



## **STATUTORY AUDITOR'S OPINION**

Ladies and gentlemen of the governing board of FONDO PARA ACCIÓN AMBIENTAL Y LA NIÑEZ

### **Financial Statements report**

I have audited the attached financial statements of Fondo para Accion Ambiental y la Niñez, comprising the statement of financial position as of December 31, 2016 and the corresponding statements of comprehensive income, changes in equity and cash flows, for the year ending on that date, as well as a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and presentation of the accompanying financial statements in accordance with the accounting and financial reporting standards accepted in Colombia and instructions of the Mayor's Office of Bogotá, see Note 2 to the accompanying financial statements. This responsibility includes designing, implementing and maintaining internal control that enables the preparation and fair presentation of financial statements free from material misstatement due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### **Statutory auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audit in accordance with the international auditing standards accepted in Colombia. These standards require the Statutory Auditor to comply with the principles of professional ethics and to plan and perform the audit in such a way as to obtain reasonable assurance about whether the financial statements are free from material misstatement due to fraud or error.

The audit procedures selected depend on the professional judgment of the Statutory Auditor and include the risk assessment of errors in the financial statements. In assessing the risks, I have considered the internal control relevant to the entity's preparation and fair presentation, obtaining reasonable assurance about whether the financial statements are prepared and presented free from material misstatement due to fraud or error, and designing audit procedures that are appropriate to the circumstances. An audit also includes examining, by means of selective tests, the evidence supporting the amounts and disclosures in the financial statements, as well as the evaluation of the appropriate and applied accounting policies, the reasonableness of accounting estimates made by Management, and the overall financial statement presentation.

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I believe that the audit evidence I obtained provides a sufficient and appropriate basis for my audit opinion.

### **Opinion**

In my opinion, the aforementioned financial statements, faithfully taken from the accounting records and accompanying this report, present fairly, in all material respects, the financial position of Fondo Acción, as of December 31, 2016, the results of its operations and cash flows for the year ending on that date, in accordance with the accounting and financial reporting standards accepted in Colombia and instructions from the Mayor's Office of Bogotá.

### **Emphasis paragraph**

It is noteworthy that the financial statements as of December 31, 2016, are the first that Fondo Acción management, prepared applying the accounting and financial reporting standards accepted in Colombia, from January 1, 2015 for those who prepare the financial information that make up Group 2 in accordance with Decrees 2420 and 2496 of 2015.

On Note 4 to the financial statements, the impact of the conversion to the new technical regulatory framework on the financial situation of Fondo Acción as of December 31, 2015, is explained, including opening balances as of January 1 of the same year, the results of its operations, for the year then ended on that date.

The financial statements for the fiscal year that ended December 31, 2015, prepared in accordance with the accounting principles generally accepted in Colombia in force for that period, including opening balances as of January 1st, 2015, were adjusted to comply with the new accounting and financial reporting standards accepted in Colombia.

### **Other issues**

The financial statements for the fiscal year that ended December 31, 2015, prepared in accordance with the accounting principles generally accepted in Colombia in force for that period, were audited by me under auditing standards generally accepted in Colombia, on which I expressed an unqualified opinion.

### **Report on Other Legal and Regulatory Requirements**

Based on my audits and in compliance with the legal regulations in force in Colombia regarding the role of the Statutory Auditor and his opinion, I report the following:

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- > The accounting of Fondo Acción is carried out in accordance with the legal standards and the accounting technique
- > The transactions registered in the accounting records are in accordance with the statutes and the decisions of the Governing Board.
- > The Directors' actions are in compliance with the statutes and the decisions of the Governing Board.
- > Correspondence, account vouchers and the Governing board's minutes books are duly kept and maintained.
- > Internal control measures of the conservation and safekeeping of the Fondo Acción assets and those of third parties in its possession, are in place and adequate.
- > I informed the Directors of my recommendations and instructions to improve the internal control system; I followed up and noted that Management assessed and implemented the ones it considered suitable.
- > The information contained in the self-assessment statements on contributions to the comprehensive social security system, and in particular that relating to members, and that corresponding to their contribution base income, is correct. Fondo Acción is not in default with its contributions to the comprehensive social security system.
- > I am not aware of any restrictions imposed by management on the free circulation of invoices issued by vendors or suppliers.
- > There is consistency between the accompanying financial statements and the Directors' management report.

**LUZ VILMA GUEVARA CRUZ**

Statutory Auditor

Professional Card No. 22641 — **T**

Appointed by Amézquita & Cía. S.A.

Bogota D.C., April 24, 2017

**FONDO PARA LA ACCION AMBIENTAL Y LA NIÑEZ**  
**STATEMENT OF FINANCIAL POSITION**  
 FROM JANUARY 1 TO DECEMBER 31, 2016  
 (Figures expressed in thousands of Colombian pesos)

