

## Financial Narrative

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### General

The detailed financial report for the 3 months to September 30, 2016, follows. In summary:

- Total expenses are 11% of the Spending Plan.
  - Operational expenses are 22%;
  - Preparation grant for the Mediterranean biodiversity hotspot related to the long-term visions has been signed;
  - Special Projects are 37%, with most spending related to the CEPF 15<sup>th</sup> year anniversary event costs associated with the World Parks Congress 2016;
  - Grant making achieved 7%, with the level of commitments expected to pick up significantly during later quarters due to the hotspot schedule of proposals.
- The balance available for investment based on secured funds is negative by \$14,305,138. However, this is the result of approvals made based on pledged funds which stand at \$39,813,000. Therefore, considering both secured and pledged funds, the balance available for investment is positive at \$19,535,912.
- CEPF is still in a strong cash positive situation with cash and investments on hand of approximately \$35,721,815.

### Revenue

CEPF has received contributions during the fiscal year from:

- The MAVA Foundation of \$100,000 in support of the re-profiling of the Mediterranean hotspot.

During the current fiscal year, the effect of the exchange rates on the unpaid balance of the contribution from the European Union is a gain of \$45,292. However, the cumulative effect of exchange rates on the unpaid balance of the contribution from the European Union is a loss of \$2,985,952. This loss has impacted the balance available for investment to CEPF, but is mitigated by the pledged contributions from the Government of Japan through the World Bank as trustee, and from Conservation International's pledge for Phase 3 announced during FY16 Q1.

### Grant making

CEPF committed 11% of its grant making budget for FY17. This will increase significantly in subsequent quarters following the schedule of proposals in numerous hotspots. Payments on active grants are ahead of schedule at 42% due to the significant number of agreements signed in FY16 Q1 which had payments during FY17 Q1, with \$4,856,806 disbursements against the budget of \$11,570,000.

### Operational Costs

CEPF spent 22% or \$765,092 of the Total Operations and Management Costs budget of \$3,499,191 for the year.

Over the life of the program, Operations remains at 15% of costs (excluding Special Projects funded from interest earnings on CEPF's bank accounts and investments).

## Financial Narrative

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### **Preparation / Ecosystem Profiles**

CEPF committed \$330,088 in preparation grants out of the budgeted \$650,000 to support the Long-Term Visions strategy and the development of the ecosystem profile preparation for re-investment in the Mediterranean.

### **Special Projects**

The Special Projects budget is supported by interest earned through CEPF's bank accounts and investments. The priorities funded this year through the Special Projects budget of \$240,500 are the audit fee; special events; and an upgrade to CEPF's grants management system (work in progress to be operational in FY17). Expenditures on Special Projects total \$88,777 representing 37% spent, in support of CEPF's 15<sup>th</sup> anniversary event costs at the World Parks Congress 2016.

### **CEPF Investments**

As approved by the Donor Council in June 2014, \$30,000,000 of cash was transferred into a conservative bond portfolio, managed by the Arbor Group at UBS. As of September 30, 2016, the interest earned and accrued (net of fees) is \$681,566.

**CEPF Quarterly Report**  
**Income Statement for 3 Months Ending 09/30/16**

<i>Revenue - CEPF</i>	<i>Current Year</i>
Contributions	145,292
Gain/(Loss) on EU Foreign Exchange <sup>1</sup>	45,292
Regional Donors <sup>6</sup>	100,000
Bank Interest Earned	92,389
<b>Total Revenue</b>	<b>237,681</b>

