

Fundo Brasileiro para a Biodiversidade - FUNBIO

**Auditors' report on the financial statements of "Certain Projects
Managed by FUNBIO"**

January 1st to December 31st, 2015

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Grant Thornton

Independent auditors' report on the financial statements of Certain Projects Managed by FUNBIO

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To:
Management of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Certain Projects Managed by FUNBIO
Rio de Janeiro – RJ

We have audited the financial statements of Certain Projects Managed by the Brazilian Biodiversity Fund - FUNBIO (“Projects”), run by FUNBIO (“Entity”), which comprise the statements of accountability and contributions by sponsors for the period from January 1st to December 31st, 2015, as well as the summary of the main accounting policies and all other explanatory notes.

Management responsibility for financial statements

Management of Projects is responsible for reliably preparing and presenting these financial statements in accordance with the International Financial Reporting Standards, complemented by internal controls that considered it necessary that these financial statements are free from material misstatements, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Auditing Standards, which require compliance with ethical requirements by auditors and that the audit is planned and performed with the purpose of obtaining a reasonable assurance that the financial statements are free from material misstatements. Auditing involves performing select procedures to obtain evidence on amounts and disclosures in the financial statements. These select procedures depend on the auditor's judgment, including the assessment of risks of material misstatements in the financial statements whether due to fraud or error.

In this risk assessment, the auditor considers the internal controls adopted by the Entity on the relevant Projects for the preparation and appropriate presentation of financial statements to plan the audit procedures which are appropriate in the circumstances, but not to express an opinion on the effectiveness of these internal controls of the Entity on the Projects. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.



We consider the audit evidence obtained to be sufficient and appropriate to provide a basis for our auditing opinion.

As described in Explanatory Note nr. 3, the financial statements of the Projects were prepared on the basis of accounting of funds (cash) in accordance with the International Financial Reporting Standard on the basis of accounting of funds (cash). The basis of accounting of funds recognizes transactions and facts only when resources (including the equivalent to funds) are received or paid for by the Entity and not when they result, earn or are originated from rights or obligations, even if no funds (cash) have been transferred.

Opinion on financial statements

We believe that the financial statements of Certain Projects Managed by FUNBIO, which includes demonstrations of accountability and contributions by sponsors, present reasonably, in all material respects, the receipts and payments performed during the period from January 1st to December 31st, 2015, according to the accounting standard mentioned in the previous paragraph and to the accounting policies described in Explanatory Note nr. 3.

Other issues

The financial statements of Certain Projects Managed by FUNBIO for the period from January 1st to December 31st, 2014, were examined by other independent auditors, who issued an unqualified report on April 17, 2015.

Rio de Janeiro, April 18th, 2016.


Ana Cristina Linhares Areosa
Accountant CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes
CRC SP-025.583/O-1 "S" – RJ

Statement with the transactions of the balances of the projects

	Note	31/12/2014	Rendering of accounts in progress	Rendering of accounts sent	Funds used- Rend Accts	Funds received	Income on investments	Exchange rate	Financial Expenses	Transfers and disbursements	31/12/2015
Kayapó Fund	12.4	14.993	-	-	-	-	1.750	-	(305)	-	16.438
Kayapó	12.4	1.942	-	(1.276)	(1.276)	-	133	-	(1)	(22)	776
Parks Adoption	12.5	2.554	-	(655)	(655)	-	267	-	(1)	65	2.230
Juruti Sustainable Fund	12.6	3.136	-	(143)	(143)	-	358	-	-	-	3.350
FUNJUS Capacity Building	12.6	103	-	(30)	(30)	-	4	-	-	(56)	20
Sustainable Probio Juruti	12.7	159	(6)	(279)	(285)	200	11	-	(1)	-	85
AFCOF II	12.8	245	-	-	-	-	17	11	(3)	(272)	-
GEF Pollinators	12.10	840	(9)	(1.291)	(1.302)	915	31	-	(5)	(304)	176
Carteira Fauna – Spix's Macaw	12.12	1.102	-	(110)	(110)	-	121	-	-	-	1.114
Carteira Fauna – Sirenia	12.12	225	-	(32)	(32)	147	14	-	-	(206)	148
Carteira Fauna – (Seismic & Fauna Fund)	12.12	399	-	-	-	50	59	-	(9)	45	543
GIZ Anavilhanas	12.13	5	-	-	-	-	-	-	-	(5)	-
New Arpa Sources	12.14	375	-	(109)	(109)	-	27	-	(1)	(170)	122
RedLac Capacity Building	12.15	220	-	(28)	(28)	-	-	4	(3)	(160)	33
GEF Nutrition	12.16	668	-	(449)	(449)	984	69	-	(6)	(61)	1.205
CFA	12.17	89	-	(26)	(26)	47	1	30	-	(142)	-
Ecofunds / BCID	-	18	-	-	-	-	1	(4)	-	(14)	-
Paiter Surui Carbon Fund	12.19	1.661	-	(779)	(779)	14	124	59	(1)	-	1.079
Funbio Cities	12.20	208	-	(9)	(9)	-	7	8	(1)	(222)	-
Project K	12.23	-	-	(458)	(458)	446	-	109	(3)	(11)	83
Moore Sustainability	12.24	-	-	(892)	(892)	1.905	20	-	(8)	(276)	749
Chevron – Fishing & Marine Research	12.25	-	-	-	-	5.773	79	-	-	(532)	5.320
Chevron – Conservation of Cetacea	12.25	-	-	-	-	2.661	36	-	-	(245)	2.452
Subtotal		<u>28.942</u>	<u>(15)</u>	<u>(6.557)</u>	<u>(6.573)</u>	<u>13.142</u>	<u>3.131</u>	<u>217</u>	<u>(347)</u>	<u>(2.588)</u>	<u>35.923</u>

Notes on the financial statements of the Projects for the period from January 1st to December 31st, 2015

1. Operational Context of the Project's executor

Funbio is a private civil non-profit association operating since 1996. It is an innovative financial mechanism created to develop strategies that contribute to the implementation of the Convention on Biological Diversity (CBD) in Brazil. It acts as a strategic partner with the public and business sectors and with society in initiatives consolidating conservation policies, enabling environmental funding programs and also social and environmental investments of the company, reducing and mitigating their impacts, and fulfilling its legal obligations.

In nearly 20 years, Funbio has managed \$ 579.3 million, supported 235 projects in 7 biomes, 170 institutions and 292 protected areas. The institution is part of the Network of Environmental Funds in Latin America and the Caribbean, with 38 organizations from 31 countries, which since 1999 have managed over \$ 2 billion in sinking funds and equity grants.

Funbio is also the first national agency which implemented the Global Environment Facility (GEF), one of the major funders of environmental projects in the world.

Funbio is structured into three major areas:

- National and International Donations – projects financed with funds originating from private donations and bilateral and multilateral agreements.
- Legal Obligations – projects financed with funds originating from legal obligations as environmental compensation.
- Special Projects – operate in the diagnosis of the financial environment and the design of mechanisms and tools which enable access to new sources.

Commanding the Funbio governance is the Deliberative Council (DC), bringing together 16 members of the academic, environmental and business sectors, and is responsible for defining the strategy and for the general direction of the organization. It meets three times a year and evaluates strategic directions and institutional management: it establishes a general policy, sets goals and priorities, transformed into actions by its Executive Secretariat. The DC approves annual operational plans, investment policies and projects developed. Board Members participate voluntarily, contributing with their experience and knowledge. The Deliberative Council is

organized into Committees that deal with specific issues, such as the Executive Committees, the Project Technical Committees, the Financial and Auditing Committees and the Asset Management Committees. As for the Advisory Council (AC), it is composed of 34 former advisors and leaders invited and acts in technical advising.

2. Projects managed by FUNBIO

The financial statements of accountability of certain projects managed by FUNBIO were prepared by FUNBIO management on December 31st, 2015, with the purpose of informing sponsors about the financial implementation of these projects which are listed as follows:

Fundo Kayapó
Adoção de Parques
ALCOA – Fundo Juruti Sustentável & Capacitação FUNJUS Probio Juruti Sustentável
AFCOF II
GEF Polinizadores
Carteira Fauna Brasil
GIZ Anavilhanas
Novas Fontes Arpa
RedLac Capacitação
GEF Nutrição
CFA
RRB – Redd + Readness in Brasil
Ecofunds / BCID
Fundo Carbono Paiter Suruí
Projeto k
Chevron
UC's Federais do Acre
Moore Sustentabilidade

3. Primary accounting practices

Basis of preparation

The financial statements of the Project were prepared on the basis of accounting of funds (cash), and revenue is recorded upon receipt of funds, and expenses are recognized when they effectively represent applications of funds.