					<b>LIABILITY AND EQUITY</b>				
					<b>Grade</b>	<b>206</b>	<b>2015</b>	<b>JANUARY 1,2015</b>	
<b>ASSET</b>	<b>Grade</b>	<b>2016</b>	<b>2015</b>	<b>JANUARY 1,2015</b>					
<b>CURRENT ASSET</b>					<b>CURRENT LIABILITY</b>				
					ACCOUNTS PAYABLE	3.8-3.9	\$ 120,212	\$ 74,755	\$ 47,050
CASH AND CASH EQUIVALENTS	3.1	\$ 13,129,990	\$ 13,518,770	\$ 14,761,682	EMPLOYEE BENEFITS	3.10	\$ 323,177	\$ 240,960	\$ 181,571
TRADE ACCOUNTS PAYABLE	3.3	\$ 96,170	\$ 8,057	\$ 5,368	OTHER FINANCIAL LIABILITIES	3.11	\$ 12,797,637	\$ 12,904,567	\$ 14,012,286
					<b>TOTAL CURRENT LIABILITIES</b>		<b>\$ 13,241,026</b>	<b>\$ 13,220,282</b>	<b>\$ 14,240,907</b>
<b>TOTAL CURRENT ASSET</b>		<b>\$ 13,226,160</b>	<b>\$ 13,526,827</b>	<b>\$ 14,767,050</b>	<b>NON-CURRENT LIABILITIES</b>				
					OTHER LIABILITIES AND ADVANCES RECEIVED	3.12	\$ 128,148,470	\$ 131,754,101	\$ 105,948,562
<b>NON-CURRENT ASSETS</b>					LPEMLOYEE BENEFITS	3.111	\$ 66,595	\$ 68,108	\$ 29,417
FINANCIAL ASSETS	3.2	\$ 128,187,685	\$ 131,492,510	\$ 105,448,851	<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>\$ 128,215,065</b>	<b>\$ 131,822,209</b>	<b>\$ 105,977,979</b>
PROPERTY, PLANT, AND EQUIPMENT	3.4	\$ 1,379,513	\$ 1,409,847	\$ 1,425,745	<b>TOTAL LIABILITIES</b>		<b>\$ 141,456,091</b>	<b>\$ 145,042,491</b>	<b>\$ 120,218,886</b>
INVESTMENT PROPERTIES	3.6	\$ 198,878	\$ 173,010	\$ 173,010	<b>EQUITY</b>				
					SHARE CAPITAL	3.13	\$ 1,000	\$ 1,000	\$ 1,000
INTANGIBLE ASSETS	3.5	\$ 7,411	\$ 9,119	-	CAPITAL SURPLUS	3.13	\$ 13,500	\$ 13,500	
OTHER NON-FINANCIAL ASSETS	3.7	\$ 1,140	-	\$ 4,427	PREVIOUS YEARS RESULTS	3.13	-\$ 49,684	\$ 4,810	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>\$ 129,774,627</b>	<b>\$ 133,084,486</b>	<b>\$ 107,052,033</b>	FISCAL YEAR RESULTS	3.13	-\$ 24,622	-\$ 44,875	\$ 4,810
<b>TOTAL ASSETS</b>		<b>\$ 143,000,787</b>	<b>\$ 146,611,313</b>	<b>\$ 121,819,083</b>	RETAINED EARNINGS FOR CONVERGENCE	3.13	1,604,502	\$ 1,604,007	\$ 1,604,007
					<b>TOTAL EQUITY</b>		<b>\$ 1,544,696</b>	<b>\$ 1,568,822</b>	<b>\$ 1,600,197</b>
					<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 143,000,787</b>	<b>\$ 146,611,313</b>	<b>\$ 121,819,083</b>

**FONDO PARA LA ACCION AMBIENTAL Y LA NIÑEZ**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JANUARY 1 TO DECEMBER, 31 2016**  
(Figures expressed in thousands of Colombian pesos)

	<b>Nota</b>	<b>2016</b>	<b>2015</b>
<b>NON-OPERATING INCOME</b>			
INCOME FOR ADMINISTRATIVE EXPENSES	<b>3.14</b>	\$ 2,445,980	2,363,308
INVESTMENT PROPERTIES REVALUATION		25,868	
<b>(-) NON-OPERATING EXPENSES</b>			
ADMINISTRATIVE	<b>3.15</b>	2,487,048	2,401,186
<b>TOTAL OPERATING EXPENSES</b>			
<b>NON-OPERATING INCOME</b>		<b>(15,200)</b>	<b>(37,878)</b>
<b>(+) FINANCIAL INCOME</b>			
<b>(-) FINANCIAL EXPENSES</b>	<b>3.16</b>	9,422	6,997
<b>PRE-TEX GAIN</b>		<b>(24,622)</b>	<b>(44,875)</b>
<b>TAX INCOME AND RELATED TAXES</b>			
<b>(.) INCOME TAX EXPENSES</b>			
<b>FINANCIAL YEAR NET INCOME</b>		<b>(24,622)</b>	<b>(44,875)</b>

See the disclosure notes that accompany the financial statements



JOSE LUIS GOMEZ

Executive director



MARIA ANGELA MORENO RUIZ

Accountant  
PC: 84926 - T



LUZ YILMA GUEVARA CRUZ

Statutory Auditor  
PC: 22.641 – T  
Appointed by Amézquita&CIA SA  
(See Attached report)

**FONDO PARA LA ACCION AMBIENTAL Y LA NIÑEZ**  
**STATEMENT OF CHANGES IN EQUITY**  
**FROM JANUARY 1 TO DECEMBER 31, 2016**  
(Figures expressed in thousands of Colombian pesos)

	Allocated Capital	Capital Surplus	Equity revaluation	Accumulated income	Net income for the year	Convergence Income	Total Patrimonio
<b>BALANCE AS OF DECEMBER 31, 2014</b>	1.000	82.458	442	-688	-4.123	0	79.090
Capital surplus	0	-68.958	0	0	0	0	-68.958
Equity revaluation	0	0	-442	0	0	0	-442
Previous fiscal year income	0	0	0	688	-687	0	1
Year net income or (loss)					-44.874		
Retained earnings for convergence					0	1.604.007	1.604.007
<b>BALANCE AS OF DECEMBER 31, 2015</b>	1.000	13.500	0	0	-49.684	1.604.007	1.568.823
Previous years income	0	0	0	-49.684	0	0	
Transition period expense recovery						495	495
Year net income or (loss)	0	0	0	0	-24.622		-24.622
<b>BALANCE AS OF DECEMBER 31, 2016</b>	<b>1.000</b>	<b>13.500</b>	<b>0</b>	<b>-49.684</b>	<b>-24.622</b>	<b>1.604.502</b>	<b>1.544.696</b>

  
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Executive director

  
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**FONDO PARA LA ACCION AMBIENTAL Y LA NIÑEZ**

**CASH FLOW**

FROM JANUARY 1 TO DECEMBER 31, 2016

(Figures expressed in thousands of Colombian pesos)

