

*(A free translation of the original Portuguese version)*

## **WWF-Brasil**

**Independent Auditor's Report on the  
Fund accountability statement of the  
Project "GEF Pró-espécies: National Strategy  
for the Conservation of Endangered Species"  
related to the Not Refundable Financial  
Contribution Agreement signed between  
WWF-Brasil and FUNBIO  
Agreement number 023/2018**

**From January 1<sup>st</sup>. to  
December 31, 2020**

**May 2021**

## **CONTENT**

<b>PRESENTATION FORMAT OF THE REPORT.....</b>	<b>3</b>
<b>PART I - INDEPENDENT AUDITORS' REPORT .....</b>	<b>4</b>
<b>PART II - FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRÓ-ESPÉCIES.....</b>	<b>7</b>
<b>PART III – EXPLANATORY NOTES TO THE FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRO-ESPÉCIES.....</b>	<b>8</b>
<b>PART IV – INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS.....</b>	<b>21</b>
<b>PART V – AUDIT PROCEDURES APPLIED .....</b>	<b>22</b>

## PRESENTATION FORMAT OF THE REPORT

This report is presented as follows:

**PART I – INDEPENDENT AUDITORS’ REPORT ON THE FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRÓ-ESPÉCIEIS:** This report was prepared based on the audit standards NBC TA 800 — Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and NBC TA 805 — Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement, issued by Federal Accounting Council (CFC). The report presents our Opinion on the Fund accountability statement of the Project GEF Pró-espécies.

**PART II - FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRÓ-ESPÉCIES AS FROM JANUARY 1<sup>st</sup>, 2020 TO DECEMBER 31, 2020:** It includes the financial inflows (incomes) and outflows (expenses) related to the executions of the Project GEF – Pró-espécies in that period. Our audit Opinion was issued based on the information presented in this Statement and the following explanatory notes.

**PART III – EXPLANATORY NOTES TO THE FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRO-ESPÉCIES:** It presents a brief description of the Project GEF - Pró-espécies, including the accounting bases used for the recognition of incomes and expenses and for the presentation of the financial statement, as well as presents a detail of the incomes received and expenses incurred related to the major budget lines of the Fund accountability statement included in Part II of this report. This material was prepared by the Project’s management and reviewed by us.

**PART IV – INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROLS:** It presents information on the result of the review of internal controls and accounting procedures for audit purposes.

**PART V – AUDIT PROCEDURES APPLIED:** It includes a description of the general audit objectives conducted by us, as well as an indication of the main audit procedures applied in accordance with Brazilian and international auditing standards.

## **PART I - INDEPENDENT AUDITORS' REPORT**

To the  
Management and Donors of  
Project GEF Pró-espécies  
WWF-Brasil  
Brasília - DF

### **Unqualified Opinion**

We have audited the Fund accountability statement of the Project GEF-Pró-espécies: National Strategy for the Conservation of Endangered Species (the "Project"), managed by the WWF-Brasil, which comprises the funds received and the payments occurred for the period from January 1<sup>st</sup>, 2020 to December 31, 2020 and a summary of significant accounting policies and other explanatory information ("Fund accountability statement").

In our Opinion, the accompanying Fund accountability statement of the Project GEF Pró-espécies for the period from January 1<sup>st</sup>, 2020 to December 31, 2020 was prepared fairly, in all material respects, in accordance with the terms and conditions established in the Not Refundable Financial Contribution Agreement and based on the accounting policies presented in the Note 2.

### **Bases for Opinion**

We conducted our audit in accordance with the Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in following section entitled "Auditor's Responsibilities for the Audit of the Fund accountability statement". We are independent of the WWF-Brasil, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountants and the professional standards issued by the Federal Accounting Council – (Conselho Federal de Contabilidade – CFC) and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a bases for our Opinion.

### **Emphasis of matter**

We draw your attention to Note 2, which describes the bases for the preparation of the Project's Fund accountability Statement. This Financial Statement was prepared to provide information to FUNBIO, which is the implementing agency for the GEF, on the financial execution of the Project. Consequently, this Financial statement and its corresponding explanatory notes may not be suitable for other purposes.

## **Other matters**

The Fund accountability statement for the periods i) from April 19 to December 31, 2018, and ii) from January 1<sup>st</sup> to January 31, 2019, presented for comparison purposes with the Fund accountability statement for the current period of f January 1<sup>st</sup> to December 31, 2020, object of this report, were previously audited by us, on which we issued reports dated September 3, 2019 and October 23, 2020, respectively, both with an unqualified Opinion and containing the same Emphasis paragraph of this report.

## **Responsibilities of the WWF-Brasil Management's for the Fund accountability statement**

The WWF-Brasil's management is responsible for preparation of the Fund accountability statement in accordance with terms of the Not Refundable Financial Contribution Agreement – CCFNR signed with FUNBIO, and for such internal control as WWF Brasil's management determines is necessary to enable the preparation of this Fund accountability statement that is free from material misstatement, whether due to fraud or error.

## **Responsibilities for the Independent auditor for the Audit of the Fund accountability statement**

Our objectives are to obtain reasonable assurance about whether the Fund accountability statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our Opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Brazilian and International standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Fund accountability statement.

