Independent Auditors' Report
To the Board of Trustees/ Oversight Committee of
Foundation for the Conservation of
Natural Resources
(NATURA Foundation)
Conservation Fund for the
Darien National Park
(Darien Fund)

Accounts Rendition Statement and
Auditors' Report
For the year ended on 12-31-11

April 10, 2012
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Independent Auditors' Report to the Board of Trustees/Oversight Committee of Foundation for the Conservation of Natural Resources (Natura Foundation), Administrator of the Conservation Fund for the Darien National Park (Darien Fund)

We have audited the accompanying accounts rendition statement of the Conservation Fund for the Darien National Park (Darien Fund), managed by the Foundation for the Conservation of Natural Resources (Natura Foundation) for the year started on January 1 to December 31, 2011, all expressed in United States dollars, as well as a summary of the main significant accounting policies and other explanatory notes.

Management's Responsibility for the Accounts Rendition Statement

The Project Management is responsible for the preparation and fair presentation of the accounts rendition statement in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining relevant controls for the preparation and fair presentation of the accounts rendition statement in order to be free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the accounts rendition statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the accounts rendition statement is free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts rendition statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the accounts rendition statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the accounts rendition statement of Darien Fund, 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 internal control of Darien Fund. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund's Management, as well as evaluating the overall presentation of the accounts rendition statement.
We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The policy of Darien Fund is to prepare the accompanying accounts rendition statement on the basis of inflows and outflows of cash. On this basis, the income is recognised when received rather than when earned and expenses are recognised when paid rather than when incurred.

Opinion

In our opinion, the accounts rendition statement present fairly, in all material respects, the funds received, costs incurred and expenditures for the period from January 1 to December 31, 2011, in conformity with the terms of the agreement and with the accounting basis described in the Note No. 2.

April 10, 2012
Panama, Republic of Panama
Foundation for the Conservation of Natural Resources  
(Natura Foundation)  
Conservation Fund for the Darien National Park  
(Darien Fund)  
Accounts rendition statement  
For the year ended December 31, 2011

<table>
<thead>
<tr>
<th>Budget</th>
<th>Accumulated previous period 12/31/2010</th>
<th>Completed 01/01/2011 to 12/31/2011</th>
<th>Accumulated 12/31/2011</th>
<th>Budget balance as of 12/31/2011</th>
<th>Ineligible</th>
<th>Undocumented</th>
<th>Notes</th>
</tr>
</thead>
</table>

**INCOME:**

- **Grants received:** US$ 2,065,932  
  - US$ 504,893  
  - US$ 2,570,825  
  - 4

- **Other Income:** 19,087  
  - 1,199  
  - 20,286  
  - 5

**Total income received:** 2,085,019  
  - 506,092  
  - 2,591,111

**DISBURSEMENTS:**

- **Park Management and Training program:** 1,171,952  
  - 283,454  
  - 1,455,406  
  - 6

- **Encouragement program of Darién organizations:** 328,69  
  - 12,201  
  - 340,370  
  - 7

- **Projects Support Program (small grants):** 56,213  
  - 14,989  
  - 71,202  
  - 8

- **Baseline for Monitoring of the Strategic Plan:** 166  
  - 166  
  - 9

- **Fund managing entity:** 374,260  
  - 73,302  
  - 447,662  
  - 10

**Total disbursements:** 1,930,694  
  - 384,112  
  - 2,314,806

**Excess of income over disbursements:** 154,325  
  - 121,980  
  - 276,305

**Cash return:** 509  
  - 15,521  
  - 14,630  
  - 11

**Available cash at beginning of year:** 154,834

**Available cash at end of year:** US$ 154,834  
  - US$ 290,335  
  - US$ 290,335  
  - 12

See accompanying notes to the account rendition statement.
1. Organization Information

The Foundation for the Conservation of Natural Resources (Natura Foundation) is a non-profit organization, legally constituted on March 28, 1991; its mission is to promote environmental conservation and sustainable development through the management of resources to improve the quality of life.