	2016		2015
<b>Cash flows from operating activities</b>			
Fiscal year income	(24,127)		(44,875)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Property, plant, and equipment depreciation	48,781		45,114
Amortizations	1,709		624
	<b>26,363</b>		<b>863</b>
<b>Changes in assets and liabilities</b>			
Commercial debtors and other accounts receivable	(88,113)	-\$	2,689
Commercial creditors and other accounts payable	45,457	6	27,705
Employee benefits	82,217	\$	59,389
Non-financial assets expenses paid in advance	(27,008)	\$	4,427
Financial assets	3,304,825		(26,043,659)
Other liabilities	(3,714,074)	\$	24,736,513
<b>Cash generated from operating activities</b>	<b>(370,333)</b>	-\$	<b>1,217,451</b>
<b>Cash Flow from investment activities</b>			
Acquisition of property, plant, and equipment	(18,447)		(15,717)
Acquisition of intangible assets			(9,744)
	<b>(18,447)</b>		<b>(25,461)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash used by financing activities</b>			
<b>Net increase / (decrease) of cash and cash equivalents</b>	<b>(388,780)</b>		<b>(1,242,912)</b>
Cash and cash equivalents as of January 1	13,518,770		14,761,682
<b>Cash and cash equivalents as of December 31</b>	<b>13,129,990</b>		<b>13,518,770</b>

  
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**FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ**  
**DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS**  
**FROM JANUARY 1 TO DECEMBER 31, 2016**  
**(Expressed in thousands of Colombian pesos)**

**1. General information**

**FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** is a non-profit foundation established on June 23, 2000, by Public Deed No. 2538 of the First Notary of Bogotá; on April 5, 2013, a statutory reform was carried out which was registered by Public Deed No. 1185.

The domicile of its headquarters and main business center is Bogotá.

Its main purpose is the administration, oversight and management of the Enterprise for the Americas Initiative account resources, as contemplated in the Agreement between the Government of the Republic of Colombia and the Government of the United States of America, additionally it can be part of Agreements or Contracts to manage funds contributed by third parties and create accounts for specific objectives.

Accordingly, Fondo para la Acción Ambiental y la Niñez will promote activities aimed at preserving, protecting or managing the natural and biological resources of the Republic of Colombia, in a sustainable and ecologically viable manner and at the same time will promote survival and development of children within a conception of sustainable development of the Republic of Colombia.

The validity of **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** is undefined.

**2. Summary of main accounting policies**

The main accounting policies applied in the preparation of the financial statements are detailed below.



## **2.1 Basis of preparation**

The Financial Statements of **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** have been prepared following the International Financial Reporting Standards for small and medium-sized entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

### **Transition to International Financial Reporting Standards (IFRS)**

The financial statements as of December 31, 2016, are the first annual financial statements prepared under the International Financial Reporting Standards for small and medium enterprises (IFRS for SMEs) issued by the International Accounting Standards Board (IASB). These financial statements have been prepared according to the policies described below. FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ, applied the SECTION 35 called transition to the IFRS for SMEs in recognition of the transition of their financial statements under local regulations to IFRS preparing their opening balance sheet as of January 1, 2016, and those corresponding to the transition period as of December 31, 2015.

Fondo para la Acción Ambiental y la Niñez belongs to group 2 for which the new accounting information framework applies Decree 2420 of December 14, 2015, of the Ministry of Commerce, Industry and Tourism, partially modified by Decree 2496 of 23 December of the same year.

#### **a) Policies and standards applied in the transition**

The Entity applied the following optional exceptions contained in SECTION 34 of the IFRS for SMEs for its transition process:

In property, plant, and equipment, an assessment was performed on the computer equipment, furniture and fixtures, other equipmen, constructions and buildings at fair value in the opening balance.

In investment properties, the measurement was made for the opening balance at fair value.

As for the other items in the opening balance sheet, the accounting policies defined by the entity were followed.

**FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** presents its general information financial statements as of December 31 of each year in accordance with the financial statement presentation policy. The financial information presented corresponds to the financial statements for periods from January 1 to December 31, 2016.

## 2.2 Materiality

The presentation of the economic facts is made according to their materiality. For disclosure purposes, a transaction, event or operation is material when, due to its financial value or nature, its knowledge or ignorance, considering the circumstances surrounding it, affects the decisions that may be made or the evaluations that users can make of accounting information.

In the preparation and presentation of the financial statements, the materiality is determined on the total asset in relation to the current and non-current assets; to total liabilities with concerning current and non-current liabilities, equity or income for the year, as applicable.

In general terms, any item that exceeds the unit of measure shown in the following table is considered as material:

<b>CATEGORY</b>	<b>UNIT OF MEASURE</b>
Cash and cash equivalents	2 SMMLV*
Trade Accounts Receivable and Other Receivables	0
Property, Plant, and Equipment	5 SMMLV
Investment Properties	2 SMMLV
Non-financial assets	2 SMMLV
Intangible Assets	1 SMMLV
Financial liabilities	1 SMMLV
Non-financial liabilities	0
Tax Liabilities	0
Liabilities for employee benefits	0
Income	1SMMLV
Expenses	1SMMLV

\*SMMLV: Current legal minimum wage

## **2.3 Functional Currency**

### **a) Functional and presentation currency**

The items included in the financial statements are expressed in the currency of the primary economic environment where the entity operates. The financial statements are presented in 'Colombian Pesos', which is the functional and presentation currency of FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ.

### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency, their results and financial situation will be converted to a different presentation currency using the following procedures:

- a. The assets and liabilities of each statement of financial position presented (ie, including the comparative figures), will be converted at the closing exchange rate on the date of that statement of financial position;
- b. The income and expenses for each statement of total comprehensive income and expenses (i.e, including comparative figures), will be converted at the exchange rates on the date of the transaction.

In the period results, the differences in exchange that arise when liquidating monetary items or when converting monetary items at rates different from those used for conversion into initial recognition are acknowledged.

Those from a non-monetary item are recognized in other comprehensive income.