These financial statements are presented in Reais, which is FUNBIO's functional currency. All financial information presented in thousands of Reais were rounded to the nearest thousand, except when indicated otherwise.

4. Key information on certain projects managed by Funbio

i. Fundo Kayapó (Fund for the Kayapós)

Equity grant created and designed by Funbio to support Kayapó organizations in the long run and to increase the capacity of Kayapó Indigenous Lands of maintaining their physical integrity. FK received donations totaling \$ 15.5 million Reais, originated from the Amazon Fund, through the BNDES, and from Conservação Internacional (CI-Brasil). Funbio is the manager of funds to be allocated to projects formulated by indigenous organizations linked to this ethnic group.

2015 saw the beginning of the second cycle of investments that sent \$ 1.8 million Reais to support new projects on Kayapó Indigenous Lands, and other \$ 151,778.56 Reais for activities of management and monitoring of projects. Three projects from three indigenous organizations were selected, namely:

- i) Institutional and territorial strengthening and support to actions of sustainable development on Indigenous Lands Menkragnoti and Capoto/Jarinn, from Instituto Raoni;
- ii) Strengthening of income-generating activities, from Instituto Kabu and Strengthening of Kayapo communities represented by Associação Floresta Protegida for the protection and sustainable management of their territories and natural resources, from Associação Floresta Protegida, and;
- iii) Strengthening of income-generating activities, from Instituto Kabu. In general, the projects are focused on four lines of action: territorial environmental monitoring and control, promotion of sustainable productive activities, environmental land management and institutional strengthening of indigenous associations in Kayapó ground (TIs).

At the end of the year, the Funbio team conducted an on-site monitoring visit in order to train performers on the use of management tools adopted by Funbio in the implementation of Projects and monitoring of activities.

The total funds invested in Fundo Kayapó during 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
Fundo Kayapó	-	-	14,392
Earnings	1,750	1,707	5,146
Total funds invested	1,750	1,707	19,538

The following are the balances presented in the project's financial investments accounts:

	(In thousand Reais)	
	2015	2014
Fundo Kayapó Accounts		
Itaú Private - C/C 013548-6	8,119	2,338
Itaú Pragma - C/C 89239-9	8,319	11,583
Itaú Priv. Compr. Di c/c 013548-6	-	1,070
	16,438	14,993
Transactions of Fundo Kayapó		
	(In thousand Reais)	
	2015	2014
Balance on January 1st	14,993	15,192
Transfer of funds to Projeto Kayapó (cc 28689-9)	-	(1,681)
Earnings	1,750	1,708
Tax Income Withheld and accrued	(305)	(228)
Adjustment entry	-	2
Balance on December 31st	16,438	14,993

There was no entry of funds originated from Fundo Kayapó during the 2015 financial year.

Kayapó – Operative account

The total funds invested during the 2015 and 2014 financial years were as follows:

	(In thousand Reais)		
	2015	2014	Accumulated
Fundo Kayapó	-	1,681	2,398
BNDES part A	-	-	155
Earnings	133	64	227
Total funds invested	133	1,745	2,780

The statement with the applications of operating funds accumulated by 2015 is as follows:

	(In thousand Reais)		
	2015	2014	Accumulated
Consulting for the execution of technical studies of diagnosis of quality of life of the Kayapos and physical integrity of their land	-	-	155
AFP Project Institutional Strengthening towards autonomy	339	220	559
IR Project Supporting conservation and sustainable development efforts for indigenous grounds Capoto/Jarina and Menkragnoti	400	214	614
Instituto Kabu Project Strengthening of income-generating activities	511	-	511
Total disbursements to other institutions	1,250	434	1,839
Other expenses	26	17	45
Total application of funds	1,276	451	1,884

The following are the balances maintained in the bank accounts of the project, including the financial investments on December 31st, 2015:

	(In thousand Reais)	
	2015	2014
Kayapó Account		
Banco do Brasil - C/C 28689-9	1	1
Banco do Brasil – Investm. C/C 28689-9	775	1,941
	776	1,942

ii. Adoção de Parques (Parks Adoption)

This type of support, created in 2011, seeks voluntary private investment to structure and promote the maintenance of Federal, State or local Conservation Units (CUs) in order to conserve Biodiversity. Funbio manages donations and provides shopping and specialized procurement services, financial control and reporting. In contrast to the allocation of funds, companies have their sponsorship recognized and gain visibility in communication actions.

The contracts currently in force are:

Park	Area (thousand) hectares	Contractual Remedies
Fernando de Noronha Marine National Park	10.9	\$ 4.3 million Reais - OGX
Lençóis Maranhenses National Park	155	\$ 3.5 million Reais – MPX/ENEVA

2015 saw the continuation of the implementation of the funds invested by companies OGX and Eneva, former MPX, for the National Parks of Fernando de Noronha (PE) and Lençóis Maranhenses (MA), respectively. The current planning seeks the implementation of funds already provided for by donors, without considering installments to be released.

Since the beginning of the project, infrastructure works were performed as follows:

- At Lençóis Maranhenses, the main ones were: the construction of Ponte do Riacho do Cedro (Cedar Creek Bridge), which allows access to the Blue Lagoon (one of the main sights of the Park); construction of a nautical/land garage; renovation of the Atins Advanced Station, which includes accommodations and an administrative sub-office for the Park; renovation and maintenance of all vehicles, including vessels, cars and quads. These renovations and maintenances were essential so that the supervision activities could take place.
- At Fernando de Noronha, there was the renovation and expansion of the administrative office, preparation of a project for renovation and expansion of the accommodations for researchers, procurement of goods and maintenance of vehicles and infrastructure already existing in the Park.

The program also has an investment in the original amount of \$ 300,000 Reais, made by BP Brasil in 2012 to support actions related to management and environmental management of CUs, the project is being designed.

At the end of the 2015 financial year, the program for Adoption of Parks has a balance of \$ 2.2 million Reais (2014: \$ 2.5 million Reais), having executed \$ 655,000 Reais (2014: \$ 203,000 Reais) in their activities.

Based on information provided by Management, we found that there was no entry of funds during the 2014 and 2015 financial years.

The total funds invested during the 2015 and 2014 financial years were as follows:

	(In thousand Reais)		
	2015	2014	Accumulated
MPX – PNLM	-	-	2,060
OGX – PNFN	-	-	2,329
BP - RVS Rivers Tijuco and da Prata	-	-	300
Earnings	267	229	968
Total funds invested	267	229	5,657

The following are the balances maintained in the project's bank accounts:

	(In thousand Reais)	
	2015	2014
Parks Adoption Accounts		
Banco do Brasil - C/C 28690-7 - OGX	1,217	1,323
Banco do Brasil - C/C 28694-X – MPX (*)	605	925
Banco do Brasil - C/C 28711-3 – BP	414	371
	2,236	2,619

(*)The difference from the bank balance to the final balance of the project mainly refers to the linked accountability to be applied in a subsequent period.

iii. Programa Juruti sustentável (Sustainable Juruti program) – Funjus & Conjus

Fundo Juruti Sustentável (Funjus - Sustainable Juruti Fund) is an innovative experience of financial support for implementation of social and environmental projects in the municipality of Juruti, in the state of Pará. Developed by FUNBIO, it integrates the Sustainable Juruti development strategy, which also covers the consultative forum called Sustainable Juruti Board (Conjus) and the Development Indicators, with a baseline systematized by Fundação Getúlio Vargas (GV-CES) in a methodology of joint construction with the community.

2013 saw the beginning of a transition phase for Funjus. FUNBIO, which managed the fund since its inception 04 years before, began an operational transition that gives Conjus the selection and implementation of the following public notices. To fulfill this transition plan, a 3-month long training period is scheduled for Conjus' local team and monitoring in a total period of 18 months from January/2014.

In 2014, the information transfer model provided for in the aforementioned transition was that of a training on management tools, split into 12 modules addressing the following topics: introduction to the concepts of funds; board management; management of the executive secretariat;

management of donors; communication plan; management of information and documents; selection; contracting; execution; monitoring and assessment; financial planning; and accounting control. 2014 also saw transfers to the institutionalization of Conjus and to the Chelonii Conservation Project.