<i>Grants by hotspot</i>	<i>Grants Awarded<sup>2</sup></i>			<i>Payments on Grants<sup>3</sup></i>		
	<i>07/01/16 - 09/30/16</i>			<i>07/01/16 - 09/30/16</i>		
<i>Hotspot</i>	<i>FY17 Approved</i>			<i>FY17 Approved</i>		
	<i>Spending Plan</i>	<i>Actual YTD</i>	<i>%</i>	<i>Spending Plan</i>	<i>Actual YTD</i>	<i>%</i>
Cerrado	2,500,000	-	0%	440,000	354,825	81%
East Melanesian Islands	2,000,000	79,644	4%	1,180,000	631,945	54%
Eastern Afromontane	1,000,000	170,000	17%	2,300,000	826,876	36%
Guinean Forests of West Africa 2	2,000,000	-	0%	440,000	451,033	103%
Indo-Burma 2	1,500,000	470,000	31%	2,400,000	1,273,698	53%
Madagascar & Indian Ocean Islands 2	1,800,000	(303)	0%	1,280,000	285,968	22%
Maputoland-Pondoland-Albany	-	-	0%	-	21,000	0%
Mediterranean	141,000	(127,484)	-90%	1,410,000	143,505	10%
Mediterranean 2	1,500,000	-	0%	190,000	-	0%
Multiple Hotspots	300,000	-	0%	40,000	-	0%
Tropical Andes 3	2,250,000	-	0%	950,000	606,068	64%
Wallacea	1,500,000	606,171	40%	940,000	261,888	28%
<b>Total Grants</b>	<b>16,491,000</b>	<b>1,198,028</b>	<b>7%</b>	<b>11,570,000</b>	<b>4,856,806</b>	<b>42%</b>

<i>Operational Costs</i>	<i>Spending plan</i>	<i>Actual YTD</i>	<i>%</i>
Operating Costs	2,905,099	639,816	22%
Management Fee	594,093	125,276	21%
<b>Total Operations</b>	<b>3,499,191</b>	<b>765,092</b>	<b>22%</b>

<i>Preparation</i>			<i>%</i>
<b>Total Preparation</b>	<b>650,000</b>	<b>330,088</b>	<b>51%</b>

<i>Special Projects</i>			<i>%</i>
Audit Fee	45,000	-	0%
Special Events	120,500	88,777	74%
New CEPF Grant System <sup>4</sup>	75,000	-	0%
<b>Total Special Projects</b>	<b>240,500</b>	<b>88,777</b>	<b>37%</b>

<b>Total Expense</b>	<b>20,880,691</b>	<b>2,381,985</b>	<b>11%</b>
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**Fund Balance at 09/30/16**

Bank Balance	5,040,249
Investments <sup>5</sup>	30,681,566
Accounts Receivable <sup>7</sup>	12,317,046
European Union	1,823,677
Global Environment Facility (CI Project Agency)	8,693,369
The Leona M. and Harry B. Helmsley Charitable Trust	300,000
Margaret A. Cargill Foundation	1,500,000
Grants Payable	(21,656,113)
Amount due (to)/from CI	(1,009,834)
<b>Total Fund Balance</b>	<b>25,372,913</b>

<sup>1</sup> Gain/(Loss) on Foreign Exchange: Due to foreign exchange rate change applied to the unpaid contribution from the EU (entrusted to the WB) from June 30, 2016 to September 30, 2016 of 1.1083 to 1.1222. Total multi-year change is a loss of -\$2,985,952.

<sup>2</sup> Grants Awarded: Negative amounts represent grant deobligations.

<sup>3</sup> Payments on Grants: Includes payments on grants awarded in prior years.

<sup>4</sup> Upgrade of CEPF grant management system approved by Donor Council in January 2014.

<sup>5</sup> Investments: \$30M transferred to UBS investment account in December 2014 as approved by Donor Council in June 2014.

<sup>6</sup> Regional Donors: MAVA Foundation (\$100k Mediterranean re-profiling).

<sup>7</sup> Accounts Receivable, Dates & Amounts: The Leona M. and Harry B. Helmsley Charitable Trust (01/31/17 - \$300k); The Margaret A. Cargill Foundation (05/31/17 - \$840k; 05/31/18 - \$660k). All other active funders are invoiced based upon quarterly cash advance requests.