As part of an audit in accordance with the Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Fund accountability statement, 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 WWF Brasil's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by WWF-Brasil's management.
- Evaluate the overall presentation, structure and content of the Fund accountability statement, including the disclosures, and whether this Fund accountability statement represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Belo Horizonte, May 3<sup>rd</sup>, 2021

**NEXIA TEIXEIRA Auditores**  
Brazilian legal register CRC MG 5.194



**Domingos Xavier Teixeira**  
Partner and Executive Director  
Brazilian legal register CRC MG-14.105-O/5-S-DF-103

## PART II - FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRÓ-ESPÉCIES

FUND ACCOUNTABILITY STATEMENT - GEF PRÓ-ESPÉCIES					
		Expense statement 1 e 2	Expense statement 3, 4, 5 e 6	Expense statement 7, 8, 9 e 10	Total
	Notes	From April 19 to December 31, 2018	From 1st January to 31st December 2019	From 1st January to 31st December 2020	
<b>A - OPENING BALANCE</b>		-	<b>595.356</b>	<b>(922.300)</b>	-
Incomes FUNBIO	3 a)	1.501.726	2.579.799	8.071.114	12.152.639
Financial income	3 b)	2.376	4.564	12.714	19.654
<b>B - TOTAL INCOME</b>		<b>1.504.102</b>	<b>2.584.363</b>	<b>8.083.828</b>	<b>12.172.293</b>
<b>C - TOTAL INCOME + OPENING BALANCE (A + B)</b>		<b>1.504.102</b>	<b>3.179.719</b>	<b>7.161.528</b>	<b>12.172.293</b>
<b>EXPENSES</b>					
5000 - Salaries and Benefits	4	338.071	1.217.350	1.051.829	2.607.250
5100 - Consulting	5.1	4.802	316.585	2.073.658	2.395.045
5200 - Partnerships	5.2	146.764	900.244	2.535.951	3.582.959
5300 - Travel	8 a)	6.645	49.224	31.314	87.183
5400 - Communication	8 b)	13.311	46.022	26.283	85.616
5500 - Training and meetings	8 c)	304.059	1.105.390	131.900	1.541.349
5600 - Office running costs	6	48.818	279.430	352.037	680.285
5800 - Fixed assets	7	46.276	187.774	237.527	471.577
<b>D - TOTAL EXPENSES</b>		<b>908.746</b>	<b>4.102.019</b>	<b>6.440.499</b>	<b>11.451.264</b>
<b>F - FINAL BALANCE (C - D)</b>		<b>595.356</b>	<b>(922.300)</b>	<b>721.029</b>	<b>721.029</b>
<b>G - BALANCE ON THE BANK ACCOUNT</b>		<b>528.654</b>	<b>1.327</b>	<b>726.246</b>	<b>726.246</b>
<b>H - DIFFERENCE (F - G)</b>	<b>9</b>	<b>66.702</b>	<b>(923.627)</b>	<b>(5.217)</b>	<b>(5.217)</b>

The accompanying notes are part of the Fund accountability statement

## **PART III – EXPLANATORY NOTES TO THE FUND ACCOUNTABILITY STATEMENT OF THE PROJECT GEF PRO-ESPÉCIES**

### **1. OPERATIONS**

#### **1.1. The entity**

WWF-Brasil is a Brazilian non-profit and non-governmental organization, dedicated to the conservation of environmental, aiming promote human activity with the conservation of biodiversity in a harmonic basis, and promote the rational use of natural resources for the benefit of the citizens of today and future generations. It was established in 1996 and based in Brasilia, the institution develops Projects across the country and incorporates WWF's Network, one of the largest independent networks of environmental conservation, with operations in more than 100 countries and support of five million people, including members and volunteers.

Brazil is owner of one of the richest biodiversity in the world; it has one of the largest reserves of fresh water, and one third of the remaining tropical forests. It is estimated that here is one of ten species of plants or animals that exist. For this reason, WWF works in the country since 1971 and nowadays is an organization genuinely Brazilian incorporating the largest worldwide network of nature conservation.

Over the years, the organization has supported various Projects across the country. Some examples are the Program for Conservation of "Mico-Leão-Dourado" and Tamar Project, initiated in the 80's that are among the most important works of Brazilian nature conservation.

Currently, WWF-Brasil executed projects all around Brazil in partnership with companies, NGOs, federal, state and municipal government agencies, developing research and diagnostic activities; protection of species and threatened ecosystems; development of alternative models of conservation and use of natural resources; training and development of associated organizations; dissemination of results through environmental education, environmental policies and communication; and campaigns and social mobilization. In addition, there are also projects to viability of protected areas, by encouraging the sustainable economic alternatives involving and also benefiting local communities.

#### **1.2. The Project**

##### **a) Objective**

In order to minimize impacts on endangered species, especially those that are not covered by existing conservation instruments, the Ministry of the Environment, in collaboration with its related agencies and partner organizations, has developed the "National Strategy for the Conservation of Endangered Species" (GEF-Pró-espécies).



The main objective of the Project is to promote initiatives to reduce threats and strengthen the conservation status of endangered species. To achieve this objective, the project was structured in four main components, designed to fight against the main causes of species' extinction related to habitat loss, illegal extraction and invasive alien species.