Modules were split into five meetings in Juruti: four from May to November 2014, and the last one held in 2015, at Funbio with the proposal of introducing works of other partners. Simultaneously, the activities of Funjus' new executive secretariat was supervised, with guidance on procedures for operations, as well as for the financial management of the Fund's assets.

FUNBIO is the trustee of Funjus' funds, responsible for the safe-keeping and management of investments, making disbursements for Conjus according to the requirements. At the end of the 2014 financial year, Funjus' balance amounts to \$ 3.4 million Reais (2014: \$ 3.1 million Reais).

It is planned for 2016 the transfer of funds from Fundo Juruti to IJUS, an institute created to perform the activities of CONJUS.

Based on information provided by Management, we found that there was no entry of funds during the 2015 financial year.

The total funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
FUNJUS	-	-	3,490
Earnings	-	290	1,441
Total funds invested	358	290	4,931

The statement with the applications of operational funds accumulated by 2015 is as follows:

	(In thousand Reais)	
	2015	Accumulated
Disbursed for Projects		
Disbursements for the preparation of projects from public notice 01/2009	-	10
Building and Feeding with Quality	-	50
Program 5S at Juruti's Companies	-	39
From the Street to Culture	-	50
Tucumã	-	49
Juruti Fish	-	50
Miraculous Fishing – Breeding Tambaquis in Breeding Tanks	-	50
Parsley and green onion/chives - Structuring of Kitchen Gardens of Families from Communities Santa Terezinha and Lago Preto	-	10
Consolidation and Strengthening of Associations in the Upland Area	-	10
Income Generation for Rural Family Production Through the Breeding of Yokel Hens	-	10
Support for Organic Vegetables Producers from the Community of Araçá-Preto	-	10
Breeding Native Bees from the Community of São Brás	-	10
Support for Organic Poultry Farmers from the Community of São José do Curumucuri	-	10
100% Curupira - Breeding Tambaquis in Breeding Tanks	-	10
100% Adelinos - Breeding Tambaquis in Breeding Tanks	-	10
Consolidation and Strengthening of Associations in the Area of the Old Juruti Lake	-	10
Breeding Tambaquis in Breeding Tanks	-	10
100% Hortalinós - Structuring of Kitchen Gardens of Families from Communities of the Santo Hilário Area	-	10
Stringing Dreams	-	10
Structuring and Adequacy of Flour Mill	-	10
Fishing Agreement at Lago do Porção Grande and Lago Grande do Curuai	-	49
Puxirum dos Curumins	-	50
Partial diagnosis of the Juruti fishing chain	-	10
Ass. of Rural Prod. and Artisanal Fishermen - APROPARD	-	160
Funjus Capacity Building	-	326
Sustainable Juruti Board	143	143
Total	143	1,166

The following is the balance available in the bank account maintained for the project:

	(In thousand Reais)	
	2015	2014
Juruti Fund Accounts		
Banco do Brasil C/C 28710-5	3,350	3,136

iii.i Funjus Capacitação (Capacity Building)

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 26923-9, maintained with Banco do Brasil, we found that there was no entry of funds during the 2015 financial year.

The total entry of funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
FUNJUS CAPACITAÇÃO (CAPACITY BUILDING)	-	326	326
Earnings	4	9	12
Total funds invested	4	335	338

The following is the balance available in the bank account maintained for the project:

	(In thousand Reais)	
	2015	2014
Banco do Brasil C/C 26923-9	20	103

iv. PROBIO JURUTI SUSTENTAVEL (SUSTAINABLE PROBIO JURUTI)

The purpose of the initiative in this area is to support and fund the mainstreaming of biodiversity in the context of mining, focusing on the industry externalities on socioeconomics and natural resources for the development of sustainable economic alternatives. To achieve these objectives, PROBIO II partnered with the Sustainable Juruti Fund (Funjus) and the Sustainable Juruti Board (CONJUS) to develop three production chains: forest and non-forest; fishing; and organic.

It is a tool designed to add potential contributions for a proposal of sustainable development for the area, raising the economic level of the location. For this, Probio II investments have been supporting diagnostic and studies aimed at creating investments and action plans for the organics, the fishing and the timber productive chains, as seen to add potential contributions to the productive landscapes. These documents will provide support and guidance to the decision of the FUNJUS board on the best lines of credit to be induced by their public notices. Allied to this, they will help in identifying Government plans and sources capable of supporting fund leverage and will indicate ways to intervene in the bottlenecks found in the different links of the chains which are preventing scaled gains and/or stability of production.

What is different among these activities executed within the context of the area is the participatory model, which has been joining the most diverse local partners. The entire process of preparation of diagnostics and studies has been conducted to ensure the participation of local actors in the process, having the Local Government as an important partner in the reflections concerning the characteristics of the area, coupled with the acceptance of the translation of actions into local-level public policies.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 27410-0, maintained with Banco do Brasil, we confirmed the entry of funds donated to the project to the Funbio account as follows:

Probio Juruti BB c/c 27.410-0	Amounts in thousand Reais	Date of entry of the fund in the bank
Entries	200	03/07/2015

The total funds invested during the 2015 and 2014 financial years were as follows:

	(In thousand Reais)		
	2015	2014	Accumulated
PROBIO Opportunity Fund	200	169	369
Earnings	11	3	14
Total funds invested	211	172	383

The following is the balance available in the bank account for Probio Juruti project on December 31st, 2015:

	(In thousand Reais)	
	2015	2014
PROBIO JURUTI		
Banco do Brasil - C/C 27.410-0	91	159

v. AFCOF II – Atlantic Forest Conservation Fund

The Atlantic Forest Conservation Fund is a project managed by Funbio to support the Atlantic Forest Protection Project II, aimed at contributing to the protection, the sustainable management and restoration of the Atlantic Forest. The AFCoF funds are from the KfW Entwicklungsbank (German Development Bank). The Atlantic Forest Protection Project II is part of the International Initiative for Climate Protection (IKI) of Germany's Ministry of Environment, Nature Conservation and Nuclear Safety (BMU), which also provides for the technical support of the German Agency of Technical Cooperation (GIZ).

2014 saw the continuation of the project finalization phase, with the re-planning and execution of final funds, which were internalized for purchases and procurements submitted by the Ministry of Environment (MMA). The steps required by law for the process of creation of new Conservation Units (CU) were also completed with an area of approximately 15,000 km², and a unit was structured for monitoring and managing information related to biodiversity issues with training of MMA professionals for its usage.

The reciprocity between projects, during their implementation, favored the dissemination of lessons learned. Virtual capacity building and training modules were channeled through the learning platform in Payment for Environmental Services (PES) supported by the project. Within the results, since the beginning of the AFCoF, in 2010, a total of 14 PSA pilot projects were selected and contracted in the areas of carbon fixation, quantitative and qualitative water conservation and biodiversity protection.

The project was finalized in 2015 with the transfer of the project balance to the KfW, and was sent for final accountability. Project finished.

Based on the information provided by Management, we found that there was no entry of funds during the 2015 financial year.

The balances available to the project maintained in the bank accounts on December 31st, 2015 and 2014 are presented as follows:

	(In thousand Reais)	
	2015	2014
AFCOF II Accounts		
Banco do Brasil 21.795-6	-	251
	-	251

The total funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
AFCOF II	-	-	16,387
Exchange Rate	-	-	(118)
Earnings	17	21	289
Total funds invested	17	21	16,558

The statement with the applications of operational funds during the financial years ended on December 31st, 2015 and 2014 is as follows:

	(In thousand Reais)		
	2015	2014	Accumulated
Category AFCoF II			
002 - Assets	-	18	1,833
Consulting	-	82	3,788
Recurring Costs	-	-	872
Special services	-	1	598
Projects – Disbursement	-	-	7,621
Total	-	101	14,712

vi. GEF Polinizadores (GEF Pollinators)

Initiative of the Food and Agriculture Organization of the United Nations (FAO), with the support of the United Nations Environment Programme (UNEP) and funding from the Global Environment Facility (GEF).

The project, finalized in 2015, aimed at consolidating an integrated knowledge base on pollination services; to promote an effective conservation and the sustainable use of pollinators for agriculture; to expand the capacity of farmers and small landowners in conserving and sustainably using the pollination services; and to promote public policies and public awareness actions.

