

**Financial Statements**

**INSTITUTO IGARAPÉ**

**31st December 2016 and 2015**

**with the Report of the Independent Auditors**

**INSTITUTO IGARAPÉ  
(‘IGARAPÉ INSTITUTE’)****CNPJ (Legal Entity Registration No.): 14.051.935/0001-01****“INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS”****Opinion**

We have examined the financial statements of **INSTITUTO IGARAPÉ**, comprised of the balance sheet on 31<sup>st</sup> December 2016 and the corresponding statements of income, of changes in net assets, and of cashflows, for the financial year ended on that date, as well as the accompanying notes, including the summary of the main accounting practices.

In our opinion, the aforementioned financial statements adequately present, in all material respects, the Entity’s asset and financial position on 31<sup>st</sup> December 2016, the performance of its operations, and its cashflows for the financial year ended on that date, according to accounting practice accepted in Brazil.

**Basis for opinion**

Our audit was conducted in accordance with Brazilian and International audit standards. Our responsibilities, under such standards, are described in the section “Auditors’ responsibilities for the audit of the financial statements”, below. We are independent with relation to the Entity, in accordance with the applicable ethical principles of the Accountant’s Professional Code of Ethics (‘Código de Ética Profissional do Contador’) and professional standards issued by the Federal Accounting Board (‘Conselho Federal de Contabilidade’), and we comply with the other ethical requirements of these standards. We believe that the audit evidence that has been obtained is a sufficient and appropriate basis for our opinion.

**Management’s responsibilities for the financial statements**

Management is responsible for adequately preparing and presenting the financial statements in accordance with accounting practice accepted in Brazil, and for internal controls it has deemed necessary to allow the financial statements to be free of material distortion, whether caused by fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s capacity to continue operating, disclosing, when appropriate, issues related to its operational continuity and the use of that assumption as an accounting basis for the preparation of the financial statements, unless management intends to liquidate the Entity or to cease its operations, or does not have any realistic alternative to avoid the end of operations.





The individuals responsible for the Entity's management are those with responsibility for the supervision of the preparation of financial statements.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable confidence that the financial statements, taken as a group, are free of material distortion, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable confidence is a high degree of confidence, but not a guarantee that an audit carried out in line with Brazilian and International audit standards always detects material distortions that may exist. Distortions may result from fraud or error, and are deemed material when, individually or as a group, they may reasonably influence economic decisions based on the financial statements.

As part of the audit that was carried out, in line with Brazilian and international audit standards, we exercised professional judgement and maintained professional skepticism throughout the audit. In addition to this:

- We identified and assessed risks of material distortion in the financial statements, whether caused by fraud or error; planned and executed audit procedures in response to such risks; and obtained appropriate and sufficient audit evidence on which to base our opinion. The risk of not detecting material distortion resulting from fraud is greater than that resulting from error, as fraud can involve deliberate circumvention of internal controls, collusion, forgery, omission or intentionally false representation.
- We obtained an understanding of the internal controls that were relevant to the audit, to plan audit procedures that were appropriate in the circumstances, but not with the objective of expressing an opinion on the efficacy of the Entity's internal controls.
- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the corresponding disclosures made by management.
- We reached a conclusion on the adequacy of management's use of the accounting basis of operational continuity and, based on audit evidence obtained, whether there is material uncertainty with relation to events or conditions that may raise significant doubts regarding the Entity's capacity to continue operating as a going concern. If we conclude that there is material uncertainty, we must draw attention in our audit report to the corresponding disclosures in the financial statements, or, if the disclosures are inadequate, qualify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Entity to cease operating.
- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and events in a manner consistent with the appropriate presentation objective.



We communicated with management regarding, among other topics, the planned reach, the period of the audit and the significant audit findings, including possible significant deficiencies in internal controls identified during our work.

São Paulo - SP, 20<sup>th</sup> March 2017

**AUDISA AUDITORES ASSOCIADOS**  
**('AUDISA ASSOCIATED AUDITORS')**  
**(Regional Accounting Board No.) CRC/SP 2SP "S" "RJ" 024298/O-3**



Alexandre Chiaratti do Nascimento

Accountant

(Regional Accounting Board No.) CRC/SP "S" "RJ" 187.003/O-0  
CNAI - SP - 1620





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Conde de Irajá Street, 370/3rd floor - Botafogo - RJ - Brazil. Post-code: 22.271-020

CNPJ: 14.051.935/0001-01

Not-for-profit association, that carries out actions in defense of social rights

**Balance Sheet on 31st December of:**

(Values in US\$)