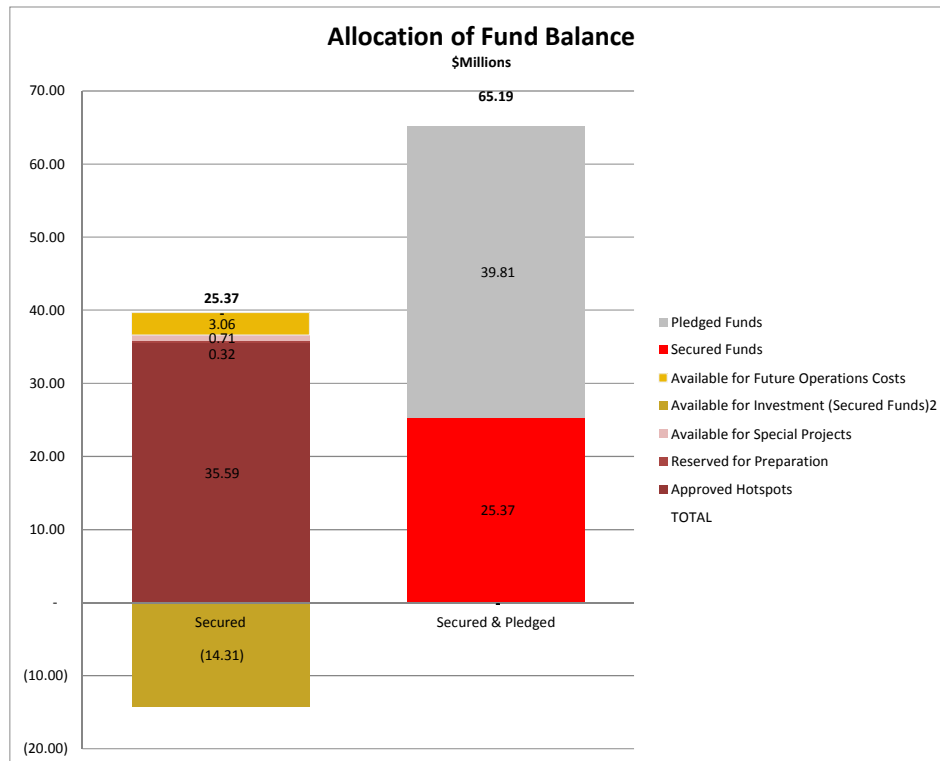
### Summary of Available Resources as of 09/30/16

Revenue to Date	285,288,991	
Expenses to Date	259,916,079	
<b>Fund Balance</b>		<b>25,372,913</b>
Allocated to:		
Reserved for Preparation	319,912	
Approved Hotspots	35,589,334	
Available for Future Operations Costs	3,063,192	
Available for Special Projects	705,613	
Available for investment (Secured Funds) <sup>2</sup>		(14,305,138)
Pledged Funds <sup>1</sup>		
Operations Costs on Pledged Funds	39,813,000	
Preparation	5,971,950	
Balance for Investment (Pledged Funds)	-	33,841,050
<b>Total Available for Investment - secured and pledged funds</b>		<b>19,535,912</b>
<b>Total Available Resources - secured and pledged funds</b>		<b>65,185,913</b>

<sup>1</sup> Includes \$14,813,000 from the Government of Japan and \$25,000,000 from CI.