In total, 57 scholarship students from 19 institutions were supported in more than 10 Brazilian states, who worked in the generation of primary data on pollinators. Five new species of bees were identified with the support to the project. More than 40 publications and studies were produced, raising, in addition to important information and curiosities, nine good practices to boost pollination in the field. In 2015, the project also developed the *Manual de Boas Práticas para*

Agricultores (Good Practice Guide for Farmers) and seven management plans for the following crops: cashew apple, apple, canola, tomato, melon, nuts and cotton.

In order to disseminate the results, a partnership was made with campaign “Bee or Not To Be”, directed primarily to farmers. The campaign included the creation of a website containing information on pollinators; the production of an educational booklet for 8 to 11 year-old children; the placement of radio spots in 200 cities and 10 states and several different reports on social media. A partnership with the State Secretariat of Education of Rio de Janeiro produced 200 educational booklet, intended for 33 classes from 17 schools, with over 700 students reached. On the website of the Brazilian Pollinators Network (<http://www.polinizadoresdobrasil.org.br/index.php/en/redes>) the Project’s main results were made available.

2015 saw the presentation of the last rendering of accounts for the project with the estimates of expenses, and at the end of the financial year, the balance of the project’s cash available amounts to \$ 176,000 Reais (2014: \$ 840,000 Reais) to be used to pay for the final activities of closure of the Project.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 21556-2, maintained with Banco do Brasil S.A for the project, the following is the entry of funds originated from donations to project GEF Polinizadores through FAO.

GEF Polinizadores -C/C 21556-2	(In thousand Reais)	Date of Entry of the Fund in the Bank
Entries	915	27/05/2015

The total funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
GEF Polinizadores	915	1,635	6,915
Earnings	31	23	110
Total funds invested	946	1,658	7,025

The statement with the applications of operational funds during the financial years ended on December 31st, 2015 and 2014, according to the statements of expenses eligible in the project is as follows:

	(In thousand Reais)		
	2015	2014	Accumulated
Category GEF Polinizadores			
2200 - Hiring of staff	364	250	1,610
1200 - Contracting temporary services	226	299	1,132
3200 - Training groups	213	88	694
5200 - Expenses with Reports	254	192	711
3300 - Meetings / conferences	226	154	613
3100 - Logistics field work	51	37	351
4300 - Facilities	6	2	109
1600 - Travel on official business	77	65	178
4100 - Disposable equipment	32	8	80
5300 - Miscellaneous	-	7	19
5100 - Operation and Maintenance of equipment	64	14	84
4200 – Non-Disposable Equipment	3	-	3
	1,516	1,116	5,584

The following are the bank balances presented in the checking account maintained for the implementation of the project:

	(In thousand Reais)	
	2015	2014
GEF Polinizadores Accounts		
Banco do Brasil - C/C 21556-2	156	800

vii. Carteira Fauna Brasil

The Portfolio for Conservation of the Fauna and Brazilian Fishing Resources (Carteira Fauna Brasil) is a financial mechanism which receives funds from criminal sanctions, environmental administrative fines, donations, sponsorships and other sources. Result of a partnership with Ibama, ICMBio and the Federal Public Prosecutor, it aims to fund programs and projects of conservation of the endangered Brazilian fauna.

Since its inception in 2007, Carteira has already supported the implementation of 12 projects of conservation of the endangered Brazilian fauna, such as reef fish, sea turtles, marine mammals (among which are cetacea, the humpback whale and the manatee), medium- and large-sized feline from the northern region of Rondônia, the red-tailed parrot and the Spix's macaw. The Fauna Fund has a balance of \$ 467,000 Reais at the end of the 2015 financial year and received, during this period, \$ 14,000 Reais.

In 2015, Carteira Fauna finished the activities of the Project of Monitoring Sirenia in the Rio Grande do Norte Basin, between the coasts of Ceará and Rio Grande do Norte. Some of its key results, it recommended the extension of the monitoring area, the creation of Conservation Units

and the mitigation of the environmental impact for the conservation of the species. The project used technology and methodology hitherto never used in the monitoring of Sirenia (*Trichechus manatus*), among them, satellite telemetry and overflight monitoring. In 2015, \$ 39,000 Reais were spent and the balance of the operative account at the end of the financial year amounts to \$ 147,000 Reais.

For project Ararinha na Natureza (Spix's Macaw in the Wild), in 2015, Carteira Fauna supported the coming of two couples of Spix's macaws (*Cyanopsitta spixii*) donated to the Brazilian government, one from Germany and the other from Qatar, and the periodic meeting of monitoring of the National Action Plan (NAP) for the species in the Al Wabra headquarters in Qatar, the main breeding place of the species extinct in 2000 from the wild. In 2015, \$ 111,000 Reais were spent and the financial balance of the operative account of the project to the end of the financial year amounts to \$ 1.1 million Reais.

Based on the list provided by FUNBIO Management and through the bank statements of checking accounts nr. 01677-4, maintained with Banco Itaú, and 13549-4, maintained with Banco Itaú Provate, we confirm the entry of funds related to donations to project Fundo Carteira Fauna on December 31st, 2014 and 2013, according to what is shown below:

a) Carteira Fundo Fauna & Sismica

				(In thousand Reais)
	2015	2014	Transfer of funds	Accumulated
Entry of funds				
Free Funds	11	41	36 *	351
Species Conservation	-	-	0 **	9
Development of Technical Capacity	-	1	-	7
Specific Project	-	-	-	51
Sustainable Use of Native Species	-	2	0 **	3
Total	11	43	36	421
FRF Withdrawals				
Free Funds	0	(3)	-	(11)
Specific Project	-	-	-	(3)
Total	0	(3)	0	(14)
Balance				
Free Funds	11	38	36	340
Species Conservation	-	-	0	8
Development of Technical Capacity	-	1	-	7
Specific Project	-	-	-	48
Sustainable Use of Native Species	-	1	0	3
Total	11	40	37	407

Editor's notes:

1) * In May/2015, funds were transferred from the Sismica accounts to Carteira Fundo Fauna related to spare items from projects: Pró-Arribada Target Area 1-2 and 3, CGPEG & Tamar Qualification totaling \$ 34,498.09 Reais;

2) ** All other transfers refer to the re-ranking of financial accounts between project Carteira Fauna Sismica x Fundo Fauna.

3) * Unidentified deposit on 10/12/2015,**

The statement with the applications of operational funds during the financial years ended on December 31st, 2015 and 2014 is as follows:

(In thousand Reais)			
	2015	2014	Accumulated
Disbursement for projects			
Red-Tailed Parrot	-	-	(50)
Jamari National Forest	-	-	(50)
Pró-Arribada CGPEG	-	-	(16)
Total	-	-	(116)

Moreover, the bank accounts received entries with funds related to the earnings from financial investments, which totaled, in the financial years ended on December 31st, 2015 and 2014, the following amounts:

(In thousand Reais)			
	2015	2014	Accumulated
Earnings	59	32	141

The following are the balances available in the bank accounts of Fundo Carteira Fauna on December 31st, 2015 and 2014:

(In thousand Reais)		
	2015	2014
Fundo Carteira Fauna & Sísmica Accounts		
Itaú c/c 01677-4 (*)	467	168
Itaú Private c/c 13549-4	-	206
Banco do Brasil CC 19630-4	-	30
Adjustments between accounts	-	-5
	467	399

(*) Difference of \$ 77,000 Reais from the bank balance to the final project balance, to be regularized in a subsequent period, refers to appropriations from previous financial years and which will be regularized in 2016.

b) Carteira Fauna - Sirenia

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 28629-X, maintained with Banco do Brasil S.A, we confirm the entry of funds related to donations to project Monitoramento de Sirênios na Bacia Potiguar (Monitoring Sirenia at the Rio Grande do Norte Basin), according to what is shown below:

	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
Sirenia		
Entries	147	05/01/2015
Total	147	

The total funds invested during the 2015 and 2014 financial years were the following:

(In thousand Reais)			
	2015	2014	Accumulated
Sirenia	147	705	3,976
Earnings	14	6	100
Total	161	711	4,076

The following are the balances available in the bank accounts of Fundo Carteira Fauna on December 31st, 2015 and 2014:

(In thousand Reais)		
	2015	2014
Sirenia Accounts		
Banco do Brasil - C/C 28629-X	147	39

On December 31st, 2014, there was a rendering of accounts for Petrobras' approval in the amount of \$ 68,000 Reais and the Invoice issued on December 11th by Funbio to Petrobras in the amount of \$ 146,737.10 Reais, which was received only on January 05th, 2015.

c) Carteira Fauna - Ararinha Azul (Spix's Macaw)

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 28688-5, maintained with Banco do Brasil S.A, there was no entry of funds related to donations to project Ararinha Azul in 2015.