COMPONENTS	OBJECTIVES	STRATEGY
<b>1- Integration of conservation of threatened species in Sectoral Policies</b>	Promote actions to reduce threats and strengthen the conservation framework for endangered species, integrating species conservation into established public policies.	This objective will be achieved through the development of strategic actions and policies to increase the adoption of territorial plans and mitigation measures in agriculture and infrastructure.
<b>2 - Control and sensitization on hunting, illegal extraction and trafficking of wild species</b>	Increase effectiveness in the fight against the illegal or irregular exploitation of biodiversity.	Actions will be taken to develop national capacities to combat environmental crime.
<b>3 - Preventing and early detection of invasive alien species and quickly measures</b>	Create a System of Alert and Control of Invasive Alien Species - SAI to prevent its introduction in Brazil.	This objective will be achieved through the creation of tools and mechanisms for database interaction among the existing systems.
<b>4 - Coordination and communication</b>	Coordinate the activities of the different governance bodies of the Project and monitor the implementation of actions focused on results.	Permanent channels of communication and information flows will be established to enable the monitoring of the Project in real time by all interested parties, including civil society.

The Project will act in at least 12 key areas for conservation of endangered species, totaling 9 million hectares. The expectation is that, by 2022, measures will be taken to protect all endangered species in the country, especially for the 290 that are in the most critical situation, aiming the involvement of 13 Brazilian states.

### **b) The Project Agreement**

The Not Refundable Financial Contribution Agreement - CCFRN was signed on April 19, 2018 between the Fundo Brasileiro para Biodiversidade – FUNBIO as "GEF Implementing Agency" and WWF-Brasil, as "Recipient", with an estimated period of execution of four years. FUNBIO has committed to grant WWF-Brasil up to US\$ 13,435,000.00 to fulfill the objectives of the Project.

WWF-Brasil must implement the Project with the assistance of the Ministry of Environment - MMA, the Instituto Chico Mendes de Conservação da Biodiversidade – ICMBio, Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis – IBAMA (Brazilian Institute for the Environment and Renewable Natural Resources); Botanical Garden of Rio de Janeiro -

JBRJ; and 13 participating States - MA, BA, PA, AM, TO, GO, SC, PR, RS, MG, SP, RJ and ES.

An initial estimative of the financial execution of the resources allocated to the Project per year of execution is presented as follows:

Fiscal year	Year 1	Year 2	Year 3	Year 4
Grant	USD 3.005.427	USD 3.653.405	USD 3.675.322	USD 3.100.846
<b>Accumulated</b>	<b>USD 3.005.427</b>	<b>USD 6.658.832</b>	<b>USD 10.334.154</b>	<b>USD 13.435.000</b>

The resources of the Project are intended to strengthen the Pró-espécies Program, established by MMA Ordinance nº 43/2014, in prevention, conservation and management actions that can minimize threats and risk of extinction of species, integrating the Federal, states and cities under the implementation of public policies.

Despite the available budget of USD 13.4 million, the Project executed the equivalent of USD 2.5 million, in estimated amounts, until December 31, 2020, with the low execution due to two main factors:

- (1) The pandemic caused by the new Coronavirus (COVID-19), which resulted in delays in carrying out some programmed activities that would require face-to-face meetings. The initial planning for the year 2020 had the expectation of several implementation activities in the field that needed to be postponed or re-adapted in virtual models – in the latter case, which resulted in non-use of the foreseen resource;
- (2) Change in the management of the Ministry of the Environment.

### c) The agents involved in the GEF Pró-espécies

**Technical Coordination - MMA:** Exercised by the Department of Conservation and Management of Species (DESP/SBio/MMA) and it is responsible for the technical design of the Project. It establishes guidelines for project implementation to effectively achieve the expected impacts, identifying key institutional articulations to enhance results, and supporting to ensure that all agents is working together, aligned with the Project's framework. In addition, the Technical Coordination has the task of guiding the work performed by the executing agency, maintaining an active communication with the implementing agency and participating in the activities of the Coordination Council to ensure the correct progress of the Project.

**Implementing agency - FUNBIO:** The organization responsible for the development of project proposals, according to GEF rules. After the approval of the proposals, the implementing organization starts to supervise the management of these Projects in their different phases. So, the implementing agency is in charge to support eligible governments agencies and civil society organizations (OSCs) develop, implement, and execute their Projects. In this context, it is the assignment of the implementing agency to follow the entire project cycle to ensure compliance with the GEF rules related to safeguards, procurement and contracting policies, transparency, among others. Within the scope of the GEF Pró-espécies, the implementing agency will act in the Coordination Council providing strategic follow-up and supporting key decision-making.

**Executing Agency - WWF-Brasil:** The organization responsible for the execution of financial resources, on request of the beneficiaries, and in accordance with the Annual Operational Plans (POAs) prepared by the Operational Core (“Núcleos Operacionais”) and approved by the Coordination Council. It is responsible also for the implementation of processes and procedures defined by the Coordination Council. In addition, the executing agency will act as executive secretariat of the Executive Committee, supporting the articulation of its members, facilitating meetings and internal and external communication.

**Executing Partner - ICMBio** – The Chico Mendes Institute of Biodiversity Conservation has as main function to carry out the activities of the Component 1, related to evaluations of the state of conservation of the fauna species, elaboration and execution of National Action Plans (PANs), management of data and training. The entity will also participate in the actions of the Component 3, in the activities related to the network for the prevention and control of invasive alien species and the early warning and detection system.