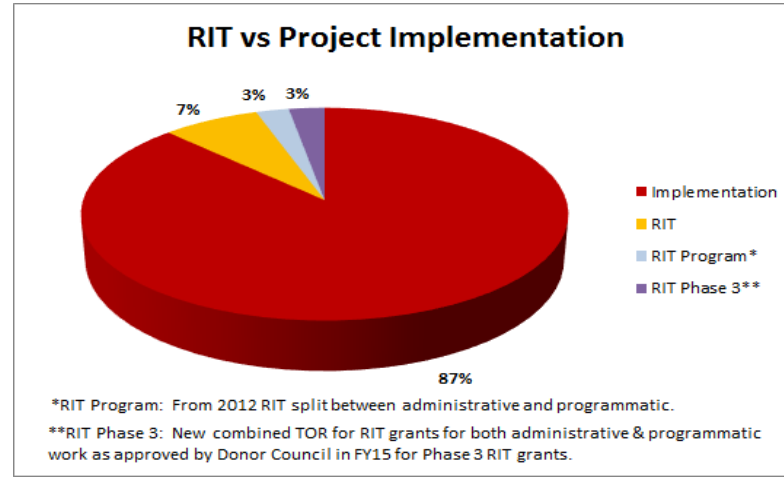
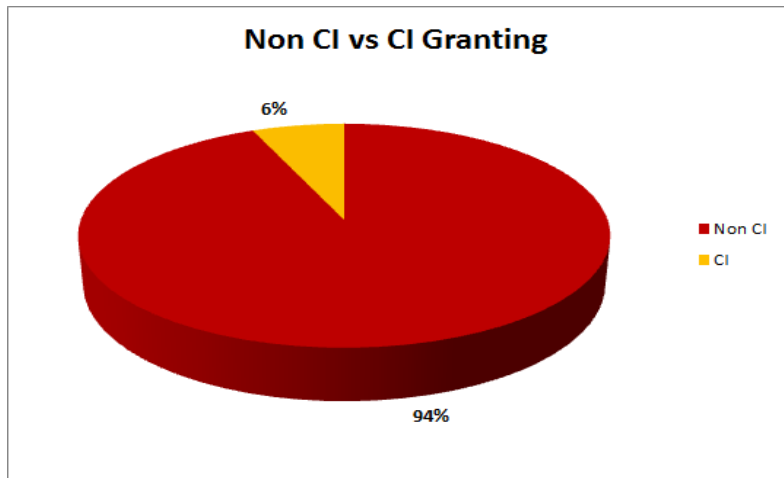
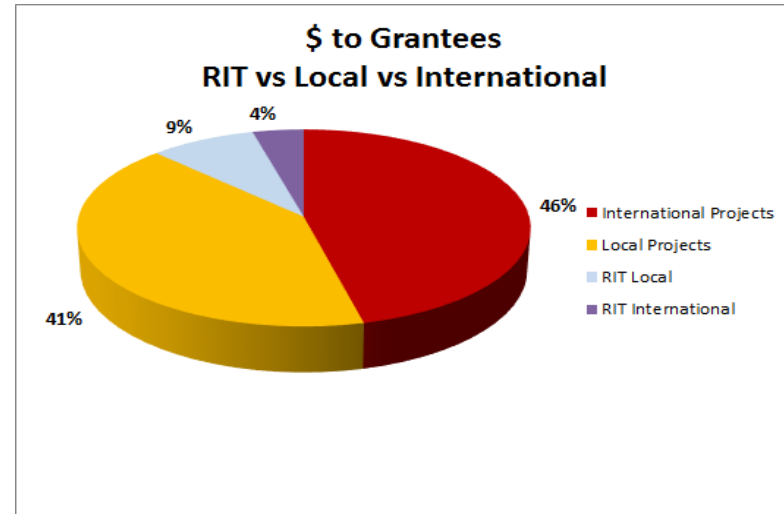
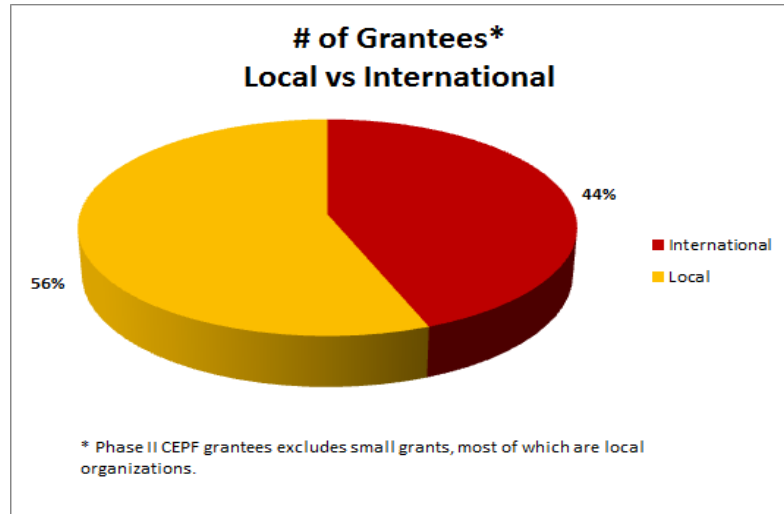
<sup>2</sup>