The total funds invested during the 2015 and 2014 financial years were the following:

(In thousand Reais)			
	2015	2014	Accumulated
Ararinha Azul	-	-	3,620
Earnings	121	112	355
Total	121	112	3,975

The following are the balances available in the bank accounts of project Ararinha Azul on December 31st, 2015 and 2014:

(In thousand Reais)		
	2015	2014
Account - Ararinha Azul		
Banco do Brasil - C/C 28688-5	1,114	1,104

viii. GIZ Anavilhanas

Funded by the German Agency for Technical Cooperation (GIZ), the Project focuses on the construction of a floating parkhouse for the Anavilhanas National Park, on the Rio Negro, in the

Amazon, which will be managed by ICMBio.

Signed on December 2012, the primary purpose of this initiative is to build an innovative floating unit, with different structures and the use of alternative power such as solar power. The purpose of the floating unit is to allow for public use activities, promoting the Conservation Units that make up the Rio Negro Mosaic.

A series of activities has been developed by Funbio since the beginning of the project, including: procurement of previous license for construction, preparation of executive designs, the company's procurement process to develop the final design of the floating unit and price-taking for services required for construction and assembly.

The floating unit was completed in 2014, and the procedures for the donation of the equipment to the state of Amazonas are ongoing, and the state shall be responsible for its maintenance and operation.

In 2014, \$ 1.3 million were invested, and basically all available funds were used.

2015 saw the execution of the project's final rendering of accounts, and the project was closed.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 24168-7, maintained with Banco do Brasil S.A, there was no entry of funds related to donations to project GIZ Anavilhanas in 2015.

The total funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
Giz Anavilhanas	-	-	1,298
Earnings	-	44	125
Total	-	44	1,423

The following are the balances available in the bank accounts of project GIZ Anavilhanas on December 31st, 2015 and 2014:

	(In thousand Reais)	
	2015	2014
GIZ Anavilhanas Account		
Banco do Brasil - C/C 24168-7	-	5

ix. New Arpa Sources

Project ARPA para a Vida (ARPA for Life) aims to create and implement a new funding strategy for program ARPA - Protected Areas of the Amazon. The model combines the funds already deposited in the Fund for Protected Areas (FPA) with private, bilateral and multilateral investments by creating a transition fund, which will allow a gradual increase of public funds in the CUs, in 25 years, to achieve the financial sustainability of the program.

Launched during Rio+20, the initiative brings together the WWF, Funbio, the Linden Trust for Conservation, the Gordon & Betty Moore Foundation, the Ministry of Environment (MMA), ICMBio, with the support of all other ARPA's partners. The initiative establishes funding targets based on the estimated costs calculated using actual program data, systematized by Funbio since the creation of ARPA in 2003, and with execution data from ICMBio. These calculations are detailed in publication "Quanto custa o programa ARPA?" (How much does the ARPA program cost?), written by the technical teams at Funbio and WWF.

In 2015, the following activities have been planned and/or executed:

- Design of processes, flows and operating reports of this new phase of Arpa;
 - Study on the legal aspects of state compensation;
 - Publication of the book "Desvendando a Compensação" (Unraveling the Compensation), launched in the CBUC;
 - Pará Component:
 - Study of the funding environment (costs and revenues);
 - Design of the state compensation fund;
 - Review of the strategy of action to provide feasibility for the mechanism;
 - Conversations with local actors;
 - A bill providing for the mechanism referred for consideration.
 - Rondônia Component:
 - Study of the funding environment (costs and revenues);
 - Design of the state compensation fund;
 - Review of the strategy of action to provide feasibility for the mechanism;
 - Interlocution for pilots with funds from federal compensation.
 - Amapá Component:
 - Study of the funding environment (costs and revenues);
 - Design and launch of the private compensation fund.
 - Amazonas Component:
 - Study of the funding environment (costs and revenues);
 - Design of the private fund;
 - Prioritized sources of funds that will be studied in details;
 - Proposal of a decree providing for the mechanism;
 - Interlocution with local partners;
 - Approval of the bill, providing for a Private Financial Mechanism (regulation)
 - Fundraising Component:
 - Roadshow performed, proposal for a pilot together with entrepreneurs and state control bodies;
 - Fundraising strategy for the structured fundraising of a national private fund;
- 5
- In the 2015 financial year, no funds were received (2014: \$ 949,000 Reais received) and \$ 279,000 Reais (2014: \$ 1.4 million Reais), considering the reimbursement installments of the Funbio team.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 23309-9, maintained with Banco do Brasil S.A, we confirm that there was no entry of funds related to donations to the project.

The total funds invested during the 2015 and 2014 financial years were the following:

(In thousand Reais)			
	2015	2014	Accumulated
New Arpa Sources	-	949	2,683
Earnings	27	50	111
Total	27	999	2,794

The following are the balances available in the bank accounts of project Novas Fontes Arpa on December 31st, 2015 and 2014:

(In thousand Reais)		
	2015	2014
Account - New Arpa Sources		
Banco do Brasil - C/C 23309-9	123	376

x. RedLAC Capacity Building Project for Environmental Funds

The Project aims to strengthen the funds in its operation and in the use of innovative financial mechanisms that reduce dependence on donations and diversify funds sources. The project, which brings together funds from Latin America, the Caribbean and Africa, promotes the exchange of experiences, the systematization of case studies and best practices, the building of methodologies in work groups and pilot projects to test new mechanisms for conservation.

2014 was the fourth and final year of the project, with the delivery of two extra capacity building workshops. The first in Cameroon, Africa, on how environmental funds can work with the extractive industry, especially with mining. This meeting was part of the program for the IV Meeting of CAFÉ, the African network of funds. The second workshop of the year was also the last one of the project, in Guayaquil, Ecuador, integrated into the XVI Meeting of RedLAC, and focused on the case study method. At the time, the funds developed case studies on its institutions and projects, and made a field trip to the Galapagos Islands.

The two mentoring experiences were also finalized between environmental funds, a category in which the most experienced and consolidated funds support a particular demand for a newer fund. In this activity, Funbio worked to support the structuring of Biofund's financial procedures in Mozambique.

All content produced in the four-year project were translated into English, Spanish and French, and are available on Funbio's and RedLAC's websites. As the next step, a web platform will be launched to provide this material and future references produced both by RedLAC members and by the African funds of the CAFÉ sister network.

The Project also co-funded 5 pilot projects to test innovative financial mechanisms, which sought to connect the funds to new funds sources. Among the key results is the creation of the African network of environmental funds, CAFÉ, which now works along with RedLAC on a new strengthening project for the funds from both areas – Project K - which began in 2015 and will end in 2018.

Remaining funds amounting to \$ 33,000 Reais presented in the project balance will be used to pay for final publications.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 76253011-1, maintained with Banco do Brasil - New York, and of checking account nr. 3593313888, maintained with Banco do Brasil - Frankfurt, we confirm that there was no entry of funds in 2015.

The total funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
Moore	-	-	1,726
FFEM	-	748	2,298
Variation	4	(5)	186
Total funds invested	4	743	4,210

The following are the balances available in the bank accounts of project RedLac Capacitação on December 31st, 2015 and 2014:

	(In thousand Reais)	
	2015	2014
RedLac Capacity Building Accounts		
Banco do Brasil NY - C/C 76253011-1 (*)	28	22
	28	22

(*)The difference from the bank balance to the final balance of the project amounting to \$ 4,000 Reais refers to adjustments to be agreed upon between the donor and Funbio in a subsequent period.

xi. GEF Nutrição (GEF Nutrition) - Conservation and Sustainable Use of Biodiversity for Improved Nutrition and Human Well-Being

The Project operates promoting native species with high nutritional value, but unknown or little used for cultural reasons, to the Brazilian daily diet. In addition to promoting the scientific knowledge on these species, the project focuses on the dissemination of information and in public policies for the purchase of food, minimum price and introduction of Brazilian biodiversity products in school meals and in government food programs.