**Executing Partner – JBRJ** – The main function of the Botanical Garden of Rio de Janeiro is to carry out the activities of Component 1 related to assessments of the state of conservation of flora species, elaboration and execution of National Action Plans (PANs), data management and training.

**Executing Partner - IBAMA** – IBAMA's main function is to carry out the activities of component 2, related to the development of an intelligence system to combat wildlife traffic, and activities of Component 3 as a whole.

**Executing Partner - OEMAs** – The state environmental agencies have as main function to carry out the activities that will have direct impact in the priority territories of the Project, preferably acting as coordinators of the Territorial Operational Nuclei (“Núcleos Operacionais Territoriais”, responsible for the identification and engagement of local partners.

**Other implementing partners** – during the course of the Project, other partners will be involved in the implementation of the National Action Plans for the Conservation of Endangered Species (Component 1), facilitating actions to engage society in fighting against the wildlife trafficking (Component 2) and participating in the Early Warning System for Invasive Alien Species (Component 3). These new partners may also be other ministries and municipalities, public or private enterprises, educational and research institutions, foundations and third sector organizations.

## 2. MAIN ACCOUNTING POLICIES

The explanatory notes below present the main accounting policies adopted by the WWF-Brasil in the preparation and presentation of the Fund accountability statement of the Project, as well as include the requirements established in the Not Refundable Financial Contribution Agreement – CCFRN related to the financial and accountant management. Other requirements involving the technical execution are not included in this report, however they were part of the technical report prepared by the WWF-Brasil and sent to FUNBIO.

#### **a) Accounting bases on the preparation of the Fund accountability statement**

The accounting basis established by the Contract for the preparation of the financial statements is the cash basis. In this system, incomes are recorded when received and expenses only when they are incurred and paid, cumulatively. Consequently, no provision is made at the end of the period for those expenses already contracted and executed, but that the payment has not occurred within the audited period. As described in Note 10, there were expenses incurred by the Project (accrual basis) and not yet paid until December 31, 2020, in the amount of R\$ 70,357, related to the provision of personnel, taxes, provision of services and others, which will be paid in 2021 and included in future financial statements.

Additionally, there were expenses incurred and paid by WWF-Brasil up to December 31, 2020, in the amount of R\$ 5,217, as described in Note 9., which were included in the Fund Accountability Statement and they were reimbursed by the Project's exclusive bank account to WWF-Brasil institutional bank account only in early 2021.

#### **b) Record of the transactions**

The accounting records of the Project are made as part of the accounting records of WWF-Brasil, through the Protheus system, from where the financial transactions of the Project Pró-espécies are extracted to be included in the Fund Accountability Statement.

The WWF-Brasil maintains the transactions of the Project in a separate cost center, demonstrating the resources received and the expenses incurred, as required in the Project Agreement.

#### **c) Functional currency and presentation currency**

In spite of the budget of the Project is presented in the US Dollar, the FUNBIO and the WWF-Brasil established that the functional currency of the Project transactions is the Brazilian Real, and the Project's financial statements and other information are presented in this currency.

#### **d) Management of the financial resources**

FUNBIO's financial resources for the execution of the Project are controlled in an exclusive bank account, aiming at the real segregation of the Project's resources from other WWF-Brasil's resources. Accordingly, the Project's Fund accountability statement, presented in Part II of this report, is a summary of the financial transactions incurred and recorded in the Project's exclusive bank account. Exceptions are payments made by the institutional bank account of WWF-Brasil and not yet reimbursed by the Project, but which were already allocated in the Fund accountability statement, in the amount of R\$ 5,217 (Note 9).

These expenses were presented in the Fund accountability statement in the current period but identified by the project for reimbursement in the subsequent year.

**e) Presentation of the Fund accountability statement**

The Fund accountability statement is presented in Brazilian Reais, reflecting the funds received from FUNBIO by the WWF-Brasil as part of the Not Refundable Financial Contribution Agreement and the expenses incurred and paid through the Project’s exclusive bank account up to December 31, 2020, with the exception of the amount of R\$5,217 already mentioned . The expenses are presented according to the standard format defined by FUNBIO.

WWF-Brasil has prepared four partial (unaudited) financial reports for the period from January 1<sup>st</sup> to December 31, 2020, which have been sent to FUNBIO to manage the financial execution of the Project. The audit work considered the sum of the revenues and expenses of these 4 (four) financial reports, with no analysis being made on each separate financial report.

The Project's Fund accountability statement is presented on an accumulated basis divided into three periods, as follows:

- (i) 1<sup>st</sup> period: refers to the financial reports numbers #1 and #2, relating to the period from April 19, 2018 to December 31, 2018,
- (ii) 2<sup>nd</sup> period: refers to the financial reports numbers #3, #4, #5 and #6, related to period from January 1<sup>st</sup>, 2019 to December 31, 2019, and
- (iii) 3<sup>rd</sup> period: refers to the financial reports numbers #7, #8, #9 and #10, related to the period from January 1<sup>st</sup>, 2020 to December 31, 2020.

**3. INCOMES**

Disbursements are requested to FUNBIO by the Accounting area of of the Pró-Espécies Project, with the authorization of the WWF-Brasil Project Coordination, and the disbursements are authorized by FUNBIO and transferred to WWF-Brasil as the Project develops its activities and the financial execution is confirmed through periodic financial reports.