<b>Assets</b>	<b>Accompanying Note</b>	<b>2016</b>	<b>2015</b>	<b>Adjustments</b>	<b>2015 Restated</b>
<b>Current</b>					
Cash and equivalents	6	1.262.504,58	1.252.250,56	-	1.252.250,56
Project resources - to receive	16	160.002,90	996.262,30	59.803,93	1.026.066,23
Pre-payments		-	-	-	-
Other current assets		246,77	740,80	-	740,80
		<u>1.422.754,26</u>	<u>2.219.253,65</u>	<u>59.803,93</u>	<u>2.279.057,59</u>
<b>Non-Current</b>					
Property & Equipment	7	24.200,45	15.792,28	1.329,94	17.122,22
Intangibles	7	5.931,54	6.262,95	(26,12)	6.236,84
		<u>30.131,99</u>	<u>22.055,24</u>	<u>1.303,82</u>	<u>23.359,06</u>
<b>Total Assets</b>		<u>1.452.886,24</u>	<u>2.241.308,89</u>	<u>61.107,75</u>	<u>2.302.416,64</u>
<b>Liabilities</b>					
<b>Current</b>					
Tax and social obligations	8	20.109,90	10.543,34	465,95	11.009,29
Suppliers		5.189,59	9.923,75	125,54	10.049,28
Project resources - to undertake	17	819.802,41	1.809.071,44	-	1.809.071,44
Provisions	10	36.120,24	1.068,68	-	1.068,68
		<u>881.222,15</u>	<u>1.830.607,20</u>	<u>591,48</u>	<u>1.831.198,69</u>
<b>Net Assets</b>					
Contributed capital	11	564.576,69	289.873,10	60.516,27	350.389,37
Surplus for the year	13	7.087,41	120.828,59	-	120.828,59
		<u>571.664,10</u>	<u>410.701,69</u>	<u>60.516,27</u>	<u>471.217,96</u>
<b>Total Liabilities and Net Assets</b>		<u>1.452.886,24</u>	<u>2.241.308,89</u>	<u>61.107,75</u>	<u>2.302.416,64</u>

The accompanying notes are an integral part of the financial statements.

**INSTITUTO IGARAPÉ**  
**ILONA SZABÓ DE CARVALHO**

**GISELE DE OLIVEIRA**  
**CRC-RJ 119178/O-8**



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Not-for-profit association, that carries out actions in defense of social rights

**Income Statement for the Year Ending 31st December of:**

(Values in US\$)

	Accompanying Note	2016	2015	Adjustments	2015 Restated
<b>OPERATING REVENUES</b>					
<b>Restricted</b>					
Project Revenue		2.782.591,57	1.385.155,53	9.408,47	1.394.564,00
Management Fee Revenue		-	-	-	-
Revenue for Services Rendered		348,20	-	-	-
		<u>2.782.939,78</u>	<u>1.385.155,53</u>	<u>9.408,47</u>	<u>1.394.564,00</u>
<b>OPERATING REVENUES</b>					
<b>Unrestricted</b>					
Donation Revenue		1.264,15	164.445,67	-	164.445,67
Management Fee Revenue		-	-	-	-
		<u>1.264,15</u>	<u>164.445,67</u>	<u>-</u>	<u>164.445,67</u>
<b>Net Revenue from Social Assistance Activities</b>		<u>2.784.203,93</u>	<u>1.549.601,20</u>	<u>9.408,47</u>	<u>1.559.009,67</u>
<b>OPERATING COSTS AND EXPENSES</b>					
General project costs		(2.685.499,11)	(1.303.840,96)	(69.212,40)	(1.373.053,36)
General and administrative		(155.279,08)	(260.559,48)	581,48	(259.968,00)
Taxes and fees		(1.610,19)	(148,51)	-	(148,51)
Financial expenses		(26.689,55)	(34.176,00)	-	(34.176,00)
Depreciation and amortization		(6.932,29)	(5.295,64)	(1.303,82)	(6.599,46)
		<u>(2.876.010,23)</u>	<u>(1.604.020,58)</u>	<u>(69.924,74)</u>	<u>(1.673.945,32)</u>
<b>Operating Surplus (Deficit)</b>		<u>(91.806,30)</u>	<u>(54.419,38)</u>	<u>(60.516,27)</u>	<u>(114.935,65)</u>
Revenue from Other Activities		62.594,90	136.097,31	-	136.097,31
Financial revenues		38.298,80	39.150,66	-	39.150,66
<b>Gross Non-Operating Revenue</b>		<u>98.893,71</u>	<u>175.247,97</u>	<u>-</u>	<u>175.247,97</u>
<b>Surplus for the Year</b>	13	<u>7.087,41</u>	<u>120.828,59</u>	<u>(60.516,27)</u>	<u>60.312,31</u>

**Statement of Comprehensive Income on 31st December of:**

(In Brazilian Reals)

	2016	2015	Adjustments	2015 Restated
Surplus for the Year	7.087,41	120.828,59	(60.516,27)	60.312,31
<b>Total comprehensive income</b>	<u>7.087,41</u>	<u>120.828,59</u>	<u>(60.516,27)</u>	<u>60.312,31</u>

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**Statement of Changes in Net Equity on 31st December 2016 and 2015**

(Values in US\$)