This project, in partnership with Biodiversity International and funded by Global Environmental Facility (GEF) through the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Environment Programme (UNEP), began in the second half of 2012. The Project has international operations, promoting the conservation of agricultural biodiversity in Brazil, Turkey, Kenya and Sri Lanka. It is up to Funbio to manage the project's funds in Brazil, which is coordinated by the Ministry of Environment.

In 2015, the project compiled nutritional data from 48 native species of fruits in partnership with federal universities, with a direct engagement of approximately 100 researchers and students in the

five regions of the country. The partnership with universities was extended and currently 5 universities are responsible for the 5 regions of the country: INPA for the North, UFC for the Northeast, UNIFESP for the Southeast, UFG for the Midwest and UFRGS for the South. In addition, the project contributed to the insertion of the topic of biodiversity for food and nutrition in educational materials for program Health at School (Ministry of Health). Among other actions, we can highlight the partnerships with ministries and partner institutions to strengthen the topic “Biodiversity for Food and Nutrition” in Federal plans, programs and policies, and with expansion project “A Comida É Nossa” (Food is Ours) of the Federal University of Paraná for disseminating the theme in the activities and in the website of the project. In November and December, there were meetings of the National Committee in Brasília and of the International Committee in Kenya.

For the biennium 2015 and 2016, the following activities are planned:

- Annual Review of the budget and of the project as a whole.
- Signing of LOA 2015 and review of models of rendering of accounts. Execution of research, through partnerships with various Institutions, which will make the nutritional identification of native species in different areas of Brazil;
- Hiring new scholarship students and research support for analysis of the nutritional composition of Brazilian native species.

During the 2015 financial year, the project invested \$ 449,000 Reais (2014: \$ 483,000 Reais) and received \$ 984,000 Reais (2014: \$ 743,000 Reais), having, in its operative account, a balance of \$ 1.2 million Reais (2014: \$ 668,000 Reais).

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 24104-0, maintained with Banco do Brasil, we confirm the entry of funds originated from donations to the project, according to what is shown below:

	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
GEF Nutrição		
Entries	49	07/05/2015
Entries	38	07/05/2015
Entries	481	08/10/2015
Entries	415	08/10/2015
Total	984	

The total funds invested during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
GEF Nutrição	984	743	2,253
Earnings	69	39	127
Total	1,053	782	2,380

The following are the balances available in the bank accounts of project GEF Nutrição on December 31st, 2015 and 2014:

	(In thousand Reais)	
	2015	2014
Account - GEF Nutrição		
Banco do Brasil - C/C 24104-0	1,205	668

xii. Conservation Finance & Alliance – CFA

CFA is a global network that contributes to the reciprocity of knowledge and best practices in conservation finances, holding meetings, debates, performing researches and issuing publications.

CFA closed out 2014 with 590 volunteer members in 109 countries, with 150 new registered members only in that year, their largest number since Funbio took over the Executive Secretariat of the project in 2008.

Four studies on conservation finance were launched: Supporting biodiversity conservation ventures: Assessing the Impact Investing sector for an investment strategy to support environmental entrepreneurship (February/2014); Conservation Trust Funds Investment Survey 2014 - CTIS 2013 (September/2014); Sustainable Financing of Protected Areas: Conservation Trust Funds and Projects: Comparative Advantages (November/2014); and Practice Standards for Conservation Trust Funds (December/2014), totaling 16 studies produced since the network was launched in 2002.

In May, during the 5th GEF Meeting, in Cancún, Mexico, CFA organized a side event with the theme “Environmental Funds and Conservation Finance”, where they presented drafts of studies launched in the 2nd half of 2014.

In the following months, CFA’s Executive Committee and the Secretariat focused on the preparation for the 6th edition of the IUCN World Parks Congress in November in Sydney, Australia. CFA was invited to lead discussions on the topic of conservation finance during the Congress and to be part of the group of experts for the World Commission on Protected Areas (WCPA). The network organized a stand during the event, whose schedule included debates, panels, workshops, presentations and the release of publications.

Funbio remained as CFA’s Executive Secretariat up to the end of June 2015, preparing for the transition towards a new structure and governance model. The final rendering of accounts was prepared and the balance of funds was transferred to the new manager.

Every study submitted by the network are available online at: www.conservationfinance.org

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 28663-X, maintained with Banco do Brasil, we confirm the entry of funds donated to the project, according to what is shown below:

	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
CFA		
Entries	29	16/03/2015
Entries	5	17/03/2015
Total	34	

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 06340-03, maintained with Banco do Brasil NY, we confirm the entry of funds donated to the project, according to what is shown below:

CFA	Amounts in US\$	Exchange Rate	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
Entries	2	3.0789	7	10/04/2015
Entries	2	2.8937	6	28/04/2015
Total	4		13	

The total funds invested during the 2015 and 2014 financial years were the following:

	2015	2014	Accumulated
CFA	47	447	494
Earnings	1	13	14
Total	48	460	508

The following are the balances available in the bank accounts of the CFA project on December 31st, 2015 and 2014:

	(In thousand Reais)	
	2015	2014
CFA Account		
Banco do Brasil - C/C 28663-X	-	62

xiii. Ecofunds / BCID

Project Ecofunds Database is a collaborative database from RedLAC - Rede de Fundos Ambientais da América Latina e Caribe (Environmental Funds Network for Latin America and the Caribbean) created to map investments, organizations and projects related to environmental conservation, focusing on investments intermediated by environmental funds. It allows organizations to promote their initiatives, increases the transparency of investments and supports the assessment of the environmental funding context in specific areas or topics.

Ecofunds is the first project jointly managed by RedLAC members. It is coordinated by FUNBIO, with the support of nine other network funds working in the Amazon – Andes area, the project's initial geographic focus. It was also defined as the official data collecting tool for the network members.

The first version of the tool has been redesigned to meet the demands of the network and to add new features. Ecofunds 2.0 will be simpler to use, will be available for all regions and capable of showing the concentration of funds on the map. This second version was released in 2013.

Final report submitted and project closed out.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 22285-2, maintained with Banco do Brasil, we confirm that there was no entry of funds related to donations to the project in 2015.

The total funds invested in the CFA project during the financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
Ecofunds	-	-	722

The following are the balances available in the bank accounts of project Ecofunds on December 31st, 2015 and 2014:

	(In thousand Reais)	
	2015	2014
Ecofunds Account		
Banco do Brasil - C/C 22285-2	-	13

xiv. Fundo Paiter Suruí (Paiter Suruí Fund)

Fundo Paiter Surui is a financial mechanism intended to implement the Management Plan of Indigenous Land Sete de Setembro, according to principles of good governance and transparency, with active participation of indigenous representative councils in the decisions. The funds from the sale of carbon credits and from other sources will be part of Fundo Paiter Suruí, for which Funbio is responsible for its design and financial management.

The Suruí Indians fight for the conservation of their natural resources, and in the last decade, led by Almir Suruí, they drew up a strategic 50-year plan for the conservation, protection and sustainability of their land. To finance this plan, they developed a REDD+ carbon project and a fund to receive funds from the sale of carbon credits, and of funds from other sources. Funbio designed and manages the fund, which funds projects proposed by the associations of the Suruí people.

2014 saw cash disbursements for associations, and two capacity building initiatives. The first for Associação Metareilá on the fund management tools, and the second, directed at indigenous associations on management tools for community projects.

All credits of the first verification period were also sold, with 170,000 VCU (Verified Carbon Unities) being to Natura's voluntary compensation program for GHG emissions and 75,000 VCU to The Carbon Neutral Company Limited, aimed at neutralizing GHG emissions associated with the FIFA World Cup Brazil 2014.

This project helps consolidate and reach proposals and goals of the National Policy for Climate Change (NPCC) and of the Action Plan for Prevention and Control of Deforestation in the Amazon (APPCDAM). On a regional scale, the project aligns with the goals of the Plan for Prevention and Control of Deforestation in the State of Rondônia.

2015 saw the investment of \$ 0.8 million Reais (2014: \$ 1.3 million Reais) and there was no new entry of funds (2014: \$ 1.9 million Reais). The balance of the fund's operative account at the end of the financial year amounts to \$ 1.1 million Reais (2014: \$ 1.6 million Reais).

