

# **Conservation International Foundation and Affiliates**

Statements of Receipts and Disbursements – Cash  
Basis of The International Bank for Reconstruction  
and Development/Global Environment Facility Funds  
June 30, 2018

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## Independent Auditor's Report

To the Audit Committee  
Conservation International Foundation and Affiliates

### Report on the Financial Statements

We have audited the accompanying statements of receipts and disbursements – cash basis of The International Bank for Reconstruction and Development (the Bank)/Global Environment Facility Funds (the Program) of Conservation International Foundation and Affiliates (collectively, CI) for the years ended June 30, 2018 and 2017, and the related note to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for preparation and fair presentation of these financial statements 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 statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 of the financial statements.

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 statements referred to above present fairly, in all material respects, the receipts and disbursements of the Program of CI for the years ended June 30, 2018 and 2017, in accordance with the cash basis of accounting described in Note 1.

**Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

**Restriction on Use**

This report is intended solely for the information and use of the Audit Committee, Board of Directors and management of CI and for filing with Global Environment Facility Council and the Bank as trustee of the Program and is not intended to be and should not be used by anyone other than these specified parties.

*RSM US LLP*

McLean, Virginia  
November 14, 2018

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

**Statements of Receipts and Disbursements – Cash Basis  
Years Ended June 30, 2018 and 2017**

	2018				2017
	GEF	CBIT	SCCF	Total	
Receipts:					
Cash receipts for funded projects	\$ 19,658,151	\$ 1,119,109	\$ 518,191	\$ 21,295,451	\$ -
Refund	35,163	-	-	35,163	-
<b>Total receipts</b>	<b>19,693,314</b>	<b>1,119,109</b>	<b>518,191</b>	<b>21,330,614</b>	<b>-</b>
Disbursements:					
Grants disbursed for funded projects	14,787,505	158,970	437,526	15,384,001	5,831,271
<b>Total disbursements</b>	<b>14,787,505</b>	<b>158,970</b>	<b>437,526</b>	<b>15,384,001</b>	<b>5,831,271</b>
<b>Excess of cash receipts over (under) disbursements</b>	<b>4,905,809</b>	<b>960,139</b>	<b>80,665</b>	<b>5,946,613</b>	<b>(5,831,271)</b>
Beginning cash balance	446,881	(12,314)	-	434,567	6,265,838
Ending cash balance	<b>\$ 5,352,690</b>	<b>\$ 947,825</b>	<b>\$ 80,665</b>	<b>\$ 6,381,180</b>	<b>\$ 434,567</b>

See note to the financial statements.

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

**Note to Financial Statements**

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**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 2018, CI received funding from three 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 Financial Statements**

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**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 compliment 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).

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 statements of receipts and disbursements – cash basis for the years ended June 30, 2018 and 2017, are prepared based on the cash receipts received and disbursements paid during the periods 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 statements are 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.

**Reclassification:** The ending cash balance in the June 30, 2017, financial statement has been classified by fund to conform to the June 30, 2018, financial statement presentation.

**Subsequent events:** CI evaluated subsequent events through November 14, 2018, which is the date the financial statements were available to be issued.