Natura Foundation has celebrated the agreement “Forest Conservation Agreement” with The Nature Conservancy (TNC) and the Government of the Republic of Panama, from August 19, 2004, with duration of twelve (12) years in order to develop the project named: Conservation Fund for the Darien National Park (Darien Fund).

Darien Fund was created as a result of the second Debt Swap by Nature signed between the Panamanian and the United States Governments under the Law of Tropical Forest Conservation, established in the United States in 1998. Through this debt swap the Trust for the Tropical Forest Conservation was established, in which for a period of twelve (12) years the Government of the Republic of Panama will make annual disbursements until completing the amount of US$10,930,312. The total disbursements at the end of the twelve years will be distributed as follows: fifty percent (50%) of the total amount will be part of a Trust and the remaining part will be invested in maintenance activities, conservation and protection of the Darien National Park and its buffer zone.

This Fund has as objective the conservation, maintenance and restoration of the forests of Darien National Park and its buffer zone, including up to five (5) kilometers in adjacent areas to the Park boundaries. Through the Darien Fund the Park management programs will be financed as well as environmental initiatives performed by nonprofit organizations that promote the Park conservation and contribute to reduce and mitigate the main threats identified in the area, according to what is stated in the Management plan of the Darien National Park and technical documents approved by the National Environmental Authority and the Oversight Committee.
1. **Organization Information (continued)**

The activities performed by Natura Foundation include managing, review, technical assistance, oversight and administrative functions to carry out the Grants Program, including processing disbursements applications required by Implementation Units that receive and manage financial resources that come from this Fund. The financial information of the projects that are financed is based on disbursements applications and it is prepared by the Implementation unit that performs the Project activities in accordance with the policies and procedures indicated by the Foundation for the Conservation of Natural Resources (Natura Foundation).

The accounts rendition statement of the Conservation Fund for the Darien National Park (Darien Fund) for the year ended December 31, 2011, was authorized for its issuance by the Executive Director – Mrs. Rosa Montañez Gallego, on April 10, 2012.

2. **Basis of preparation of the accounts rendition statement**

Natura Foundation prepares the Accounts Rendition Statement using the cash method to record the operations, since income and costs are recorded when they are received or disbursed; consequently, income that are not received and costs that are not disbursed, are not recorded.

The accounting policies have been consistently applied by the Foundation and are consistent with those policies used in previous years.

**Currency**

The accounts rendition statement is stated in dollars of the United States of America (US$), which is on a par and freely exchangeable with the Balboa (B/), the monetary unit of the Republic of Panama.

3. **Darien Fund Budget**

The estimated budget for the year ended December 31, 2011 was US$592,860, which corresponds to pending disbursements of the previous year and disbursements related to estimations of the period 2011, and it is described as follows:
3. Darien Fund Budget (continued)

<table>
<thead>
<tr>
<th>Activity description</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and Training Program of the Park</td>
<td>US$ 301,278</td>
</tr>
<tr>
<td>Strengthening Program of Darien Organization</td>
<td>103,280</td>
</tr>
<tr>
<td>Projects Support Program (Small grants)</td>
<td>90,000</td>
</tr>
<tr>
<td>Baseline for Monitoring of the Strategic Plan</td>
<td>25,000</td>
</tr>
<tr>
<td>Fund managing entity (Natura)</td>
<td>73,302</td>
</tr>
<tr>
<td></td>
<td><strong>US$ 592,860</strong></td>
</tr>
</tbody>
</table>

4. Trust fund ("Forest Action Fund")

During the year ended December 31, 2011, the Foundation for the Conservation of Natural Resources (Natura Foundation) received the amount of US$504,893 in concept of funds of the Trust Agreement to provide financial support to entities designated by the Oversight Committee in the execution, conservation and protection of natural resources duly identified in the trust agreement.