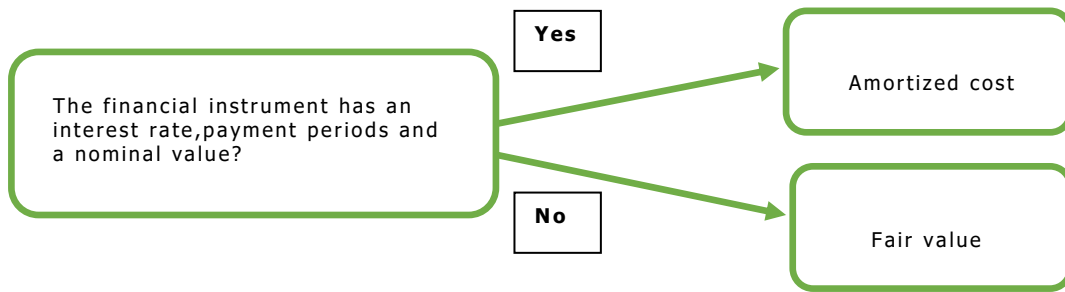
## **2.4 Financial instruments - Cash and cash equivalents**

Cash and cash equivalents include available and restricted cash.

## **2.5 Financial Instruments - Financial assets**

### **Other receivables**

They will be measured at fair value at the initial recognition and the end of each reporting period, and will be assessed according to the following flow chart:



Changes in financial assets at fair value are recognized in income.

### 2.5.2 Impairment of financial assets

Before performing any impairment measure, at the end of each accounting period, it will be assessed whether there is objective evidence of impairment of the value of financial assets that are measured at cost or amortized cost.

When there is objective evidence of impairment, an impairment loss will be recognized immediately in results.

### 2.6 Property, Plant, and Equipment

All assets whose value exceeds 25TVU will be recognized as property, plant and equipment assets, those with a lower value will be recognized as an expense for the period in which they are gained.

The properties, plant, and equipment gained for agreements implementation, will be recognized as property, plant and equipment assets at fair value at the time of measurement, which will be made at the termination of the agreement whenever there is an intention to donate or articles of dissolution.

The items of property, plant, and equipment are measured at cost less accumulated depreciation and any impairment loss of the accumulated value.

The depreciation method used will be straight line.

The residual value for office equipment, furniture and fixtures, and computer equipment will be zero, for constructions and buildings the residual value will be 30% of the acquisition cost.

Assets useful life will be as follows according to their class:

<b>ASSET</b>	<b>USEFUL LIFE (YEARS)</b>
Constructions and buildings	30
Office Equipment	10
Computer and communications equipment	5
Furniture and fixtures	10

## **2.7 Investment properties**

Investment properties whose fair value is measured reliably without cost or disproportionate effort will be measured at fair value on each reporting period, i.e on December 31 of each year, recognizing the change in the fair value in the Income Statement.

## **2.8 Impairment of Non-Financial Assets**

On each reporting date, **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** will review the properties, plants, and equipment, intangible assets to determine if there are indications that these assets have suffered a loss because of value impairment.

The recoverable value will be determined as the fair value of the asset, less selling costs. In all cases the use-value will be zero, considering that its estimate implies incurring disproportionate costs and efforts.

## **2.9 Intangible assets**

Intangible assets are gained computer programs that are expressed at cost less accumulated amortization and accumulated impairment losses.

If **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** cannot determine a reliable estimate of the useful life of an intangible asset, the useful life will be assumed as ten (10) years, using the straight-line method.

<b>ASSET</b>	<b>USEFUL LIFE (YEARS)</b>
Software licenses	10

If there is any indication that there has been a significant change in the amortization rate or useful life of an intangible asset, the depreciation of such asset is revised prospectively to reflect the new expectations.

### 2.10 Government Grants

The agreements and projects of corporate purpose performed by **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** with national and international organizations are resources managed by the entity, therefore, they must be recognized as liabilities at the time of receiving the resources and reduce this liability following the disbursements made for the execution of these projects or agreements.

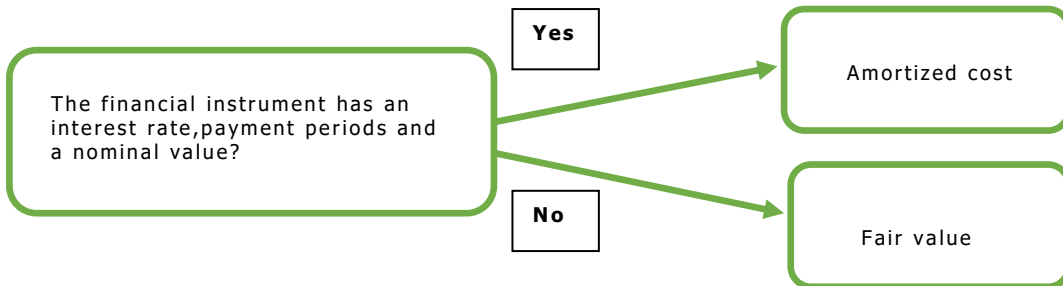
According to the 14th guidance of the Technical council of public accounting, the contributions received for the execution of agreements and projects are collected for third parties. They cannot be treated as income since they do not meet the definition in the regulatory technical frameworks of IFRS for SMEs. The collection of money with the obligation to deliver them to another party does not generate economic benefits, so they could be wrongly considered as items that generate increases in net assets and rather imply a refund obligation that conforms to the liability definition of technical regulatory frameworks.

**FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** must measure government grants at the fair value of the asset received or to be received. In many cases the entity will receive cash or a reimbursement of expenses, and therefore, there will be little difficulty in determining the fair value.

### 2.11 Trade accounts payable

Goods and services purchased from a supplier are recognized at the price of the invoice or equivalent document.

At the end of each accounting period FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ will measure their financial liabilities following the flowchart below:



Changes in financial liabilities at fair value are recognized in income.

## 2.12 Income Taxes

FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ is a non-profit entity exempt from income taxes, but must submit a statement of income and equity, in accordance with the provisions of article 598 of the Tax Statute.