A detailing of the Project’s income in the present period is as follows:

**a) FUNBIO – R\$ 8,071,114**

Refers to the transfer provided for in the Contract, that five financial transfers were made in the Project’s exclusive bank account, as shown in the table below.

Description	Amount in BRL
January 24, 2020	891.156
April 14, 2020	2.500.000
July 16, 2020	1.596.374
September 10, 2020	1.747.830
November 6, 2020	1.335.754
	<b>8.071.114</b>

## b) Financial income – R\$ 12,714

The financial resources received by WWF-Brasil and not yet spent are kept in an interest bearing bank account. As established in item 4.06 of the Agreement, the financial income must be part of the Project resources. The amount of R\$ 12,714 represents the income from financial investments for the period from January 1<sup>st</sup>. to December 31, 2020, net of income tax and bank fees.

## 4. SALARIES AND BENEFITS

Refers to the expenses with the payroll, taxes and labor provisions of WWF-Brasil's employees allocated on the Project.

It is important to mention that the payment of the payroll and social charges of all WWF-Brasil employees is done through the institutional bank account, and the specific costs of the employees are allocated to the various Projects managed by WWF-Brasil, including GEF Pró-espécies. In these cases, the costs are identified and reimbursed by the Project, by transferring the resources from the Project's bank account to the institutional account of WWF-Brasil.

Provisions for vacation and 13<sup>th</sup> salary are made and accounted by the WWF-Brasil, duly segregated by each project managed, with the payment of the obligation when taking the vacation or when the 13<sup>th</sup> salary is due, as provided for in the Collective Labor Agreement. Specifically for the GEF Pró-espécies, WWF-Brasil does not recognize the monthly provisions in the financial reports, being the recognition of such expense made only when it is paid (see Note 2. a).

The Not Refundable Financial Contribution Agreement – CCFRN establishes fixed positions for the supervision and management of the execution of the Project, however, on the other hand, the Project Agreement does not determine a specific number of professionals who will have their salaries supported by the Project's resources and their bases. In this way, WWF-Brasil debits the Project the salary and respective charges of each employee in the proportion of their involvement with the Project.

A breakdown of the amounts of expenses incurred in 2020 by nature is presented as follows:

Description	Amount
Salaries, 13th salary and vacation	644.514
INSS (Social security)	181.732
Benefits (Meal ticket, insurance, etc.)	149.541
FGTS (Government Severance Indmunity Fund)	68.886
PIS (Civil Servant's Investment Program)	7.156
<b>TOTAL</b>	<b>1.051.829</b>

## 5. CONSULTING, THIRD PARTIES FEES AND PARTNESHIPS

### 5.1. CONSULTING AND SERVICES RENDERED

Refers to the expenses with services rendered by individuals or legal entities related to the Project's execution, established by contract, such as consulting, autonomous services, graphic services, etc.

The procurement of third-parties services is performed by the purchase department of WWF-Brasil based on the guidelines established by the Network and also based on the Project Operational Manual (MOP), developed by the WWF-Brasil to the execution of this Project. The composition of the costs of providing third party fees by service provider and with a brief description of the activities performed is presented below:

Service Provider	Object of service	Amount paid
Tarea Gerenciamento LTDA	Specialized consultancy for the development, implementation and installation of a technological solution for the development and construction of the software for the National Fauna Management Platform of IBAMA.	789.910
Neotrópica - planejamento, gestão e educação ambiental S/C LTDA	Consultancy to assist INEMA in carrying out the Territorial Action Plan Development Workshop - PAT Chapada Diamantina - Serra da Jiboia under the "Pro-Species: National Strategy for the Conservation of Endangered Species" Project, being responsible for planning, reporting, moderation the virtual workshop, geoprocessing of spatial data and preparation of final documents such as the PAT Executive Summary.	182.722
WEBSIS Tecnologia e Sistemas LTDA	Specialized consultancy for the development, installation, and implementation of Module I of the IBAMA - SPAII Environmental Intelligence Production and Analysis System, within the scope of the Pro-Species Project.	197.018
Vallie Gestão Estratégica em Desenvolvimento Gerencial LTDA	Moderation and reporting during the workshop to prepare the Action Plan for endangered species in the Cerrado Territory Tocantins.	152.746
Others		751.262
<b>TOTAL</b>		<b>2.073.658</b>

### 5.2. PARTNERSHIPS

Refer to transfers of funds to partners for carrying out research related to the fulfillment of the Project's object. These partners are research entities, and the amounts are used in research grants and other activities related to the Project:

Service Provider	Object of service	Amount paid
Fundo de Apoio à Pesquisa - FUNAPE	Regulate the roles and responsibilities of the parties for the implementation of the project "National Strategy for the Conservation of Endangered Species - GEF PRÓ-ESPÉCIES.	1.477.440
Fundação de Apoio ao Desenvolvimento da Computação Científica - FACC	Implement National and Territorial Action Plans, identified, respectively, as PAN and PAT, and the provision of acts aimed at assessing the conservation status of flora species and managing information and training.	688.251
Fundação Flora de Apoio a Botânica	Regulate the roles and responsibilities of the parties for the implementation of the project "National Strategy for the Conservation of Endangered Species - GEF PRÓ-ESPÉCIES.	370.260
<b>TOTAL</b>		<b>2.535.951</b>

## 6. OFFICE RUNNING COSTS

These costs are intended to substantially cover expenses with salaries, charges and benefits with WWF-Brasil employees from sectors not directly linked to the execution of the Project, however they provide support for the good functioning of the Project's activities, such as the

purchase department, accounting, financial, legal, among others. This budget line also refers to expenses for the maintenance of the common physical structure for the development of the activities of the entire Project. WWF-Brasil and FUNBIO established a criterion of apportionment of the administrative expenses aiming a systematic allocation of the corresponding costs with the execution of the Project.