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 25280-8, maintained with Banco do Brasil, we confirm the entry of funds originated from donations, according to what is shown below:

	Amounts in thousand Reais	Date of entry of the fund in the bank
Fundo Paiter Suruí		
Entries	14	02/10/2015
Total	14	

The total funds invested during the financial year ended on December 31st, 2015 and 2014 were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
Fundo Paiter Suruí	14	1,978	3,192
Earnings	124	101	240
Total	138	2,079	3,432

The following is the balance available in the bank account of project Fundo Paiter Suruí on December 31st, 2015 and 2014:

	(In thousand Reais)	
	2015	2014
Account - Fundo Paiter Suruí		
Banco do Brasil - C/C 25280-8	957	1,579
Banco do Brasil NY - C/C 06340-03	122	-
	1,079	1,579

xv. Fundo Cidades Sustentáveis – FCS (Sustainable Cities Fund)

The study, funded by the Latin America Regional Climate Initiative (LARCI), assessed the feasibility and proposed a design for the implementation of a mechanism for funding the environmental and climate agenda in Brazil's urban areas for the creation of the Sustainable Cities Fund.

Cities have a crucial role in mitigating greenhouse gas (GHG) emissions and in adapting to the climate changes and their impacts. However, public and private investments have historically been made in an infrastructure that did not include the social, environmental and climate variables. Change to these investments and to society's behavior may be induced by the creation of new financial mechanisms which facilitate access to existing funds and mobilize new funds to support urban agendas in the long run.

In this context, the project has developed a survey of demand and current funds available per industry, designed a proposal for a (financial and legal) mechanism and performed a first mapping of the interest of potential donors so that the mechanism may be experimented.

In 2014, a diagnosis was made of the actors, agendas and funding environment of the Brazilian urban agenda to see if there was room for a private financial mechanism for the cities. The trends of that agenda and their priority issues were also mapped. These analyzes were made based on literature and especially on interviews with key stakeholders regarding the topic of sustainable cities.

The diagnosis of the priority issues was validated in a workshop held in Rio de Janeiro with the key stakeholders of the urban agenda. A funding demand was also identified, in partnership with Instituto Municipal de Urbanismo Pereira Passos (IPP - Municipal Institute of Urbanism Pereira Passos), within the topic of inclusive economy, based on social business and local entrepreneurship in the favelas of Rio de Janeiro. A potential for this activity in the implementation of the pilot project was also identified.

In 2015, there was the analysis of feasibility of the fund, the mapping of risks and the completion of the initial design of the mechanism, including legal, financial, governance, management and administrative issues, as well as moments of validation and adjustments with the key stakeholders. Final report submitted and project closed out.

2015 saw the use of remaining funds invested \$ 222,000 Reais in this initiative (2014: \$ 316,000 Reais).

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 26638-8, maintained with Banco do Brasil, we confirm that there was no entry of funds donated to the project in 2015.

The total funds originated from donations contributed during the 2015 and 2014 financial years were the following:

	(In thousand Reais)		
	2015	2014	Accumulated
FUNBIO Cities	-	-	553

The following is the balance available in the bank account of project FUNBIO Cidades on December 31st, 2015:

	(In thousand Reais)	
	2015	2014
FUNBIO Cities		
Banco do Brasil - C/C 26638-8	-	217

xvi. Project K - "KNOWLEDGE FOR ACTION"

The Project aims to strengthen the funds operated by it and the use of innovative financial mechanisms that reduce this dependence and diversify the entry of funds. In addition to capacity building workshops with different topics and mentoring in pairs of environmental funds, the project will co-fund the implementation of innovative financial mechanisms through a call for bids directed to the environmental funds in Latin America and the Caribbean (RedLAC) and of the African Funds Consortium (CAFÉ).

The main goals of Project K are:

- To fund 10 studies of pre-feasibility of innovative financial mechanisms;
- To co-fund 5 studies of feasibility of innovative financial mechanisms;
- To facilitate at least 16 mentoring activities among fund peers;
- To hold 3 capacity building workshops in Africa with topics to be defined;
- To support the preparation of 2 strategic plans for the networks (1 for RedLAC and 1 for CAFÉ);
- To prepare the baseline for both networks at the beginning of the project and to analyze their evolution at the end of the project through indicators;
- To announce the project in annual international events to be defined, including at RedLAC and CAFÉ meetings;
- To support the creation of a work group on the financial sustainability of RedLAC and CAFÉ;
- To structure a web platform for communication and learning for the project.

RESULTS ACHIEVED SINCE THE BEGINNING OF THE PROJECT

- Hiring of the project manager;
- Implementation of RedLAC's strategic plan;
- Hiring of a consultant to carry out the capacity building workshop on international cooperation and the private sector in Africa;
- Formatting of case studies performed in RedLAC's capacity building project;
- Semi-structured web platform of the project launched at CAFÉ 2015 meeting;
- Ivory Coast Workshop held in September 2015;
- Official project kickoff and inception workshop held at REDLAC meeting in 2015 in Panama;
- CFA's Practice Standards Tool developed and approved;
- Launch of the call or bids for the Innovation Fund;
- CEO approval signed by the GEF obtained in October 2015.

Additionally, the plan for the first quarter of 2016 is:

- Signing the contract with GEF/UNEP;
- Drawing up and launch of the call for mentoring;
- Execution of the 2nd meeting of the Rio de Janeiro project committee;
- Selection of bids from the Innovation Fund;
- Preparation of the TdR for the contracting of consulting for e-learning tools;
- Transfer of funds of the CAFÉ Executive Committee;
- Structuring of the networks' Monitoring GT and Sustainability GT.

In financial terms, Project K in 2015 received an amount of \$ 458,000 Reais and, at the end of the 2015 financial year, had \$ 83,000 Reais.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 3593313888, maintained with Banco do Brasil Frankfurt, we confirm the entry of funds donated to the project in 2015.

Project K	Amounts in Euro	Exchange Rate	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
Entries – MAVA	104	3,468	*21361	01/06/2015
Entries – FFEM	21	4,104	85	03/12/2015
Total	21		446	

The total funds originated from donations contributed during the 2015 financial year were the following:

	(In thousand Reais)	
	2015	Accumulated
Project K	446	446

The following is the balance available in the bank account of project K on December 31st, 2015:

	(In thousand Reais)
	2015
Project K	
Banco do Brasil - C/C 26638-8	2
Banco do Brasil Frankfurt c/c 3593313888 (*)	109

(*) concerning the said amount, the value of \$ 44,000 Reais refers to funds of RedLac Capacity Building project.

xvii. Project Moore Sustentabilidade (Moore Sustainability)

The purpose of the project is the financial sustainability of protected areas of the Amazon, including ARPA areas, enhanced through the consolidation of compensation mechanisms and alternative sources of funding for four key states in the Brazilian Amazon (Amapá, Pará, Rondônia and Amazonas) and the Federal Government. The project starts from a donation of \$ 700,000 Dollars from Gordon & Betty Moore Foundation and Linden Trust for Conservation;

The following activities were considered the goals:

- Design of compensation mechanisms for Pará & Rondônia; Design and implementation of a fundraising strategy for the private financial mechanism of the State of Amapá;
- Design and validation of a federal environmental compensation mechanism in the Amazon region;
- Establishment of a market of tax credits convertible to conservation;
- Establishment and articulation of a Brazilian group to discuss issues related to conservation finance;
- Mapping of potential national and international targets (domestic of the private sector, non-profit organization of the national sector, of bilateral and multilateral cooperation, national and international private foundations) for preparation of the fundraising strategy for Amapá's private financial mechanism;
- Design of a fundraising strategy in partnership with government representatives for the private mechanism based on financial demands for the consolidation of protected areas;
- Mobilization of partners (public sector, private sector, NGOs and international organizations) to create a Brazilian group to discuss issues related to conservation finance.

In this first year of activities, \$ 892,000 Reais were spent and \$ 1.9 million Reais were received.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 28488-2, maintained with Banco do Brasil, we confirm the entry of funds donated to the project in 2015.