## 2.13 Employee benefits

**FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** will classify employee benefits in four (4) categories as follows:

- a. Short-term Benefits.
- b. Termination benefits
- c. Long-term benefits
- d. Post-employment benefits

Post-employment benefits: since no employee of **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** is under the pension scheme before Law 50 of 1990, which establishes that old-age pensions will no longer be at employers' responsibility, to move to pension funds, the Post-employment benefits of **FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** will correspond only to defined contribution plans.

Other long-term benefits for employees include, for example: unpaid vacations longer than 12 months.

## 2.14 Revenue recognition

**FONDO PARA LA ACCIÓN AMBIENTAL Y LA NIÑEZ** will recognize income from ordinary activities at the consideration fair value received or to be received.

Donations in money may be recognized as income if they do not have conditions; otherwise they must register as a liability.

### 3. Notes and disclosures

#### 3.1 Cash and cash equivalents

The detail in carrying value of cash and cash equivalents is as follows:

Description	2016	2015	January 1 <sup>st</sup> , 2015
Petty cash	\$ 500	\$ 500	\$ 0
Banks	\$ 2.447.193 (1)	\$1.467.086	\$651.200
Cash equivalents	\$ 10.682.297 (2)	\$12.051.184	\$14.110.482
<b>Total</b>	<b>\$13.129.990</b>	<b>\$13.518.770</b>	<b>\$14.761.682</b>

(1) The banks comprise the current and savings accounts opened in Bancolombia and a current account opened in Bancolombia abroad (Puerto Rico)

(2) Fondo Acción has investment trusts in the following trustees - Servitrust, GNB and Fiducolombia.

This current, savings and fiduciary accounts have que resources delivered for agreements that Fondo Accion develops in its social object.

#### 3.2 Financial assets

Financial assets comprise an investment account managed by the financial entity **JP Morgan**, which is headquartered in the United States, these resources correspond to Fondo para la Acción Ambiental y la Niñez equity.

#### 3.3 Trade accounts receivable

These accounts correspond to travel legalization



### 3.4 Property, plant, and equipment

The following is a detail of the properties, plant, and equipment movement during the period.

In thousands of pesos

	Constructions and buildings	Office equipment	Computer equipment	Total
<b>Cost</b>				
Balance as of 1 January 2016	1,385,335	16,529	53,097	1,454,961
Additions			26,225	18,447
<b>Balance as of December 31, 2016</b>	<b>1,385,335</b>	<b>16,529</b>	<b>71,544</b>	<b>1,473,408</b>
<b>Depreciation</b>				
Balance as of January 1,2016	32,324	3,306	9,483	45,113
Year depreciation expense	32,324	3,306	13,151	48,781
<b>Balance as of 31 December, 2016</b>	<b>64,648</b>	<b>6,612</b>	<b>22,634</b>	<b>93,894</b>
<b>Carrying value as of December 31, 2016</b>	<b>1,320,687</b>	<b>9,917</b>	<b>48,910</b>	<b>1,379,514</b>
<b>Cost</b>				
Balance as of 1 January 2015	1,385,335	16,529	23,880	1,425,744
Additions			29,217	29,217
<b>Balance as of December 31, 2015</b>	<b>1,385,335</b>	<b>16,529</b>	<b>53,097</b>	<b>1,454,961</b>
<b>Depreciation</b>				
Balance as of January 1,2015	-	-	-	-
Year depreciation expense	32,324	3,306	9,483	45,113
<b>Balance as of 31 December, 2015</b>	<b>32,324</b>	<b>3,306</b>	<b>9,483</b>	<b>45,113</b>
<b>Carrying value at December 31, 2015</b>	<b>1,353,011</b>	<b>13,223</b>	<b>43,614</b>	<b>1,409,848</b>

No impairment losses were recognized in property, plant and equipment in the periods presented because there were no indications of impairment that involved calculating the recoverable amount and its comparison with the carrying value.

It is made up of the offices owned by Fondo Acción located in Bogotá in Cra 7 No. 32-33 floor 27, deeds number 837 of the Notary 8, 2130 Notary 32, and 7158 Notary 71 of the circle of Bogotá, furniture and fixtures, and data processing equipment.

These are depreciated in straight line and according to the table described in the assets policy for their useful life.

Property, plant and equipment are in buildings item which is made up of the 27<sup>th</sup> floor offices.

### 3.5 Intangible

Formed by the software license of the 'Apoteosys' accounting program, which was acquired in perpetuity, is amortized over a 10 year useful life.

### 3.6 Investment properties

Consists of an apartment located in Cali whose address is Carrera 50 No. 8F-50, apartment 1503 and parkings 20,21, received as a donation by public deed No. 07075 of the Notary First of the Circle of Bogotá.

### 3.7 Non-financial asset

This value is made up of payments from the GEF Sustainable Livestock Agreement GEF to livestock farmers for PES.

### 3.8 Accounts Payable

Accounts payable are made up of:

Description	2016	2015	January 1 <sup>st</sup> , 2015
Commissions	\$ 2.758	\$ 6.462	\$2.464
Others	\$ 60.300	\$ 33.051	\$23.282
<b>Total</b>	<b>\$ 63.058</b>	<b>\$39.513</b>	<b>\$25.746</b>

### 3.9 Current Taxes payable

The balance of current taxes as of December 31 includes:

Description	2016	2015	January 1st, 2015
Withholding tax payable	\$ 57.154	\$ 35.242	\$21.304
<b>Sub total</b>	<b>\$ 57.154</b>	<b>\$ 35.242</b>	<b>\$21.304</b>
<b>Total (3.8-3.9)</b>	<b>\$ 120.212</b>	<b>\$ 74.755</b>	<b>\$47.050</b>

This liability corresponds to the withholdings made for salaries, fees, commissions, services, leases and purchases in the month of December, 2016.

