

Conservation International Foundation and Affiliates

Uniform Guidance
Supplementary Financial Report
Year Ended June 30, 2023

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**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Independent Auditor's Report

Board of Directors
Conservation International Foundation and Affiliates

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Conservation International Foundation and Affiliates (CI), which comprise CI's consolidated balance sheet as of June 30, 2023, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated January 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CI's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CI's internal control. Accordingly, we do not express an opinion on the effectiveness of CI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

McLean, Virginia
January 17, 2024

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Conservation International Foundation and Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conservation International Foundation and Affiliates' (CI) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of CI's major federal programs for the year ended June 30, 2023. CI's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CI's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to CI's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CI's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of CI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of CI as of and for the year ended June 30, 2023, and have issued our report thereon dated January 17, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

McLean, Virginia
January 17, 2024

Conservation International Foundation and Affiliates

Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Award/Contract Number	Total Federal Expenditures	Provided to Subrecipients
United States Department of Agriculture (USDA)					
Farmers Market and Local Food Promotion Program:					
Direct Awards:					
Reducing Seafood Waste by Creating Innovate Value-Added Seafood Products in Hawaii	10.175		AM22LFPPVA1142-00	\$ 56,661	\$ 6,975
International Forestry Programs:					
Direct Awards:					
Reforestation with Rural Small Holder Farmers Project in Tokaimalo District, Ra Province Fiji	10.684		21-DG-11132762-053	9,224	-
REDD+ Decision Support Tool	10.684		22-CA-11132762-156	10,831	-
Total International Forestry Programs				20,055	-
Total USDA				76,716	6,975
United States Department of Commerce - National Oceanic and Atmospheric Administration					
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program:					
Direct Awards:					
Advancing the Promotion, Development and Marketing for Hawaii's Local Sustainable Fisheries	11.427	*	NA20NMF4270172	31,234	4,000
Habitat Conservation:					
Direct Awards:					
REEFrame: Restoration of Severely Degraded Coral Reefs in Hawaii via Permanent Coral Nurseries on 3D Printed Concrete Reef Frameworks	11.463		NA23NMF4630084	3,300	-
Coral Reef Conservation Program:					
Direct Awards:					
Community Based Fishing Areas	11.482		NA18NOS4820116	4	-
Mapping Improvements for Division of Aquatic Resources' Permitting and Environmental Review Processes and Enabling Sustainable Financing for Ocean Conservation in Hawaii	11.482		NA22NOS4820124	41,908	-
Securing the Long-term Conservation of Biologically Diverse and Resilient Coral Reefs in Indonesia	11.482		NA22NOS4820157	55,607	9,846
Developing Sustainable Funding Strategies to Protect Coral Reefs in Hawaii	11.482		NA20NOS4820132	97,818	-
Expanding Locally Managed Marine Area Networks for Coral Reef Conservation and Resilience in Indonesia	11.482		NA20NOS4820047	141,576	-
Total Coral Reef Conservation Program				336,913	9,846
Total United States Department of Commerce - National Oceanic and Atmospheric Administration				371,447	13,846

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Conservation International Foundation and Affiliates

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Award/Contract Number	Total Federal Expenditures	Provided to Subrecipients
United States Department of the Interior - United States Fish and Wildlife Service (USFWS)					
Marine Turtle Conservation Fund:					
<i>Direct Award:</i>					
Expanding Community-based Conservation of Marine Turtles in the Solomon Islands	15.645		F22AP00635-00	44,138	21,962
Total United States Department of the Interior - USFWS				44,138	21,962
United States Department of State (DOS)					
Environmental and Scientific Partnerships and Programs:					
<i>Direct Awards:</i>					
Forest Finance and Investment Incubator	19.017		SLMAQM19CA2349	718,777	253,121
Enhancing the Capacities of Indigenous Peoples to Access Funding	19.017		SAQMIP22GR0218	58,016	-
				776,793	253,121
Trans-National Crime:					
<i>Direct Awards:</i>					
Supporting Botswana's Anti-poaching Work and Wildlife Enforcement Network in Southern Africa	19.705		S-INLEC-17-GR-1022	790	-
Bureau of Western Hemisphere Affairs (WHA) Grant Programs (including Energy and Climate Partnership for the Americas):					
<i>Direct Awards:</i>					
Establish an innovative governance mechanism for small-scale fisheries in the Gulf of Nicoya to strengthen coordination with government institutions	19.750		SCS80021GR3045	156,535	4,148
Total DOS				934,118	257,269

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Conservation International Foundation and Affiliates