Disbursements received in the previous year

US$ 2,065,932

Disbursements received from January 1 to December 31, 2011

- On March 02, 2011
  US$ 252,373
- On August 29, 2011
  US$ 252,520
- Total received as of December 31, 2011
  US$ 2,570,825
5. **Other income**
Other income is from interests earned on saving account, exclusive from the Darien Fund in Banco General, S.A. for the year started on January 1 to December 31, 2011 such saving account generated US$1,199 as interest.

6. **Park Management and Training Program**
Such program refers to the execution of the management and training program of Darien National Park managed by the National Environmental Authority through the acquisition by the National Parks and Environment Foundation (P.A.N.A.M.A. Foundation), the Association of Professionals of Darien for Integral and Sustainable Development (APRODISO) and the National Association for the Conservation of Nature (ANCON) of goods, services and personnel recruitment, according to what was approved by the Oversight Committee to implement the management of the protected area with resources from the Darien Fund. It also includes the cost of services rendered by National Parks and Environment Foundation (P.A.N.A.M.A. Foundation), the Association of Professionals of Darien for Integral and Sustainable Development (APRODISO), and the National Association for the Conservation of Nature (ANCON) to support the execution of this program according to what was approved by the Oversight Committee.

During the year from January 1 to December 31, 2011, disbursements made by the management and training program of Darien National Park were in the amount of US$283,454.

7. **Encouragement program of Darien organizations**
The encouragement program of Darien organizations is directed to identify, encourage and promote these organizations providing organization and development means as well as techniques and planning skills and resource management.

During the year from January 1 to December 31, 2011, this program received the amount of US$12,201.
8. Projects Support Program (small grants)
The project support program (small grants) comprises technical assistance to Darien organizations in the formulation of profiles, proposals and their implementation. It aims to promote initiatives, which jointly with those of the National Environmental Authority (ANAM) may be able to achieve a better management of Darien National Park.

During the year from January 1 to December 31, 2011, the investment made to this program was US$14,989.

9. Baseline for Monitoring of the Strategic Plan
The Baseline Strategic Plan for monitoring comprises the payment of ads for consultancies to achieve a better management of the Darien National Park with the National Environmental Authority (ANAM).

During the year from January 1 to December 31, 2011, the investment made to this program was US$166.

10. Fund managing entity
The Fund managing entity (Natura Foundation) performs disbursements to the Darien Fund in order to carry out the functions established in the Forest Conservation agreement, in the article IV, item 4.1 and in the article VII, section (g).

During the year from January 1 to December 31, 2011 payments were made to the fund managing entity in the total amount of US$73,302.

11. Cask Back
During the year covered January 1 to December 31, 2011, refunds were made for the Program Administration and Training Park US $ 13,521. In 2009 we made a return of the Support Program (small grants) to projects in the amount of US $ 509 APANG Project.
12. Reconciliation of available cash

As of December 31, 2011, the available cash is disclosed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available cash as of December 31, 2010</td>
<td>US$.154,834</td>
</tr>
<tr>
<td>Plus: income received as of December 31, 2011</td>
<td>504,893</td>
</tr>
<tr>
<td>Interests earned</td>
<td>1,199</td>
</tr>
<tr>
<td>Return</td>
<td>13,521</td>
</tr>
<tr>
<td>Less: Incurred costs (disbursements)</td>
<td>(384,112)</td>
</tr>
<tr>
<td>Available cash as of December 31, 2011</td>
<td>US$.290,335</td>
</tr>
</tbody>
</table>

The net cash available in bank is disclosed as follows:

Total cash in Banco General, S.A. in the saving account No 04-81-01-301337-0 US$.290,335.
Independent Auditors’ Report to the Board of Trustees/Oversight Committee of Foundation for the Conservation of Natural Resources (Natura Foundation), Administrator of the Conservation Fund for the Darien National Park (Darien Fund)

Dear Sirs,

This report presents the results of our audit for the year from January 1 to December 31, 2011, the resources arising from the Conservation Fund for the Darien National Park (Darien Fund) as of that date, which are managed by the Conservation of Natural Resources (Natura Foundation).