### 3.10 Employee Benefits

Description	2016	2015	January 1st, 2015
Social Security Payables and Promissory notes	\$ 93.877	\$82.005	\$65.367
Short-term labor obligations (1)	\$ 229.300	\$158.955	\$116.204
<b>Short-term subtotal</b>	<b>\$ 323.177</b>	<b>\$240.960</b>	<b>\$181.571</b>
Long-term labor obligations (2)	\$ 66.595	\$ 68.108	\$29.417
<b>Long-term subtotal</b>	<b>\$ 66.595</b>	<b>\$ 68.108</b>	<b>\$29.417</b>
<b>Totals</b>	<b>\$ 389.782</b>	<b>\$ 309.068</b>	<b>\$210.988</b>

(1) The labor obligation to December 31 includes:

Description	2016	2015	January 1st, 2015
Training	\$ 0	\$ 2.135	\$ 0
Termination indemnities payments	\$ 162.876	\$111.386	\$74.269
Interest on termination indemnities payments	\$ 18.329	\$ 12.455	\$7.966
Premium	\$ 0	\$0	\$ 0

Leave Payable	\$ 48.095	\$ 32.979	\$33.969
<b>Totals</b>	<b>\$ 229.300</b>	<b>\$ 158.955</b>	<b>\$116.204</b>

(2) The long-term labor obligation to December 31 includes:

Description	2016	2015	January 1st, 2015
Vacation Payable	\$66.595	\$68.108	\$29.417
<b>Totals</b>	<b>\$66.595</b>	<b>\$68.108</b>	<b>\$29,417</b>

### 3.11 Other Financial Liabilities

The balance of other financial liabilities to December 31 includes:

Description	2016	2015	January 1st, 2015
Revenues received for third parties	\$ 3.885.622 (1)	\$ 3.491.706 (1)	\$3.261.237
Short-Term Committed Money	\$ -2.695(3)	\$ 0	\$ 0
Long-Term Committed Money	\$ 8.914.710 (2)	\$ 9.412.861 (2)	\$10.751.049
<b>Totals</b>	<b>\$ 12.797.637</b>	<b>\$ 12.904.567</b>	<b>\$14.012.286</b>

#### (1) Revenues received for third parties:

It corresponds to the yields generated by the savings accounts and trusts of the resources delivered for the execution of agreements.

Description	2016	2015	January 1st, 2015
Revenues received for third parties	\$ 3.885.622	\$ 3.491.706	\$3.261.237
<b>Subtotal 3.11(1)</b>	<b>\$ 3.885.622</b>	<b>\$ 3.491.706</b>	<b>\$3.261.237</b>

## (2) Long-Term Committed Money:

It corresponds to the resources committed from Agreements and Programs in the execution of:

a) Americas Initiative: the following Agreements and Programs are held

Agreements Initiative	Description	Agreement Cop \$	2016 Balance	2015 Balance	January 1st, 2015
CI Alliance	Strategic alliance aimed at minimizing the biodiversity loss	4.211.337	38,387	38387	38.387
CI Alliance - Accompaniment	Resources for monitoring the components of the Alliance with CI		(8.569)	14.900	35.615
Ecogourmet	To support cases of excellence in which a sustainable and equitable model is applied in fishing and marketing practices that result in a better quality of life for the artisanal fishermen populations and the conservation of Colombia's natural resources.	749.924	172	114.700	475.160
Conservation Agreements	Define areas for conservation by giving incentives to the community	481.010	(108.013)	(93.020)	10.727
Threatened species	Stimulate research and conservation of species strategically linked to environmental action plans such as conservation programs.	199.123	2.057	2.057	442
Cleaner Production Center	Develop the Clean Development Mechanism (CDM) component to contribute to the reduction of greenhouse gases through the management of small and large-scale projects.	810.000	6.481	6.481	7.428
Glen Nimmicht Scholarship Fund	Support the development of knowledge and skills in individuals and organizations involved in early childhood projects	1.100.000,00	346.943	390.285	230.018
Apl's-TNC	Promote and operate the mechanism called "programa conserva Colombia", which provides financial incentives and technical and administrative assistance to organizations aimed at the decentralized creation of new public, local and regional protected areas in the country.	889.795	307.732	397.991	
Eco-business	Aimed at transforming companies at an industrial level in conjunction with community-based organizations or groups, that have business units based on the sustainable use of biodiversity and that act in an articulated manner with value chains.	1.506.584,00	748.619	750.228	840.249
GEF	Fondo Acción Subsidiary Agreement - Fedegan from component two aimed at increasing connectivity and reducing land degradation through the establishment of silvopastoral systems, differentiated schemes for Payments for Environmental Services (PES)	3.674.235,00	3.212.990	3.262.685	3.402.378

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Acapa	Technical improvement of coconut crop - ACAPA	80.000,00	25.708	26.552	
1,2,3 por PI Call	Achieve positive change in NGOs and grassroots organizations serving early childhood.	1.600.000,00	9.886	37.436	51.260
ICAA	Responding to the challenges associated with tropical forest deforestation agents in the Pacific and Caquetá	180.000,00	158.616	158.616	158.616
Communications and branding	Disclosure and visibility of Fondo Acción	400.000	62.253	155.171	223.657
Public Policy Stimulation	Expand the impact of the F.A activities through knowledge management, disclosure of apprenticeships and promotion of multidisciplinary dialogues, with emphasis on territorial and community apprenticeships.	330.000,00	220.246	323.550	
Information systems development	Improve the technical budget and contract information system	80,000,00	1.296	18.016	33.613
IFRS accounting	Adoption and implementation of international accounting standards	25.000,00	5.000	10.000	20.000
Nagoya	Development and production of natural dyes in the Choco region of Colombia, for the food, cosmetics and personal care industries, under the provisions of the Nagoya protocol.	150.000,00	40.091	55.265	111.531
Climate change program	Invest resources for the design of projects on climate change and childhood	338.922,00	(1.333)	62.478	8.230
Ecotourism NGO Capacities Development	Develop NGO - CBOs capacities in the Ecotourism area	350.000	55,454	155,454	140,399
Donation	Platform for small donations in order to collect resources to finance environmental and childhood projects	840.000	558.511	558.511	685.784
Environment and Childhood Donation		-	-	-	862
Harmas	Accompany people and organizations to harmonize knowledge, relationships, objectives, perspectives, ways of working, in short, to work generating greater impact and welfare.	510.000	260.230	260.375	304.349
High-impact investments	Short and medium term investments in childhood	1.220.000,00	47.940	301.794	
Macarthur III	Environmentally sustainable markets	142.493,00	8.659	118.613	130.621
Social media	Disclosure and stimulation of environmental pages through social media	-	-	-	59.956
Development of capabilities	Strengthen small NGOs and grassroots organizations	-	-	-	32.922
SUBTOTAL 3.11 (2a)			<b>5.999.359</b>	<b>7.127.525</b>	<b>7.002.204</b>