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number		Pass-Through Entity Identifying Number	Award/Contract Number	Total Federal Expenditures	Provided to Subrecipients
Research and Development Cluster:						
United States Department of Commerce - National Oceanic and Atmospheric Administration						
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program:						
<i>Pass-Through Awards:</i>						
<i>Passed-Through Hawaii Pacific University:</i>						
Transitioning Traditional Hawaiian Fishponds into Aquaculture Enterprises	11.427	*	CI-NOAA-SK-2017	NA17NMF4270228	66	-
National Aeronautics and Space Administration						
Science:						
<i>Direct Awards:</i>						
Harnessing Earth Observations to Support Indigenous-led Land Management	43.001			80NSSC18K0319	(5,481)	-
Utilizing Earth Observation Data and Products to Map Ecosystem Extent and Further the Development of Condition Account to Support the Conservation Province of West Papua, Indonesia and E04EA Secretariat	43.001			80NSSC18K0692	178,473	-
Support for the International Blue Carbon Scientific Working Group	43.001			80NSSC19K1627	50,704	-
Impacts of Global Markets and National Policies on Forest Carbon Trajectories and Social Outcomes in the Guiana Shield Ecoregion	43.001			80NSSC20K1491	189,495	72,416
Total Science and National Aeronautics and Space Administration					413,191	72,416
National Science Foundation						
Geosciences:						
<i>Direct Awards:</i>						
Managing Ocean Front Ecosystems for Climate Change	47.050			2029710	121,499	-
Computer and Information Science and Engineering:						
<i>Pass-Through Awards:</i>						
<i>Passed-Through University of Minnesota:</i>						
Collaborative Research: Framework: Software: HDR: Building the Twenty-First Century Citizen Science Framework to Enable Scientific Discovery Across Disciplines	47.070		A007164501	OAC 1835530	15,649	-
Total National Science Foundation					137,148	-
Total Research and Development Cluster					550,405	72,416

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Conservation International Foundation and Affiliates

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Award/Contract Number	Total Federal Expenditures	Provided to Subrecipients
United States Agency for International Development (USAID)					
USAID Foreign Assistance for Programs Overseas:					
<i>Direct Awards:</i>					
Sustainable Landscape Ventures (SLV)	98.001		72052320CA00004	1,832,524	955,878
Amazon Development Entrepreneurial and Learning Alliance (ADELA)	98.001		72052720CA00004	2,540,710	1,088,383
<i>Pass-Through Awards:</i>					
<i>Pass-Through Hanns R. Neumann Stiftung:</i>					
Climate Smart Agriculture (CSA)	98.001	USAID-SUB-CI-01	AID-OAA-A16-00043	119	-
<i>Pass-Through Tetra Tech ARD:</i>					
Greening Prey Lang	98.001	1094-HO-CI-001	72044218C00001	418,579	-
<i>Pass-Through Catholic Relief Services:</i>					
Climate Resilient Cities (CRC) Project	98.001	PH.22.SUBAGR.20638.6831 8.01.00	72049222CA00001	570,711	-
<i>Pass-Through Rainforest Alliance:</i>					
The Business Case for Collective Landscape Action	98.001	N/A	7200AA21CA00008	457,987	2,028
Total USAID Foreign Assistance for Programs Overseas				5,820,630	2,046,289
Global Development Alliance:					
<i>Direct Awards:</i>					
Blue Abadi Initiative	98.011		AID-497-G-17-00001	1,717	-
Total USAID				5,822,347	2,046,289
Total expenditures of federal awards				\$ 7,799,171	\$ 2,418,757

* Total for ALN 11.427 equals \$31,300

See notes to schedule of expenditures of federal awards.

Conservation International Foundation and Affiliates

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Conservation International Foundation and Affiliates (CI) under programs of the federal government for the fiscal year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CI, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of CI.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. With respect to federal awards provided by CI to subrecipients, the federal awards are deemed to be expended by CI when the funds are disbursed to subrecipients.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

CI negotiates and utilizes an indirect cost rate with the federal government and therefore does not use the 10% de minimus cost rate option.

Conservation International Foundation and Affiliates

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|---|-------------------|----------------------------|
| ▪ Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| ▪ Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported |

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- | | | |
|---|-------------------|----------------------------|
| ▪ Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| ▪ Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None Reported |

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

Assistance Listing Number(s):

Name of Federal Program or Cluster:

98.001

USAID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

(Continued)

Conservation International Foundation and Affiliates

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Awards Findings and Questioned Costs

No matters were reported.

Conservation International Foundation and Affiliates

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

The prior-year single audit disclosed no findings in the schedule of findings and questioned costs and no uncorrected or unresolved findings exist from the prior audit's summary of prior audit findings.