Background

The Foundation for the Conservation of Natural Resources (Natura Foundation) is a nonprofit organization, legally constituted on March 28, 1991. Its mission is to promote environmental conservation and sustainable development through resources management to improve the life quality.

Natura Foundation has celebrated the agreement “Forest Conservation Agreement” with The Nature Conservancy (TNC) and the Government of the Republic of Panama, from August 19, 2004, with duration of twelve (12) years in order to develop the project named: Conservation Fund for the Darien National Park (Darien Fund).

Objectives of the Darien Fund

The funds arising from the Conservation Fund for the Darien National Park (Darien Fund) can only be used for activities related to the conservation, maintenance and restoration of tropical forests in Darien National Park and its main objectives are as follow:

- Establishment, restoration, protection and maintenance of national parks, protected areas and reserves in the area.
- Development and implementation of the natural resources management system consistent from the scientific point of view, including land management practices and ecosystems.
- Training programs to increase scientific and technical capacities as well as managerial capacities of individuals and organizations involved in conservation efforts.
- Restoration, protection or sustainable use of various species of plants and animals.
Objectives of the Darien Fund (continued)

- Research and identification of medicinal uses of tropical forest plants for the treatment of diseases that affect humans, as well as other uses related with the human health.
- Development and support the way of living of communities that live in or near tropical forests are consistent with the protection of such tropical forests.

Objective and scope of the audit

The main objective is to perform a financial audit of the funds arising from the Conservation Fund for the Darien National Park (Darien Fund) managed by the Foundation for the Conservation of Natural Resources (Natura Foundation) for the year started from January 1 to December 31, 2011.

The specific objectives of the audit are:

a. To evaluate and obtain sufficient understanding of the internal control structure in the management of the fund to evaluate the control risk and identify reportable conditions, including material weaknesses of the internal control structure. This evaluation must include internal controls related to required cost-sharing contributions.

b. To perform tests to determine if the administrator of the fund complied, in all material respects, with the agreement terms and applicable laws and regulations related to programs financed by the Conservation Fund for the Darien National Park (Darien Fund). All material instances of noncompliance and all evidence of unlawful acts must be identified.

c. To determine if the fund administrator has taken adequate corrective actions on recommendations of previous audit reports.

Our audit was conducted in accordance with International Standards on Auditing and therefore includes the accounting records proof, according to the circumstances.

The scope of our work consisted of the following:

1. Review and evaluate the internal control structure established by Natura Foundation related to the operations of the Darien Fund Project to obtain sufficient understanding of the design of relevant control policies and procedures and if such policies and procedures are functioning.

2. To determine if Natura Foundation has complied in all material respects, with the terms of the agreement and other laws and applicable regulations, and determine those aspects of non-compliance that may have a direct and material effect on the Account Rendition Statement of Darien Fund.

3. To determine if the technical and services assistances performed by the beneficiary were used for the purposes intended under the agreement, if they were accurately documented and if they were recorded properly.
Audit results

Internal control structure

Our study and evaluation of the internal control structure so far revealed a satisfactory condition to record, process, summarize and report financial information consistent with management’s assertions in the accounts rendition statement.

Compliance with the terms of the agreement, laws and applicable regulations

As part of obtaining a reasonable assurance about whether the accounts rendition statement does not contain material misstatements and with the purpose of forming an opinion on compliance with term of the agreement, laws and applicable regulations, we performed tests that there results indicate that there is compliance, in all material respects, with the terms of the agreement, laws and applicable regulations that may affect the Conservation Fund for the Darien National Park (Darien Fund).

Follow-up of previous audit recommendations

The follow-up of previous audit recommendations performed to the management of affect the Conservation Fund for the Darien National Park (Darien Fund) has revealed that the controls are functioning and are applied consistently, and that there were no findings revealed of the previous audit that may require follow-up.

