00
Permanent assets		622,221.57	1,247,484.00
Others		97,264.10	70,798.00
<b>Total expenses</b>		<b>21,365,191.84</b>	<b>24,406,062.00</b>

**Fundación Defensores de la Naturaleza**  
**Statement of Cash Flows**  
**From January 01 to December 31, 2019 and 2018**  
**Figures in Quetzales**

	2019
<b>Cash flows from operating activities</b>	
Excess of the period	-
<b>Adjustments to reconcile the net result of the period with the net cash used in operating activities</b>	
Prior period adjustments	45,634
Depreciations and amortizations	58,972
Severance provision	667,416
<b>Net cash flows provided by the reduction of assets and increase of liabilities</b>	
<u>(Increase) decrease in assets:</u>	
Investments	24,419
Accounts receivable	36,060
<u>Decrease (increase) in:</u>	
Accounts payable	65,433
Project funds	1,110,782
<u>Cash used in:</u>	
Severance payments	(487,473)
	1,521,243
<b>Net cash flow (used in) operating activities</b>	<b>1,521,243</b>
<b>Cash flows from investing activities</b>	
Disposal of fixed assets	(2,199.00)
<b>Net cash (used) in investing activities</b>	<b>(2,199)</b>
Net increase in cash	1,519,044
Cash at the beginning of the period	7,708,861
<b>Cash at the end of the period</b>	<b>9,227,905</b>

**Fundación Defensores de la Naturaleza**  
**Statement of Changes in Net Assets**  
**From January 01 to December 31, 2019 and 2018**  
**Figures in Quetzales**

Description	Net Assets			Total Net Assets and Reserves
	and Reserves	Accumulated Surplus Period	Surplus of the	
Balance at December 31, 2017	2,721,934	33,273,630	-	35,995,564
Increase		-	0.00	-
Transfers	-	-	(797)	(797)
Result of the Period	-	-	-	-
Balance at December 31, 2018	2,721,934	33,273,630	(797)	35,994,767
Increase		-	0.00	-
Transfers	-	-	45,634	45,634
Result of the Period	-	-	-	-
Balance at December 31, 2019	2,721,934	33,273,630	44,837	36,040,401