## b) TFCA Agreement

TFCA Agreements	Description	Agreement Cop \$	2016 Balance	2015 Balance	January 1st, 2015
TFCA Tuparro	Travel costs of projects for Biosfera Tuparro-WCS-Natura	605.050	-	21.249	113.515
TFCA visibility and communication	Visibility and communication of the TFCA agreement	82.440	(3.709)	46.840	45.372
Yariguies Robles Call	Co-financing of protection, restoration and sustainable use projects in forest areas of Yariguies and Robles	1.425.000	41.898	492.448	1.031.407
TFCA Expost Evaluation	Fees and Travel expenses associated with the 2005-2015 Expost	23.980	-	918	
TFCA 2011 Projects	Expenses to cover fees and travel for TFCA 2011 projects		-	-	207.733
SUBTOTAL 3.11 (2b)			38.189	561.455	1.398.027

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### c) Other Sources

Other Sources	Description	Agreement Cost	2016 Balance	2015 Balance	January 1st, 2015
MACARTHUR					
Macarthur PES III and Compensation	Environmentally sustainable markets	682.500	237.357	127.396	
BANCO MUNDIAL					
PES Sustainable Livestock -GEF	Subsidiary agreement Fondo Acción - Fedegan of component two aimed at increasing connectivity and reducing land degradation by establishing silvopastoral systems, through differentiated schemes for Payments for Environmental Services (PES)	6.193.846	57.642	135.173	174.142
ICF-PES Biodiversity	Subsidiary agreement for biodiversity and carbon PES components with source of resources ICF (International climate found)	2.123.850	66.702	40955	-
ICF-PES Carbon	Subsidiary agreement for carbon PES components with source of resource ICF (International climate found) will operate ex-post payments	2.829.849	5.940	20510	-
RPP Phase II	Implementation of the climate change proposal in Colombia	8.820.000	83.236	118.822	
INTERNATIONAL CONSERVATION					
CI Conservation Agreements	Strategic alliance aimed at minimizing biodiversity loss	67.500.000	10.727	10.727	
CI-Harmos	administrative, financial and leadership aspects	111.650	-	0	0
ANGLO COLD					
Anglo II	Best practices in mining and the environment	1.700.230	849.599	850.220	1.137.824
Anglo III	Designing a compensation strategy for the Gramelote project.	1.080.000		81121	261.750
USAID					
Connected Landscapes	Respond to the challenges associated with tropical forest deforestation drivers in the Pacific and Caquetá	8.128.850	(75.084)	39.806	
Humos Biored					170.680
AID conservation	To provide resources to projects that develop technical and legal studies to support the processes of declaration of up to 7 local protected areas of the country's ecosystems.		-		20.046
ICAA					(43.442)
CERREJON					
Corrección monitoring and conservation	Manage and consolidate the process of declaring two protected areas in the department of Guajira, using an ecosystem approach that allows the integration of cultural, biophysical and socioeconomic dimensions that characterize the area.	316.185		-18033	-23359
Conserva Colombia	manage and consolidate the process of declaring two protected areas in the department of la Guajira using an ecosystem approach.		-	-	452.145
REDLAC					
Redlac Secretary	Activities of the Secretariat of the Environmentalists Network	20.227	20.227		-
FUNBIO					
K Project	Projects that seek to increase the exchange of knowledge between Redlac's environmental funds and coffee	59.285	24.357	-	
Project K Mentoring	Knowledge exchange with a Malawian NGO to share the knowledge of Fondo Acción on PES and receive from them knowledge on impact investments	87.000	-	-	-
Website systematization	Development of the website for the disclosure and promotion of environmental funds for Latin America	-	-		13.595
DOLL					
Pact	Minimize child labor in mining	2.011.390	252.604	25704	30604

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PNUD					
Rpp phase II	Strengthening national capacities for REDD+ in Colombia	368.265	13.964	75.742	-
Nagoya	of Colombia, for the food, cosmetics industry and	1.813.000	-	52.128	23.490
Climate Finances	To support the Colombian government in strengthening national capacities to plan, access, manage, use and monitor national and international climate finance and especially funding through the Green Climate Fund.	265.458	27.529	56910	-
UA CT	Technical improvement of coconut cultivation - ACAPA				
Coconut Crop Improvement				-33033	
FRENCH DEVELOPMENT AGENCY					
Climate Change	Combine efforts to carry out certain activities aimed at the integration of strategies for adaptation to climate change.	747.300	239.975	102.315	-
Climate Finances	Technical and financial support for the climate finance event - Colombia 2015	111.500		35.000	-
Green Growth	Support to the Green Growth mission in Colombia in three components 1- support to the technical secretariat 2- technical consultancies 3- communications	-	958.020	-	-
ICBF					
ICBF	To combine efforts and resources, both technical and financial, in order to identify contributions and lessons learned from significant experiences, and to generate mass support materials that facilitate and promote enriched teaching practices, within the framework of strengthening the early childhood care processes of the entities that manage the ICBF early education services.	-	-		142.836
Fiducoldex					
Giant's route	Awareness campaign for responsible tourism	..	-	9	(12.058)
Terraglobal capital					
Terraglobal	Resource value chain studies for sustainable livestock production		-	-	2.565
SUBTOTAL 3.11(2c)			2.772.195	1.721.466	2.355.818

The negative balances registered at the cut-off date are presented basically by cash flow, these balances are covered by the corresponding sources in the subsequent months with the disbursements or reimbursements foreseen in the signed Agreements.