Sincerely yours,

Nexia Auditores (Panamá)

[Signature]
José A. Jaramillo
Partner
Independent Auditors’ Report to the Board of Trustees/Oversight Committee of Foundation for the Conservation of Natural Resources (Natura Foundation), Administrator of the Conservation Fund for the Darien National Park (Darien Fund) regarding the Internal Control Structure

We have audited the Accounts Rendition Statement of the Conservation Fund for the Darien National Park (Darien Fund), managed by the Foundation for the Conservation of Natural Resources (Natura Foundation) for the year from January 1 to December 31, 2011.

The administrator of the Conservation Fund for the Darien National Park (Darien Fund) is responsible of establishing and maintaining internal control structure. To comply with this responsibility, judgments and estimations of the Administration are required to evaluate the expected benefits and costs related to policies and procedures. The objectives of the internal control structure are to provide management with reasonable assurance, but not absolute, that assets are protected against losses due to unauthorized uses or dispositions; transactions are made according to Management authorizations and the terms of the agreements are recorded adequately to permit the preparation of the accounts rendition statement in conformity with current accounting policies. Due to limitations inherent to any internal control structure, misstatements or irregularities may occur and not be detected. Also, the projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in the conditions that the effectiveness of the design and the operation of policies and procedures may deteriorate.

In planning and performing our audit of the accounts rendition statement of the Conservation Fund for the Darien National Park (Darien Fund) for the year from January 1 to December 31, 2011, we obtained an understanding of the internal control structure. In this regard, we obtained an understanding of the design of relevant policies and procedures and whether they were implemented, we evaluated the control risk to determine our audit procedures with the purpose of expressing an opinion on the accounts rendition statement and not to provide an assurance on the internal control structure and therefore we did not express such assurance.

We did not observe issues related to the internal control structure and its operation, that we consider, are situations that should be reported according to standards established by Instituto Americano de Contadores Públicos Certificados (AICPA). The reportable conditions refer to matters related to deficiencies in the design or operation of the ability to record, process, summarize and report financial information consistent with management’s assertions in the accounts rendition statement.
Our consideration of the internal control structure would not necessarily reveal all aspects of the internal control structure that might be conditions that must be reported and therefore would not necessarily reveal all conditions to be reported that would also be considered important.

This report is only for the information of Natura Foundation, donors of the Conservation Fund for the Darien National Park (Darien Fund) and the Oversight Committee of Darien Fund.

April 10, 2012
Panama, Republic of Panama
Independent Auditors’ Report to the Board of Trustees/Oversight Committee of Foundation for the Conservation of Natural Resources (Natura Foundation), Administrator of the Conservation Fund for the Darien National Park (Darien Fund) regarding Controls Compliance

We have audited the Accounts Rendering Statement of the Conservation Fund for the Darien National Park (Darien Fund), managed by the Foundation for the Conservation of Natural Resources (Natura Foundation) for the year from January 1 to December 31, 2011.

Compliance with the terms of the agreement, laws and applicable regulations to the Conservation Fund for the Darien National Park (Darien Fund) is responsibility of the Executive Directors of the Foundation for the Conservation of Natural Resources (Natura Foundation), as part of obtaining a reasonable assurance about whether the accounts rendering statement is free of material distortions, we performed tests of compliance of the Foundation for the Conservation of Natural Resources (Natura Foundation), the Conservation Fund for the Darien National Park (Darien Fund), with certain terms of the agreement, laws and applicable regulations.

The results of our compliance tests indicate that with respect to the items tested, the Foundation for the Conservation of Natural Resources (Natura Foundation), the Conservation Fund for the Darien National Park (Darien Fund) complied, in all material respects, with the terms of the agreement, laws and applicable regulations. Regarding the items that were not tested, we did not find any situation that called our attention and that could make us think that the Foundation for the Conservation of Natural Resources (Natura Foundation), the Conservation Fund for the Darien National Park (Darien Fund), has not complied in all material respects, with such regulations.