The secured funds available for investment are in a temporary deficit. Approval for increased spending authorities was granted based on Pledged Funds as noted in footnote 1 above. The deficit will reverse once agreements for these pledges are signed.



CEPF Phase II Grant Portfolio as of 09/30/16

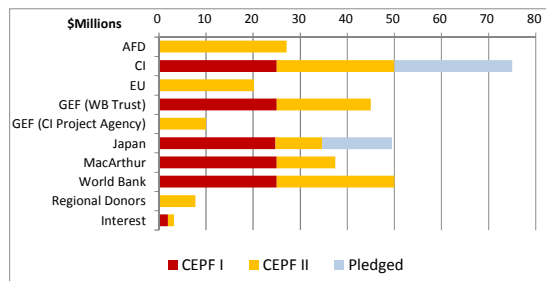
Number of Grantees:	563
Amount Granted (US \$000s):	\$ 108,879



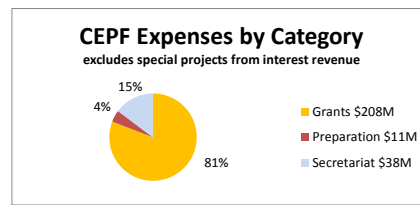
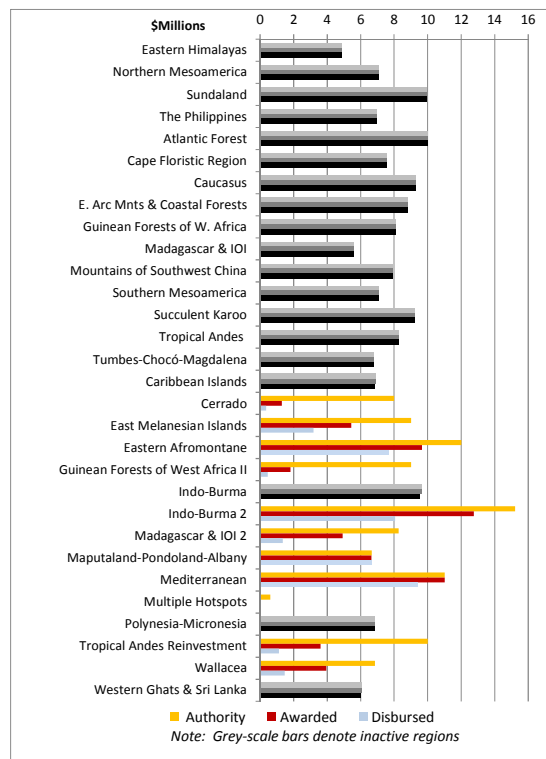
**CEPF Quarterly Report**