Fondo Acción does not receive all the resources once the agreement is signed, these are received as it is implemented and reports are delivered to the donor.

- d) RP Corresponds to the balances generated and not executed in the accounts that are opened for the management of the Agreements and Programs resources managed or executed by Fondo Acción. These resources are invested in the object of the program itself or that of Fondo Acción and/or operational expenses of these.

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<b>Own Resources</b>		<b>2016 Balance</b>	<b>2015 Balance</b>	<b>January 1st, 2015</b>
RP		-	23.609	
Epic Indirect Costs		104.967	(21.194)	-
<b>SUBTOTAL 3.11 (2d)</b>		<b>104.967</b>	<b>2.415</b>	<b>-</b>

<b>TOTAL 3.11 (2(,a,b,c,d))</b>	<b>8.914.710</b>	<b>9.412.861</b>	<b>10.751.049</b>
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Epic indirect costs correspond to the operational and management costs of Fondo Acción generated by the execution of the USAID-funded Connected Landscapes Project.

- (3) The resources committed in the short term corresponded to the balance of the 5th version of the contest "best territorial development plans 2016.2019", a higher value of the resources delivered by Findeter was executed, once the settlement act of the agreement is made this balance will be reclassified since this balance was assumed by Fondo Acción.

<b>Description</b>	<b>2016</b>	<b>2015</b>	<b>January 1st, 2015</b>
Short-Term Committed Money	\$ -2.695(4)	\$ 0	
<b>Subtotal 3.11(4)</b>	<b>\$ -2.695(4)</b>	<b>\$ 0</b>	
<b>TOTAL 3.11 ,(3a,b,c,d),4)</b>	<b>12,797,637</b>		<b>12,904,567</b>

### 3.12 OTHER LIABILITIES AND PREPAYMENTS RECEIVED

Including the TFCA and the Americas Initiative equity, this serves as a long-term funding instrument for the advancement of programs and projects aimed at the conservation and sustainable use of biodiversity, as well as the comprehensive development of childhood in Colombia.

<b>Description</b>	<b>2016</b>	<b>2015</b>	<b>January 1st, 2015</b>
Equity initiative	\$128,148.470	\$131.754.101	\$105.948.562
<b>Sub Total 3.12 (1)</b>	<b>\$128.148.470</b>	<b>\$131.754.101</b>	<b>\$105.948.562</b>

### 3.13 Equity

Equity to December 31 is classified in:

Description	2016	2015	January 1, 2015
Contributions -- Fondo Acción	\$ 1.000	\$ 1.000	\$ 1.000
Capital surplus	\$ 13.500	\$ 13,500	\$ 0
Prior Fiscal Year Loss	\$( 49.684)	\$ ( 4.810)	\$ 0
Fiscal Year Loss	\$( 24.622)	\$ ( 44.875)	\$ (4.810)
Retained earnings (losses) with IFRS convergence	\$1.604.502	\$ 1.604.007	\$1.604.007
<b>Total equity</b>	<b>\$1,544.696</b>	<b>\$ 1.568.822</b>	<b>\$1.600.197</b>

Fondo Acción was created with a capital of 1,000,000 pesos which comes from the Americas initiative resources.

The capital surplus is represented by a server and screen donated in May 2015 by the Biored program whose resources were from USAID.

### 3.14 Revenues for Administrative Expenses

The revenues for administrative expenses as of December 31 is as follows:

Description	2016	2015
Revenues for Administrative Expenses	\$ 2.445.980	\$ 2.363.308
Valuation of investment property	\$ 25.868	\$ 0
<b>Totals</b>	<b>\$ 2.471.848</b>	<b>\$ 2.363,308</b>

The revenues of Fondo Acción reflected as revenues from administrative expenses come from the resources of the account of the Americas and of the Forest Conservation Agreement, allocated through Executive Management budgets approved by the Council of the Americas and the TFCA oversight committee, to cover the expenses incurred for the operation of the social purpose.

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### 3.16 Financial Expenses

Non-operating expenses as of December 31 included:

Description	2016	2015
Financial	\$ 9,090 (1)	\$ 6.948
Other Expenses	\$ 28	\$ 48
Miscellaneous expenses	\$ 304	\$ 1
<b>Totals</b>	<b>\$ 9.422</b>	<b>\$ 6.997</b>

(1) Correspond to bank charges for payments made through the virtual page of the Bancolombia bank account 039-073360-78 where the Americas Initiative resources are located.

### 4. Transition

#### Relevant Issues on the Financial Statements as of December 31, 2016

As indicated in Note 2, these are the entity's first Annual Financial Statements prepared in accordance with the NCIF. In accordance with section 35 Transition of International Financial Reporting Standards for SMEs, the main adjustments made, as well as the related reconciliations in the transition process, are presented:

- a- Between the equity (consolidated) under previous GAAP as of January 1st, 2015 (transition date) and as of December 31, 2015, the last period presented under previous GAAP.
- b- Between the (consolidated) income for the year that ended December 31, 2015 under previous GAAP and the (consolidated) income statement under NCIF.

In preparing these reconciliations, FONDO PARA LA ACCION AMBIENTAL Y LA NIÑEZ has considered the currently approved standards and applicable to it, as well as the exemptions provided for in the regulations in force, which include Decree 2420 of December 2015, as amended by Decree 2496 of December 2015.

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**PROFIT RECONCILIATION as of December 31, 2015**

<b>PROFIT RECONCILIATION</b>	<b>-4143</b>
Higher expenses under IFRS originated in:	
Legal expenses	-140
Travel Expenses	-1.008
Depreciations	-40.971
Amortizations	-625
Miscellaneous	2.011
<b>Current IFRS income as of December 31, 2015</b>	<b>-44.876</b>

**Impacts on the cash flow statement**

The impacts on the cash flow statement as of December 31, 2016 are as follows:

- Increase in accounts receivable due to the level of execution in resources made at the end of the year.
- Decrease in liabilities