A summary of the administrative expenses allocated to the Project in the period is shown below:

Administrative costs	Object of service	Amount paid
MZM Express Transporte de Cargas LTDA - ME	Transport of goods and / or fixed assets to regions of difficult access or with a shortened demand period.	1.818
Nacional Elevadores LTDA	Preventive maintenance on the headquarters elevator in Brasilia.	1.045
Others		1.204
<b>SUBTOTAL</b>		<b>4.067</b>
Indirect costs	Refer to indirect costs with salaries of WWF employees who provide services for the Project that have been launched in administrative costs	347.970
<b>TOTAL</b>		<b>352.037</b>

#### a) Indirect costs

In 2020, WWF-Brasil recognized in the account 5600 - Administrative costs the indirect costs of expenses with salaries and charges of employees who are not part of the GEF Pró-espécies direct team and who provide human resources services, information technology, financial, administrative and others. These costs were allocated to the Project considering an estimate of the dedication of these employees to the activities of the GEF Pró-espécies.

In addition to the personnel directly allocated to the Project, there is a demand for administrative support from the WWF-Brasil structure, such as the hiring and management of the employees, payroll, office use and all related expenses (including reconciliation of accounts), and legal services (including policy review, compliance and drafting of contracts, terms of cooperation, and other legal instruments).

## 7. FIXED ASSETS

Fixed assets	Object of service	Amount paid
Acesso Comércio e Serviço de Informática EIRELI	Acquisition of computer materials and equipment necessary for the development of the project.	69.412
Régia Comércio de Informática LTDA	Acquisition of computer materials and equipment necessary for the development of the project.	64.416
DELL Computadores do Brasil LTDA	Acquisition of computer materials and equipment necessary for the development of the project.	49.488
Others		54.211
<b>TOTAL</b>		<b>237.527</b>



## 8. OTHER COSTS DEMONSTRATED IN THE FUND ACCOUNTABILITY STATEMENT

Description	Amount
5300 - Travel	31.314
5400 - Communication	26.283
5500 - Training and meetings	131.900
<b>TOTAL</b>	<b>189.497</b>

### a) Travel

Refers to the expenses of employees and other actors with actions performed by the Project, such as travel, airfare, food, accommodation, etc.

Travel and displacements with resources from the Project are previously approved by the Coordinator, so the beneficiaries must follow the parameters established by the MOP of the Project GEF Pró-espécies and the WWF-Brasil's employee follows the definition of what is established in the travel policies of the entity, which, in turn, must present the travel report and the support documentation of the expenses incurred. By their nature, these expenses are dispersed in the Fund accountability statement, with no greater concentration in a certain event.

Travel expenses refers to travel related to meetings and training, whether for employees or third parties.

It is important to highlight that this costs involve WWF-Brasil employees, as well as costs with representatives of other entities involved in the execution of the Project, such as ICMBio, IBAMA, MMA, among others.

In 2020, travel was affected by the emergence of the Covid-19 pandemic, due to the social distance measures implemented by officials government.

### b) Communication

Refers to expenditures on the preparation of advertising materials and advertisements, aimed at dissemination of the Project, such as banner making, marketing campaigns, advertising, preparation of promotional material, among other services.

### c) Training and Meetings

They refer to expenses incurred in attending meetings and conducting training with funds from FUNBIO. The reduction in spending was due to the meetings being happening online.

**9. DIFFERENCE BETWEEN THE FINAL BALANCE OF THE FUND ACCOUNTABILITY STATEMENT AND THE BALANCE ON THE PROJECT'S BANK ACCOUNT**

As already mentioned, the project incurred expenses already paid, however, there were no financial resources available for its payment. In order to keep the normal execution of the Project, WWF-Brasil used its own resources to pay expenses on behalf of the Project to be reimbursed when resources are available in the Project's bank account. These expenses have already been included in the Fund accountability statement.

WWF-Brasil has a systematic control of these expenses pending of reimbursement, which totaled R\$ 5,217 up to December 31, 2020, with a summary of these expenses by budget line as follows:

Description	Amount Institutional
5000 - Salaries and Benefits	4.976
5100 - Consulting	241
<b>TOTAL</b>	<b>5.217</b>

**10. CONCILIATION BETWEEN THE EXPENSES IN THE ACCOUNTABILITY PROVISIONS (CASH BASIS) FOR EXPENSES INCURRED AND YET NOT PAID**

The Fund accountability statement for the period from January 1<sup>st</sup>, 2020 to December 31, 2020 presented a total of expenses incurred and paid of R\$ 6,440,499, and these expenses were paid by the Project's exclusive bank account and also by WWF institutional bank account, as mentioned in Note 9 above. In addition, there are still expenses incurred by the project (accrual basis) and not yet paid until December 31, 2020 in the amount of R\$ 70,357, referring to the provision of salaries and social charges, taxes, provision of services and others, which will be paid in 2021 and included in the financial reports of the following periods.