This report is only for the information of Natura Foundation, donors of the Conservation Fund for the Darien National Park (Darien Fund) and the Oversight Committee of Darien Fund. However, once it is distributed, this report is a matter of public interest.

[Signature]
April 10, 2012
Panama, Republic of Panama
Independent Auditors' Report to the Board of Trustees/Oversight Committee of Foundation for the Conservation of Natural Resources (Natura Foundation), Administrator of the Conservation Fund for the Darien National Park (Darien Fund) regarding the follow-up of the previous audit recommendations

We have audited the Accounts Rendition Statement of the Conservation Fund for the Darien National Park (Darien Fund), managed by the Foundation for the Conservation of Natural Resources (Natura Foundation) for the year from January 1 to December 31, 2011.

The follow-up on previous audit recommendations of the Conservation Fund for the Darien National Park (Darien Fund) is responsibility of the management of the Foundation for the Conservation of Natural Resources (Natura Foundation).

As part of obtaining a reasonable assurance about whether the accounts rendition statement is free of material misstatements, we have performed a follow-up on previous audit recommendations.

This follow-up of previous audit recommendations performed to the management of the Conservation Fund for the Darien National Park (Darien Fund) has revealed that the basic controls are functioning adequately and that there were no applicable findings in the previous audit that may require follow-up.

This report is only for the information of Natura Foundation, donors of the Conservation Fund for the Darien National Park (Darien Fund) and the Oversight Committee of Darien Fund. However, once it is distributed, this report is a matter of public interest.

April 10, 2012
Panama, Republic of Panama
Independent Auditors’ Report to the Board of Trustees/Oversight Committee of Foundation for the Conservation of Natural Resources (Natura Foundation), Administrator of the Conservation Fund for the Darien National Park (Darien Fund) regarding the Projects Tours

We made our visit in a selective manner to the protected area, ongoing projects and final stage projects, with the purpose of certifying the reasonable management of funds for the conservation of the Darien National Park giving to the National Parks and Environment Foundation (PA.NA.M.A. Foundation), the Association of Professionals of Darien for Integral and Sustainable Development (APRODISO) and the National Association for the Conservation of Nature (ANCON). As part of our work, we performed an evaluation of accounting controls as appropriate.

The management of the Foundation for the Conservation of Natural Resources (Natura Foundation) is responsible of establishing and maintaining an accounting internal control system. To comply with this responsibility, estimations and judgments are required by management to evaluate the expected benefits and the related costs of the control procedures.

Darien Fund Agreement No. 1106-SS-001
National Parks and Environment Foundation (PA.NA.M.A. Foundation)
We took as reference the quarterly reports of the year 2011, and verified that the detail of each budget account corresponded to the expenses performed per item and that the accounting records were properly recorded. We verified any excess or use of funds in unauthorized and unreported items. We verified that the transfers authorized quarterly by Natura Foundation during the year 2011, were received and recorded by the National Parks and Environment Foundation (PA.NA.M.A. Foundation).

As a result of the visit to the National Parks and Environment Foundation (PA.NA.M.A. Foundation) facilities, we can mention the following:
- Bank reconciliations were reviewed and we confirmed that the expenses comply with the supporting information, emphasizing on the beneficiaries and amounts, as well as with the quotation policy and we also confirmed that the deposited amount corresponded to the transfers assigned by Natura Foundation.
- We reviewed the checks with their respective invoices in order to confirm that they were according to the information described in the quotation as well as in the invoice and that the good was acquired.
- We were able to observe that the projects were executed based on the budget and complied with the objectives of the agreement by Natura Foundation.

Disbursements made to the National Parks and Environment Foundation (PA.NA.M.A. Foundation) by Natura Foundation were for the execution of the Management and Training Program of the Park.
Darion Fund Agreement No. 110603-SS-003

The Association of Professionals of Darien for Integral and Sustainable Development (APRODISO)

We took as reference the quarterly reports of the year 2011, and verified that the detail of each budget account corresponded to the expenses performed per item and that the accounting records were properly recorded. We verified any excess or use of funds in unauthorized and unreported items. We verified that the transfers authorized quarterly by Natura Foundation during the year 2011, were received and recorded by the Association of Professionals of Darien for Integral and Sustainable Development (APRODISO).

