

Financial Information

Fundo Brasileiro para a Biodiversidade - FUNBIO

Period from January 1 to December 31, 2022
with Independent auditor's report on the financial information on
Project "Articulated strategy to face ethno-environmental
emergencies in the Brazilian Amazon"

Fundo Brasileiro para a Biodiversidade - FUNBIO

Financial information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon

Period from January 1 to December 31, 2022

Contents

Independent auditor's report on the financial information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon	1
Financial information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon	4
Notes to the financial information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon	5
Independent auditor's report on compliance with the accounting and financial contractual provisions of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon.....	7
Independent auditor's report on the internal control structure of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon	8

A free translation from Portuguese into English of Independent Auditor's Report on financial information prepared in Brazilian currency in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2

Independent auditor's report on the financial information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon

To the
Executive Office and the Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon
Rio de Janeiro - RJ

Opinion

We have audited the Financial Information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon ("Project" or "Rewild") managed by Fundo Brasileiro para a Biodiversidade - FUNBIO ("Entity"), funded with resources from the financial contribution agreement of the international environmental organization ReWild, through the Rapid Rescue Facility Program, with funds from the European Union, for the period from January 1 to December 31, 2022, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial information referred to above presents fairly, in all material respects, the cash receipts and disbursements for the period from January 1 to December 31, 2022, in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2.

Basis 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 the Auditor's responsibilities for the audit of the financial information section of our report. We are independent of the Entity and comply with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy ("CFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter - basis of preparation and presentation of the Project's financial information and restriction on use

We draw attention to Note 2 to the Project's financial information, which describes the basis of preparation and presentation of this financial information, prepared to assist the Entity in reporting the funds received and used in the abovementioned project. As such, the Projects' financial information may not serve for other purposes. Our opinion is not modified in respect of this matter.



Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation and fair presentation of this Financial Information in accordance with the cash receipt and disbursement basis of accounting described in Note 2, which includes determining that the referred to base is acceptable for the preparation of the Financial Information under the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the Financial Information, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to end the Project, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Projects' Financial Information preparation process.

Auditor's responsibilities for the audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Financial Information 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 Financial Information.

As part of the audit conducted in accordance with the Brazilian and International Standards on Auditing, and the specific audit requirements set out in the clauses of the financial contribution agreement of Norwegian Agency for Development Cooperation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the financial information, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.
- Obtained 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 Entity's internal control.



- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial information, including the disclosures, and whether it represents the corresponding transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

Rio de Janeiro, April 28, 2023.

ERNST & YOUNG
Auditores Independentes S.S Ltda.
CRC-SP015199/F


Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC-RJ091370/O

A free translation from Portuguese into English of Financial Information prepared in Brazilian currency in accordance with the contracts entered into by and between the parties, and the cash receipt and disbursement basis of accounting described in Note 2

Fundo Brasileiro para Biodiversidade - FUNBIO

Financial Information on Project “Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon”
 Period from January 1 to December 31, 2022
 (In thousands of reais, unless otherwise stated)

Changes in the funds of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon during the period from January 1 to December 31, 2022 are presented below:

	Note	2022	2021
Project balance at beginning of period		2,530	-
Cash inflows		-	2,540
Financial investment yields, net (*)	3	89	-
Finance costs		-	(10)
Funds executed	4	(2,038)	-
FUNBIO transfer (allocation)	4	(619)	-
Other transfers	4	43	-
Project balance at end of period	3	5	2,530

(*) This amount refers to financial investment yield, net of income tax to be withheld upon redemption by Funbio.

See accompanying notes.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to the financial information on Project “Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon”

Period from January 1 to December 31, 2022

(In thousands of reais, unless otherwise stated)

1. Operations

Fundo Brasileiro Para a Biodiversidade (FUNBIO) is a Brazilian private not-for-profit entity that operates in partnership with the government and business sectors as well as the civil society so that strategic and financial resources are earmarked for effective biodiversity conservation initiatives. The Entity’s head office is located at Rua Voluntários da Pátria, nº 286, 5th and 6th floors, Botafogo, Rio de Janeiro - RJ, with establishment in the city of Brasília, Federal District, at SHN Quadra 2, Bloco F, Executive Office Tower, suite 1323 to 1326, Asa Norte.

The main activities include financial management of projects and funds, design of financial mechanisms and studies of new sources of funds for conservation, as well as procurement and engagement of goods and services. Funbio is accredited as an implementing agency for GEF - Global Environment Facility and for GCF - Green Climate Fund.

The project Articulated strategy to face ethno-environmental emergency in the Brazilian Amazon is an initiative funded by the international environmental organization Re:Wild, through the Rapid Rescue Facility Program, with funds from the European Union. Its main purpose is to support traditional communities, indigenous peoples and family farmers impacted by the Covid-19 pandemic. FUNBIO is the project’s financial manager.

2. Significant accounting practices

Basis of preparation and general information

The Project’s Financial Information was prepared on a cash receipt and disbursement basis of accounting, whereby revenues are recognized upon receipt of funds (resources) and expenses are recorded when they effectively represent expenses paid in cash. This accounting practice differs from the accounting practices applicable in Brazil, which establish that transactions must be recorded to the extent that they are incurred rather than when paid.

This Financial Information is presented in thousands of Brazilian reais, which is FUNBIO’s functional currency. All financial information is presented in Brazilian reais, unless otherwise stated.

The Entity’s management approved this financial information for issue on April 28, 2023.