	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
MOORE SUSTENTABILIDADE		
Entries	1,528	13/10/2015
Entries	377	30/11/2015
Total	1,905	

The total funds invested during the 2015 financial year were the following:

	(In thousand Reais)	
	2015	Accumulated
MOORE SUSTENTABILIDADE	1,905	1,905
Earnings	20	20
Total	1,925	1,925

The following are the balances available in the bank accounts of project MOORE SUSTENTABILIDADE on December 31st, 2015:

	(In thousand Reais)
	2015
MOORE SUSTENTABILIDADE Account	
Banco do Brasil - C/C 28488-2	749

xviii. TAC Execution Term – Chevron do Brasil

The signing of the Conduct Adjustment Term (TAC) by company Chevron Brasil and the Federal Public Prosecutor, with the participation of the National Petroleum Agency (NPA) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA), gave rise to two projects intended for the conservation of the marine-coastal environment in the State of Rio de Janeiro and part of Espírito Santo, namely: Franciscana Management Area I – FMA I and Project of Support for Fishing & Marine Research in Rio de Janeiro.

The first project aims to support activities identified as priority for the conservation of Cetacea, species of dolphin that occur from Argentina to the Northern coast of Espírito Santo in Brazil, quite threatened by water pollution, and especially by the accidental capture in fishing nets. Through the launch of a Call for Projects, initiatives will be selected, focusing on three goals of the Cetacea Management Plan: supporting actions that contribute to the generation of funds for the assessment of the populational feasibility in Management Area I (FMA I) (Goal 1); proposition and implementation of fishing management measures for driftnet fishing, suitable for the conservation of Cetacea (Goal 2); and the increased biological and ecological knowledge of Cetacea (Goal 6).

The project started in October 2015 with the signing of the TAC Execution Term. From there, the preparation of the Operational Project Manual was started, as well as the procedures required for the make up of the Technical Board which will be responsible for drafting the Call for Projects and for selecting the bids which will be supported. In 2015, funds in the order of \$ 2.7 million Reais were received and \$ 245,000 Reais were spent.

The second project aims to support scientific research focused on fishing and fishing resources, particularly for the effective implementation of the *Sardinella brasiliensis* Management Plan in the fields of biology, ecology, conservation, fishing statistics, human nutrition and socioeconomics for the fishing. This broad spectrum forms the body of knowledge necessary for a systemic understanding of the topic in question, from the commercially exploited species to the table of the final consumer, through issues involving the fishing industry, both in its industrial and artisanal faces, including their internal conflicts and conflicts with other economic activities. The launch of two Calls, one specific for the implementation of the *Sardinella brasiliensis* Management Plan, will allow initiatives to be selected that address the primary purposes of the project.

The Project started in October 2015 with the signing of the TAC Execution Term. From there, the preparation of the Operational Project Manual was started, as well as the procedures required for the make up of the Technical Board which will be responsible for drafting both Call for Projects and for selecting the bids which will start being supported. By 2015, funds in the order of \$ 5.8 million Reais were received and \$ 532,000 Reais were spent.

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 26459-8, maintained with Banco do Brasil, we confirm the entry of funds donated to project Fishing & Marine Research in Rio de Janeiro in 2015.

	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
Fishing & Marine Research in RJ		
Entries – Chevron	5,773	06/11/2015
Total	5,773	

The total funds invested during the 2015 financial year were the following:

	(In thousand Reais)	
	2015	Accumulated
Fishing & Marine Research	5,773	5,773
Earnings	79	79
Total	5,852	5,852

The following are the balances available in the bank accounts of project CHEVRON on December 31st, 2015:

	(In thousand Reais)
	2015
CHEVRON Account	
Banco do Brasil - C/C 26459-8	5,320

Based on the list provided by FUNBIO Management and through the bank statements of checking account nr. 28445-9, maintained with Banco do Brasil, we confirm the entry of funds donated to project Conservação da Toninha na Área de Manejo (Franciscana Management Area) in 2015.

	Amounts in thousand Reais	Date of Entry of the Fund in the Bank
Conservação da Toninha		
Entries – Chevron	2,661	06/11/2015
Total	2,661	

The total funds invested during the 2015 financial year were the following:

	(In thousand Reais)	
	2015	Accumulated
Conservação da Toninha	2,661	2,661
Earnings	36	36
Total	2,697	2,697

The following are the balances available in the bank accounts of project CHEVRON on December 31st, 2015:

	(In thousand Reais)
	2015
CHEVRON Account	
Banco do Brasil - C/C 28445-9	2,452



Independent auditors' report on the internal control system of the financial statements of Certain Projects managed by FUNBIO

To:
Management of
Fundo Brasileiro para a Biodiversidade – FUNBIO (Brazilian Biodiversity Fund)
Certain Projects Managed by FUNBIO
Rio de Janeiro – RJ
This report is complementary to our report on the financial statements of Certain Projects Managed by FUNBIO

FUNBIO Management, executor of Certain Projects Managed by FUNBIO, is responsible for establishing and maintaining an internal control system sufficient to mitigate risks of distortion of financial information and to protect assets in the custody of the projects, including works constructed and other goods purchased. In order to fulfill this responsibility, management estimates and judgments are required to assess the expected benefits and the costs relating to the policies and procedures of the internal control system. The goals of an internal control system are to provide management with a reasonable assurance, but not absolute, that the assets are protected against losses arising from unauthorized use or provision, that transactions are carried out in accordance with management authorizations and the contract terms, and that they are properly recorded to allow for the preparation of reliable financial statements. Due to the constraints inherent to any internal control system, there may be undetected errors or irregularities. Also, projections of any assessment of the structure for future periods are subject to the risk that procedures may prove to be inadequate due to changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

When planning and developing our audit of the financial statements of Projects for the financial year ended on December 31st, 2015, we obtained an understanding of the current internal control system and we assessed the control risk to determine the auditing procedures, with the purpose of expressing an opinion on the financial statements of the Projects, and not to give an opinion on the effectiveness of the internal control system, and that is why we will not disclose it.

Our audit of the Projects Managed by FUNBIO for the financial year ended on December 31st, 2015, revealed no significant deficiencies in the design or operation of the internal control system, which, in our opinion, could adversely affect FUNBIO's ability to record,



process, summarize and report financial data consistent with management's assertions in the statement of funds received and disbursements made, as well as accumulated investments.

A significant deficiency is the condition in which the design or operation of one or more elements of the internal control system does not reduce to a relatively low level the risk that may occur errors or irregularities in amounts that could be significant in relation to the basic financial statements of the Projects, which could timely go undetected by FUNBIO's employees during their normal course of duties assigned to them.

Our consideration of the internal control system does not necessarily expose all matters of the cited system which could be considered and, therefore, should not necessarily expose every condition to be informed which could be considered significant deficiencies in accordance with the above definition.

Rio de Janeiro, April 18th, 2016.

A handwritten signature in blue ink that reads "Ana Cristina Linhares Areosa".

Ana Cristina Linhares Areosa
Accountant CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes
CRC SP-025.583/O-1 "S" – RJ



Independent auditors' report on compliance with rules, laws and regulations of Certain Projects Managed by FUNBIO

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To:
Management of
Fundo Brasileiro para a Biodiversidade - FUNBIO (Brazilian Biodiversity Fund)
Certain Projects Managed by FUNBIO
Rio de Janeiro – RJ

We audited the financial statements of Certain Projects Managed by FUNBIO (“Projects”), executed by FUNBIO, which comprise the statements of rendering of accounts and the statement of contributions from sponsors for the period from January 1st to December 31st, 2015, and we issue our respective report thereon, dated April 18th, 2016.

In connection with our audit, we examined compliance with the clauses and contractual articles established in their respective agreements, applicable on December 31st, 2015, and all other agreements signed between the parties, Laws and other legal provisions existing in Brazilian Law.

We conducted our audit in accordance with the International Auditing Standards. These standards require proper planning and conducting of the audit to obtain a reasonable assurance that FUNBIO fulfilled the clauses relevant to the respective contracts and all other agreements signed between the parties, Laws and other legal provisions existing in Brazilian Law. Auditing includes examining, based on evidences, the appropriate evidence. We believe that the auditing evidence obtained is enough and appropriate to support our opinion.



In our opinion, for the financial year ended on December 31st, 2015, FUNBIO complied, in all material aspects, with the contractual clauses for Certain Projects Managed by FUNBIO and all other agreements signed between the parties, Laws and other legal provisions existing in Brazilian Law.

Rio de Janeiro, April 18th, 2016.

A handwritten signature in blue ink, reading "Ana Cristina Linhares Areosa".

Ana Cristina Linhares Areosa
Accountant CRC RJ-081.409/O-3

Grant Thornton Auditores Independentes
CRC SP-025.583/O-1 "S" – RJ