As a result of the visit to the Association of Professionals of Darien for Integral and Sustainable Development (APRODISO) facilities we can mention the following:

- Bank reconciliations were reviewed and we confirmed that the expenses comply with the supporting information, emphasizing on the beneficiaries and amounts, as well as with the quotation policy and we also confirmed that the deposited amount corresponded to the transfers assigned by Natura Foundation.
- We reviewed the checks with their respective invoices in order to confirm that they were according to the information described in the quotation as well as in the invoice and that the good was acquired.
- We were able to observe that the projects were executed based on the budget and complied with the objectives of the agreement by Natura Foundation.

We have developed the following recommendations concerning certain matters related to the internal control structure, which are presented below:

Observation:
- We observed that there were differences in bank reconciliations and they have no evidence of preparation and approval signature.

Comments of the Association:
- The Administrator of the Association told us that the differences in books with the bank regarding the bank reconciliations were caused since they handle a solely account for the administrative and investment fund.

Possible risks of the situation:
- Having bank reconciliations without evidence prepared or reviewed; indicates that such bank reconciliations are not reviewed by a supervisor. Cash accounts are risk accounts by nature, which must also be balanced in books with the balance of the bank.

Recommendations:
- It is recommended that bank reconciliations should be verified and approved by another person other than who made them. As a result, the controls are maintained as well as an appropriate segregation of functions.
- It is recommended to have separate bank accounts for each one of the funds.
Disbursements made to the Association of Professionals of Darien for Integral and Sustainable Development (APRODISO) by Natura Foundation were for the execution of the Management and Training Program of the Park and the Encouragement Program for the people of Darien in order to support the management and conservation of the Darien National Park.

As a result of the visit to the Darien National Park facilities, we can mention the following:

- We observed the new facilities of the Darien National Park in Yaviza, as well as the new equipment acquired for the management, which was financed by the Fund through the Management and Training Program of the Park.

- We verified that the disbursements made in concept of fuel, food, programs implementation and output orders performed for field trips and monitoring were properly handled by the administration of the Park. With the detail mentioned above, we verified on a selective basis the information previously stated taking into consideration that the expenses incurred for repairs and maintenance should be related to assigned equipments and locations of the area, that the fuel invoices should have the plate number of the vehicles of the area and there must be a consistency with the output reports and the completed works should be in accordance with the contracts specifications.

Darien Fund Agreement No. FD-11602-SS-002
National Association for the Conservation of Nature (ANCON)

We took as reference the quarterly reports of the year 2011, and verified that the detail of each budget account corresponded to the expenses performed per item and that the accounting records were properly recorded. We verified any excess or use of funds in unauthorized and unreported items. We verified that the transfers authorized quarterly by Natura Foundation during the year 2011, were received and recorded by the National Association for the Conservation of Nature (ANCON).

As a result of the visit to the National Association for the Conservation of Nature (ANCON) facilities we can mention the following:

- Bank reconciliations were reviewed and we confirmed that the expenses comply with the supporting information, emphasizing on the beneficiaries and amounts, as well as with the quotation policy and we also confirmed that the deposited amount corresponded to the transfers assigned by Natura Foundation.

- We reviewed the checks with their respective invoices in order to confirm that they were according to the information described in the quotation as well as in the invoice and that the good was acquired.

- We were able to observe that the projects were executed based on the budget and complied with the objectives of the agreement by Natura Foundation.
Disbursements made to the National Association for the Conservation of Nature (ANCON) by Natura Foundation were for the execution of the Projects Support Program “Small grants” for the community management of the Darien National Park.

According to the above mentioned we can point out that the project development is carried out in a reasonable manner and it is complying with the agreement.

[Signature]
April 10, 2012
Panama, Republic of Panama