Fundo Brasileiro para a Biodiversidade - Funbio

Notes to the financial information on Project “Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon” (Continued)
 Period from January 1 to December 31, 2022
 (In thousands of reais, unless otherwise stated)

3. Funds available

From January 1 to December 31, 2022, the balance remaining in the checking account is as follows:

Description	Type	2022	2021
Banco do Brasil - 26.351-6 – C/C	Checking account	-	2,530
Banco do Brasil - 26.351-6 - CDB	Financial investment	5	-
Total funds available		5	2,530

In the period from January 1 to December 31, 2022, financial investment yields totaled R\$89.

Investments in Bank Deposit Certificates (CDB) comprise securities remunerated at 96% of the Interbank Deposit Certificate (CDI) variation, which may be redeemed in up to 60 months and pose insignificant risk of reduction in value. Investments are held with first-tier financial institutions.

4. Execution of funds - REWILD

The execution of funds of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon in the period from January 1 to December 31, 2022 is presented below:

	2022 (in USD)	Quotation (*)	2022 (in R\$)
Support to projects	(270)	5.644	(1,524)
Monitoring	(91)	5.644	(514)
Total project execution	(361)		(2,038)
Personnel cost - Funbio	(110)	5.644	(619)
Other transfers	8	5.644	43
Total direct and indirect costs	(463)		(2,614)

(*) Quotation presented is the quotation of the donor's first contribution. The amounts presented in Brazilian reais are rough values in view of rounding the dollar amount for presentation in thousands of dollars and Brazilian reais.



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Independent auditor’s report on compliance with the accounting and financial contractual provisions of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon

To the
Executive Office and the Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon
Rio de Janeiro - RJ

We have audited the Financial Information for the period from January 1 to December 31, 2022 on project Implementation of the roadmaps for the GCF Task Force in Brazil managed by Fundo Brasileiro para a Biodiversidade - FUNBIO (“Entity”), funded with resources from the financial contribution agreement of the international environmental organization ReWild, through the Rapid Rescue Facility Program, with funds from the European Union, and issued our report thereon, dated April 28, 2023.

Our audit was focused on checking whether the contractual provisions directly related to accounting and financial matters of the Projects have been appropriately complied with.

We conducted our audit in accordance with the International Standards on Auditing and the requirements set out in the agreement entered into between the Entity and the international environmental organization ReWild, through the Rapid Rescue Facility Program, with funds from the European Union. These standards require that we plan and perform the audit in order to obtain reasonable assurance that FUNBIO has complied with the terms set out in the agreement entered into between the Entity and the international environmental organization ReWild, through the Rapid Rescue Facility Program, with funds from the European Union. The audit includes review, on a test basis, of the evidence deemed appropriate by us. Accordingly, we believe that our audit provides a reasonable basis for our opinion.

In our opinion, in the period from January 1 to December 31, 2022, FUNBIO complied, in all material respects, with the applicable contractual provisions, of an accounting and financial nature, of the agreement entered into between the Entity and the international environmental organization ReWild, through the Rapid Rescue Facility Program, with funds from the European Union.

Rio de Janeiro, April 28, 2023.

ERNST & YOUNG
Auditores Independentes S.S.
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Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC-RJ091370/O



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Independent auditor's report on the internal control structure of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon

To the
Executive Office and the Board of Directors of
Fundo Brasileiro para a Biodiversidade - FUNBIO
Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon
Rio de Janeiro - RJ

This report is complementary to our independent auditor's report on the financial information on Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon.

Management of Fundo Brasileiro para a Biodiversidade - FUNBIO, which is the manager of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon (the "Project"), is responsible for maintaining an internal control structure sufficient to mitigate the risks of significant misstatements in the Financial Information and protect the assets under custody of the Project, including the areas constructed and other assets acquired. In order to fulfill this responsibility, management is required to make judgments and estimates to evaluate the expected benefits and costs relating to internal control policies and procedures. An internal control system is aimed at providing management with reasonable assurance, but not a guarantee, that the assets are protected against losses deriving from unauthorized use or disposal, that the transactions are performed in accordance with management authorization and that the agreement terms are appropriately recorded in order to allow the Financial Information to be fairly prepared. Due to the limitations inherent in any internal control system, errors or irregularities may occur and remain undetected. In addition, the projections of any assessment of the structure of future periods are subject to the risk that the procedures could prove inadequate due to changes in conditions, or that the effectiveness of the design and operation of the policies and procedures could deteriorate.

In planning and conducting our audit of the Project's Financial Information for the period from January 1 to December 31, 2022, we obtained an understanding of the internal control structure and assessed the risk of controls to determine our audit procedures, in order to express an opinion on the Project's Financial Information, but not to issue an opinion on the effectiveness of the internal control structure.

Our audit of Project Articulated strategy to face ethno-environmental emergencies in the Brazilian Amazon for the period from January 1 to December 31, 2022 revealed no significant deficiencies in the design or operation of internal controls that, in our opinion, could significantly affect FUNBIO's ability to record, process, summarize and report financial information consistently with the management's representations in the statements of funds received, disbursements made, and of accumulated investments.



A significant deficiency is a condition in which the design or operation of one or more elements of the internal control structure does not reduce to a relatively low level the risk that errors or irregularities may occur in amounts that could be significant in relation to the Project's Financial Information, and that could not be detected on a timely basis by FUNBIO employees in the ordinary course of the duties assigned thereto.

Our consideration of the internal control structure does not necessarily expose all matters of that system that could be considered significant deficiencies and, therefore, should not necessarily expose all conditions to be reported that could be considered significant deficiencies, according to the definition above.

Rio de Janeiro, April 28, 2023.

ERNST & YOUNG
Auditores Independentes S.S.
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A handwritten signature in blue ink, reading 'Beatriz Gonçalves de Moraes Nicolaci', is written over the printed name.

Beatriz Gonçalves de Moraes Nicolaci
Accountant CRC-RJ091370/O