**Income Statement from Inception to 09/30/16 (US \$000s)**

Revenue	CEPF I	CEPF II	Total	Pledged
l'Agence Française de Développement	0	27,117	27,117	0
Conservation International	25,000	25,000	50,000	25,000
European Union	0	20,169	20,169	0
Global Environmental Facility (WB Trust)	25,000	20,000	45,000	0
Global Environmental Facility (CI Project Agency) <sup>2</sup>	0	10,000	10,000	0
Government of Japan	24,750	9,875	34,625	14,813
MacArthur Foundation	25,000	12,425	37,425	0
The World Bank	25,000	25,000	50,000	0
Regional Donors <sup>1</sup>	0	7,730	7,730	0
Interest earned	1,871	1,352	3,223	0
<b>Total Revenue to Date</b>	<b>126,621</b>	<b>158,668</b>	<b>285,289</b>	<b>39,813</b>



Expense	CEPF I Awarded	CEPF II Awarded	Total Awarded	Total Disbursed	CEPF II Balance
<b>Grants by hotspot</b>					
<b>CEPF I only</b>					
Eastern Himalayas	4,883	0	4,883	4,883	0
Northern Mesoamerica	7,079	0	7,079	7,079	0
Sundaland	9,901	0	9,901	9,901	0
The Philippines	6,970	0	6,970	6,970	0
<b>CEPF I and CEPF II consolidation</b>					
Atlantic Forest	7,615	2,395	10,010	10,010	0
Cape Floristic Region	5,966	1,585	7,551	7,551	0
Caucasus	8,298	990	9,288	9,288	0
E. Arc Mnts & Coastal Forests	7,064	1,726	8,790	8,787	0
Guinean Forests of W. Africa	6,165	1,907	8,073	8,073	0
Madagascar & IOI	4,170	1,386	5,556	5,556	0
Mountains of Southwest China	6,535	1,351	7,886	7,888	0
Southern Mesoamerica	5,411	1,636	7,047	7,047	0
Succulent Karoo	7,834	1,387	9,221	9,221	0
Tropical Andes	6,130	2,157	8,287	8,287	0
Tumbes-Chocó-Magdalena	4,952	1,846	6,798	6,798	0
Consolidation (unallocated)	0	0	0	0	56
<b>CEPF II only</b>					
Caribbean Islands	0	6,897	6,897	6,823	3
Cerrado	0	1,300	1,300	355	6,700
East Melanesian Islands	0	5,433	5,433	3,192	3,567
Eastern Afromontane	0	9,658	9,658	7,660	2,342
Guinean Forests of West Africa II	0	1,800	1,800	451	7,200
Indo-Burma	0	9,657	9,657	9,539	0
Indo-Burma 2	0	12,742	12,742	8,042	2,459
Madagascar & IOI 2	0	4,926	4,926	1,359	3,339
Maputaland-Pondoland-Albany	0	6,647	6,647	6,638	3
Mediterranean	0	11,014	11,014	9,405	3
Multiple Hotspots	0	0	0	0	600
Polynesia-Micronesia	0	6,829	6,829	6,829	0
Tropical Andes Reinvestment	0	3,603	3,603	1,116	6,397
Wallacea	0	3,950	3,950	1,471	2,900
Western Ghats & Sri Lanka	0	6,055	6,055	5,978	22
<b>Total Grants to Date</b>	<b>98,974</b>	<b>108,879</b>	<b>207,853</b>	<b>186,197</b>	<b>35,589</b>
<b>Other Expenses to Date</b>					
Preparation	6,714	4,439	11,153		
GEF-PPG	0	200	200		
Special Projects	349	2,169	2,517		
Operations Costs	17,659	20,534	38,193		
<b>Total Other Expenses to Date</b>	<b>24,722</b>	<b>27,342</b>	<b>52,063</b>		



<sup>1</sup> Regional donors include The Margaret A. Cargill Foundation for Indo Burma 2 and Wallacea; Mava Foundation for the Mediterranean; and The Leona M. and Harry B. Helmsley Charitable Trust for Madagascar & Indian Ocean Islands.

<sup>2</sup> Full project value of \$10.682M, of which \$10M is direct support to CEPF program.