**11. COMPARATIVE BETWEEN THE BUDGET AND THE GEF PRO-ESPECIES PERFORMANCE FOR THE PERIOD FROM JANUARY 1<sup>st</sup> TO DECEMBER 31, 2020**

A comparison of the execution of expenditures from January to December 2020 with the budget provided by WWF-Brasil for the same period is as follows:

Description	2020			
	Budget	Execution	% Execution	Resources to perform
5000 - Salaries and Benefits	3.483.287	1.051.829	30%	2.431.458
5100 - Consulting	4.510.736	2.073.658	46%	2.437.078
5200 - Partnerships	3.067.331	2.535.951	83%	531.380
5300 - Travel	73.229	31.314	43%	41.915
5400 - Communication	461.287	26.283	6%	435.004
5500 - Training and meetings	2.360.847	131.900	6%	2.228.947
5600 - Office running costs	72.542	352.037	485%	(279.495)
5800 - Fixed assets	321.789	237.527	74%	84.262
	<b>14.351.048</b>	<b>6.440.499</b>	<b>45%</b>	<b>7.910.549</b>

It is important to mention that the annual budgets are only a guide for the execution of activities in the calendar year, which are discussed between WWF-Brasil and FUNBIO, however such annual budget is not included in the Non-Refundable Financial Contribution Agreement 023/2018. Therefore, it is worth mentioning that only the item 5600 - Administrative costs had a cost higher than the estimated budget, considering that the costs with salaries of indirect personnel, such as purchase department, lawyers, among others, were budgeted under item 5000 - Salaries, but during the year the amounts were recorded in the budget line 5600 - Administrative Costs. There was no change in the budget of the year to reflect this change in the classification of expenses. On the other hand, the amounts involved are not substantial in view of the total execution of the Project in the year 2020.

## 12. SUBSEQUENT EVENTS - COVID 19

The Covid-19 pandemic caused changes in the progress of the GEF Pró-espécie Project and delays in some activities as of March 2020, when the World Health Organization declared the state of the world pandemic. However, the impact on its execution has been minimized with the adoption of adaptive measures.

The first years of the Project included planning stages with the participation of multiple stakeholders and that provided for the holding of several meetings and face-to-face workshops. As of March 2020, understanding the serious risks posed to people's health by the Covid-19 pandemic, following the guidelines of national and international health authorities, the following actions were taken: (i) cancellation of travel; (ii) replacing face-to-face meetings with the use of virtual platforms; and (iii) postponement of field expeditions.

In parallel, alternatives were sought so that the Project was not interrupted by means of a joint effort with the beneficiaries to redesign, adapt and develop new solutions for the activities, which, in principle, would happen in person, for a virtual model with hiring moderation specialized in remote activities, the main one being the adaptation of the construction methodology of the national and territorial action plans.

As of the end of 2020, hiring with field actions and field expeditions happened again, but always with due regard for the physical and health integrity of those involved. Guidance against Covid-19 is provided, such as the mandatory use of masks and reduced teams, and a

recommendation that the sanitary protocols of the beneficiary bodies and the cities where the trips will take place be followed.

## **PART IV – INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROLS**

To the Management and Donors of  
Project GEF Pró-espécies  
WWF-Brasil  
Brasília - DF

In connection with the audit of the Statement of Accountability of the GEF Pró-espécies to the period from January 1<sup>st</sup> to December 31, 2020, we have reviewed, for audit purposes, the internal controls and accounting procedures arising from aspects or matters that came to our knowledge at the time of the after mentioned audit, resulting from the application of certain audit tests performed for the purpose of complying with, and in accordance with, Brazilian and International Auditing Standards.

The purpose of the recommendation presented here is to contribute to improving the Program's internal controls and accounting procedures, in order to prove, in a more effective way, especially the cost of personnel allocated to the Project.

We believe that the potential benefits justify the adoption of this Recommendation.

Belo Horizonte, May 3<sup>rd</sup>, 2021

**NEXIA TEIXEIRA Auditores**  
Brazilian legal register CRC MG 5.194

 A member of  
**Nexia**  
International

**Domingos Xavier Teixeira**  
Partner and Executive Director  
Brazilian legal register CRC MG-14.105-O/5-S-DF-103

## **1. WWF-BRASIL DOES NOT MAINTAIN CONTROL THROUGH TIMESHEET TO SUPPORT ALLOCATION OF STAFF COST IN THE PROJECT**

### **Detail of the event:**

The Non-Reimbursable Financial Contribution Agreement 023/2018 does not establish which professionals will have their salaries supported by the Project's fund and their respective apportionment percentages or whether they will be fully supported. The technical staff of the Project analyzes the demand of each professional for the activity to be performed and based on their experience and the expected use of each employee, makes the apportionment of their salary and charges to define the amount that will be supported by the Program.

