

INSTITUTO DE CONSERVAÇÃO E  
DESENVOLVIMENTO SUSTENTÁVEL DA  
AMAZÔNIA - IDESAM

Independent auditor's report on specific  
elements of the financial statements

Referring to accounts rendered for the  
project CLIMATE AND LAND USE ALLIANCE  
("CLUA") as at January 31, 2023

INSTITUTO DE CONSERVAÇÃO E DESENVOLVIMENTO SUSTENTÁVEL DA AMAZÔNIA  
- IDESAM

Independent auditor's report on specific elements of the financial statements  
Referring to accounts rendered for the project CLIMATE AND LAND USE  
ALLIANCE ("CLUA") as at January 31, 2023

Contents

Independent auditor's report on specific elements of the financial statements

Statements of cash flows

Contract analysis with investor

## INDEPENDENT AUDITOR'S REPORT ON SPECIFIC ELEMENTS OF THE FINANCIAL STATEMENTS

To the  
Management of  
Instituto de Conservação e Desenvolvimento Sustentável da Amazônia - IDESAM  
Manaus - AM

### Opinion on specific elements

We have audited the statement of accountability and the implementation contract entered into for the Climate and Land Use Alliance ("CLUA") project, which comprises the statement of cash flows from received contributions and expenditures incurred by Instituto de Conservação e Desenvolvimento Sustentável da Amazônia ("Entity") for the period from January 01, 2022, to January 31, 2023.

In our opinion, the financial information on the statement of accountability for the "Climate and Land Use Alliance ("CLUA") project presents fairly, in all material respects, contributions received and expenditures incurred for the period ended January 31, 2023, as per the implementation contract described in the contract analysis with the investor.

### Basis for opinion on specific elements

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the statement of accountability" section of our report. We are independent of Instituto de Conservação e Desenvolvimento Sustentável da Amazônia ("IDESAM") in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the statement of accountability

Management is responsible for the preparation and fair presentation of the statement of accountability which comprises the statement of cash flows from received contributions and incurred expenditures as per the contractual provisions, and for such internal control as Management determines is necessary to enable the preparation of a technical implementation report that is free of material misstatement, whether due to fraud or error.

In preparing the statement of accountability, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the statement of accountability

Our objectives are to obtain reasonable assurance about whether the statement of accountability is free of 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 Brazilian and International Standards on Auditing (ISAs) 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 the statement of accountability.

As part of an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of accountability, 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 controls;
- Obtain an understanding of internal controls 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 controls;
- Conclude on the appropriateness of Management's use of the audit evidence obtained to determine whether material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement of accountability 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the appropriateness of policies used and the reasonableness of estimates and related disclosures made by Management;
- Evaluate the overall presentation, structure and content of the statement of accountability, including the disclosures, and whether the statement of accountability 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 controls that we identify during our audit.

Manaus, August 30, 2023.

# INSTITUTO DE CONSERVAÇÃO E DESENVOLVIMENTO SUSTENTÁVEL DA AMAZÔNIA - IDESAM

## Statements of cash flows

Referring to accounts rendered for the project CLIMATE AND LAND USE ALLIANCE  
(CLUA) as at January 31, 2023  
(In Brazilian Reais)

Checking account	7442-X
Project	Clua Inatú
Funds received	
Contributions received	541,956
Return on financial investments	15,561
<b>Total funds received</b>	<b>557,517</b>
Payments made	
Coordinating fee	70,202
Expenses on the projects	487,314
<b>Total paid in the periods</b>	<b>557,517</b>
<b>Income (loss) for the period (contributions - payments)</b>	<b>-</b>
Balances available	
Balance in checking account of Project 01/31/2023	-
Balance deposited in checking account of Project 01/31/2023	-
<b>Total balances available</b>	<b>-</b>
<b>Misstatements</b>	<b>-</b>

### Results obtained:

It should be noted that, when analyzing the CLUA investment contract entered into, we verified that it is in compliance with auditing standards, thus containing the signature of the legal representative so that greater support and impartial evidence of the contractual provisions may be provided, assisting both the contracting party and contracted party in any uncertainties that may arise throughout the project, in addition to ensuring greater security for the parties.

We point out that the final balances of the checking and financial investment accounts as at January 31, 2023, are in line with those provided by the financial institution through confirmation letter replies.

We found that the amounts mentioned as contributions in the current year are in line with those provided by investors and financing agents through confirmation letter replies obtained from the financing agent Climate and Land Use Alliance (CLUA), as well as contracts and bank statements.

As per our analysis, funds allocated to the projects are being kept in a financial institution controlled by the federal government under a specific account intended for the CLUA Project's funds.

In crosschecking the return on monthly investments through bank statements against the balance that appears in the statement of cash flows and the accounting balance, we found that they are the same.

We also crosschecked the balances in the statement of cash flows against the balances stated in trial balance as at January 31, 2023, and found no material misstatements.

# INSTITUTO DE CONSERVAÇÃO E DESENVOLVIMENTO SUSTENTÁVEL DA AMAZÔNIA - IDESAM

## Contract analysis

Referring to accounts rendered for the Project CLIMATE AND LAND USE ALLIANCE (CLUA) as at January 31, 2023

Grantor	Grantee	Contractual Goal	Use of Grant Funds	Obligations/Reports
Climate and Land Use Alliance ("CLUA")	Instituto de Conservação e Desenvolvimento Sustentável do Amazonas (IDESAM)	Promote sustainable community-based production by advancing the Ever Wood project at SDR Uatumã and Resex to conserve 1.2 million hectares of Protected Areas.	All grant funds must be spent exclusively for charitable, scientific, literary, or educational purposes. Grant funds, and any income earned from them, may not be used for any other purpose. Any funds (including income from grant funds) not spent for the grant's purposes will be returned to CLUA.	<p><b>Expense Accountability:</b> Comply with expense and liability standards and reporting requirements.</p> <p><b>Narrative Report:</b> Provide a narrative report in English that discusses compliance with the grant's terms and accomplishments achieved using the grant.</p> <p><b>Financial Report:</b> Provide a full and complete financial report in English showing specifically how the grant and received interest on it were spent.</p> <p><b>Audit:</b> Perform an audit of the project's statement of income at the end of its term. Select a licensed/certified or state-licensed independent public accountant (auditor) who is familiar with country-specific financial regulations to perform the audit. The audit shall be submitted to CLUA in English once completed.</p> <p><b>Reporting Schedule:</b> End of term - February 28, 2023; Audit of the project's revenues and expenses - April 30, 2023.</p> <p><b>Certification:</b> All financial reports submitted to CLUA must be certified as reviewed and approved by the Grantee's CFO.</p>