In order to assist in this process of allocating salaries and charges, WWF-Brasil allocated the technical part with exclusive dedication to the Project. However, there is no comparison between the expectation of using the professional with the hours actually spent, in order to verify if the percentage of his salary supported by the Project is in line with the real time incurred by each employee.

### **Recommendation:**

It is recommended that WWF-Brasil adopts a timesheet of the employees involved in the Project, seeking to justify the percentage of apportionment of each employee's salary in each month, even if it is a full allocation. It is important that this timesheet is completed and confirmed by each employee involved with their signature and used as a basis for allocating salaries and charges in the Project's fund accountability statement.

### **WWF-Brasil Comments:**

The timesheet adoption process is being carried out, the proposed model is pre-approved and will be implemented from July 2021.

## **PART V – AUDIT PROCEDURES APPLIED**

To the Management and Donors of  
Project GEF Pró-espécies  
WWF-Brasil  
Brasília - DF

We were engaged to conduct the financial audit of the Fund accountability statement of the Not Refundable Financial Contribution Agreement – CCFRN, signed between the Fundo Brasileiro para a Biodiversidade – FUNBIO, as an Implementing agency, and the WWF-Brasil as Recipient, for the period from January 1<sup>st</sup>, 2020 to December 31, 2020.

In conducting the audit procedures for the purpose of issue an Opinion on the Fund accountability statement of the Project, we based on the NBC TA 800 - Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks and we also have observed and applied the international standards on auditing issued by the IFAC - International Federation of Accountants and by the Federal Accounting Council (CFC).

The objectives of the audit were as follows:

- To evaluate and obtain a sufficient understanding of the internal control structure adopted by WWF-Brasil in relation with the Project, as well as evaluate control risks and identify reportable conditions, including material weaknesses in the internal control structure;
- To conduct tests to determine if the Project complies, in all material respects, with the terms of the Not Refundable Financial Contribution Agreement – CCFRN and applicable laws and regulations; and
- To issue an Opinion on whether the Fund accountability statement of the Project, for the period from January 1<sup>st</sup>, 2020 to December 31, 2020, presents fairly, in all material respects, the incomes received, and the costs incurred on a cash basis during the audited period, in accordance with the terms of the Project agreement.

The following audit procedures have been applied for the purposes of this report:

### **1) Procedures related to the Fund accountability statement**

- Review of the accounting policies and practices adopted in the preparation of the Fund accountability statement by WWF Brasil;
- Review of the accounting books of WWF-Brasil in order to determine whether income received, and expenses incurred and paid were properly recorded;
- Review of the costs incurred during the audited period to determine their

reasonableness and whether they were properly allocated and documented;

- Review of the procedures implemented by WWF-Brasil for the control of the cash disbursements related to the Project;
- Examination of the designated bank account to verify the payment made related to the expenses incurred;
- Identification of questioned costs, if any, which are not duly supported by appropriate documentation, and those costs, if any, which are ineligible because they are not consistent with the objectives of the Project or in accordance with legal and contractual terms;
- Verify the salaries to determine whether they are reasonable or consistent with the personnel policy established by the WWF-Brasil, and if they were supported by appropriate documentation and recorded in the accounting books;
- Review of costs with third party fees, verifying the adequate documentation to support those payments;
- Review of communication costs, observing the evidence of expenses;
- Review of administrative costs, considering their classification according to contractual and legal definitions;
- Review of the travel, training and meetings expenses to determine if they were supported as established by the agreement and applicable laws and regulations; and
- Review, on a test basis, of the physical evidence of assets and values to prove their existence, and that the financial assets and services were acquired in accordance with the contractual terms.

## **2) Procedures related to internal controls**

- Assessment of the policies and procedures implemented by WWF-Brasil to record, process, summarize and report financial information consistent with the Fund accountability statement's structure and verify if they ensure an adequate compliance with the terms of the Not Refundable Financial Contribution Agreement – CCFRN and applicable laws and regulations;
- Review of procedures and controls established on the resources received, maintained in banks, and the expenses in order to establish the adequacy of these procedures in terms of the agreement;
- Review of control procedures over the purchase of goods and services related to the Project, aiming determine whether the practices defined are appropriate and are being followed; and
- Review of the policies adopted to plan and evaluate the activities established by WWF-Brasil, as well as to monitor the budget and expenditures made by the Project GEF Pró-espécies.



### **3) Procedures related to terms of the agreement and applicable law regulations**

- Identification of the terms of the Not Refundable Financial Contribution Agreement – CCFRN and applicable laws and regulations, and determination of any noncompliance that, if not observed, would have a direct and material effect over the Fund accountability statement;
- Review of the possibility of occurrence of any important matter related to the risk of non-compliance with the standards, including evaluation of the systems of controls related to compliance with applicable Laws and regulations;
- Review of payments made, on a sampling basis, relative to the Project to determine their compliance with the agreement and applicable laws and regulations;
- Identification of costs, if any, considered as inadequate and not supported by documentation or ineligible; and
- Review of the funds used by the Project to determine if their disbursement was authorized and they are consistent to the terms of the agreement.

Belo Horizonte, May 3<sup>rd</sup>, 2021

**NEXIA TEIXEIRA Auditores**  
Brazilian legal register CRC MG 5.194



**Domingos Xavier Teixeira**  
Partner and Executive Director  
Brazilian legal register CRC MG-14.105-O/5-S-DF-103

\*\*\*