	CONTRIBUTED CAPITAL	SURPLUS FOR THE YEAR	NET ASSETS
<b>Balance on 31st December 2014</b>	<b>139.422,72</b>	<b>286.711,05</b>	<b>426.133,76</b>
Incorporation of 2014 Surplus	286.711,05	(286.711,05)	-
2015 Surplus	-	120.828,59	120.828,59
2015 Restatement - financial year adjustment	60.516,27		
Translation Difference	(136.260,66)		
<b>Balance on 31st December 2015</b>	<b>350.389,38</b>	<b>120.828,58</b>	<b>471.217,96</b>
Incorporation of 2015 Surplus	120.828,58	(120.828,58)	-
2016 Surplus	-	7.087,41	7.087,41
Translation Difference	93.358,73		
<b>Balance on 31st December 2016</b>	<b>564.576,69</b>	<b>7.087,41</b>	<b>571.664,10</b>

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**Statement of Cashflows for the Year Ending on 31st December of:**  
(Values in US\$)

	Accompanyin g Note	2016	2015	Adjustments	2015 Restated
<b>Cashflows from Operating Activities</b>					
Surplus for the year	13	7.067,41	120.828,59	-	120.828,59
<b>Adjustment for non-cash revenues and expenses</b>					
Depreciation and Amortization		6.932,29	5.295,64	-	5.295,64
Adjustments of prior years	18	72.505,89	29.958,88	-	29.958,88
		<u>86.525,59</u>	<u>156.083,10</u>	<u>-</u>	<u>156.083,10</u>
<b>Reduction (increase) in operating assets</b>					
Project resources - to receive		997.697,39	(260.564,43)	59.803,93	(200.760,50)
Prepayments		-	732,94	-	732,94
Other current assets		640,80	(740,88)	-	(740,88)
<b>Increase (reduction) in operating liabilities</b>					
Suppliers		(6.700,27)	8.207,33	(125,54)	8.081,80
Obligations, Accounts Payable, Labor Provisions and Other Obligations		42.317,52	(7.025,20)	(465,95)	(7.491,15)
Prepaid revenues		(1.347.686,20)	384.111,61	-	384.111,61
		<u>(313.739,78)</u>	<u>124.721,37</u>	<u>59.212,45</u>	<u>183.933,82</u>
<b>Net cash generated (employed) in operating activities</b>		<u>(227.205,17)</u>	<u>280.804,47</u>	<u>59.212,45</u>	<u>340.016,92</u>
<b>Cashflows from investing activities</b>					
Acquisition of property & equipment		(10.639,41)	(9.902,81)	1.303,82	(8.598,99)
<b>Net cash generated (employed) in investing activities</b>		<u>(10.639,41)</u>	<u>(9.902,81)</u>	<u>1.303,82</u>	<u>(8.598,99)</u>
<b>Increase (decrease) in cash and equivalents</b>		<u>(237.844,58)</u>	<u>270.901,66</u>	<u>60.516,27</u>	<u>331.417,93</u>
Cash and equivalents at the beginning of the year		1.500.349,17	981.348,85	-	981.348,85
<b>CASH AND EQUIVALENTS AT THE END OF THE YEAR</b>	6	<u>1.262.504,58</u>	<u>1.252.250,51</u>	<u>60.516,27</u>	<u>1.312.766,78</u>

The accompanying notes are an integral part of the financial statements.

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## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE') Accompanying Notes to the Financial Statements of 31st December 2016

### 1 Operating Context

INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE') is a NOT-FOR-PROFIT ASSOCIATION, a private legal entity, with activities in social fields. The Institute was founded in 2011, with the objective of improving the efficacy of public policy and social action, by creating synergy between several themes, sectors and actors involved in research and implementation of public policy and local development projects. It focuses on integrating safety and development agendas. It proposes alternative solutions to complex social challenges, through research, public policy formulation and organization. Our approach is to diagnose challenges through cutting-edge research, encourage debate geared towards the formulation of public policy and the organization of support for such policy in the public and private arenas, and to design solutions that are targeted and people-centered. Instituto Igarapé currently works on three high-level themes: national and global drug policy; the prevention and reduction of violence; and international assistance. The Institute is a point of reference for governments, the private sector, international agencies, non-government organizations and the media. It is headquartered in Rio de Janeiro and has representation in Brasília and São Paulo. It has partnerships and projects in Brazil, Colombia, Haiti, Mexico, Guatemala, the United States, Africa and Europe.

### 2 Presentation of the Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil and based on Brazilian Accounting Standard – ITG 2002 – Not-for-Profit Entities, issued by the Federal Accounting Board ('Conselho Federal de Contabilidade – CFC'). Regarding issues that are not covered by that interpretation, NBC TG 1000 – Accounting for Small and Medium Companies, was applied.

### 3 Formal Bookkeeping Compliance - CFC Resolution Nº 1330/11 (ITG 2000)

The Entity maintains a uniform electronic system for recording its administrative acts and facts. The accounting record contains the identification numbers of the entries and their correspondence to documents of external or internal origin, or, in their absence, to elements that prove, or provide evidence of, administrative acts and facts. The financial statements, including these accompanying notes, having been prepared in accordance with legal and statutory requirements, will be transcribed in the Entity's Daily Ledger and subsequently registered with the Notary for Legal Entity Registrations ('Cartório de Registros de Pessoas Jurídicas').

The Entity's accounting documentation is comprised of all documents, books, papers, records and other items that support or make up the accounting records.

The accounting documentation is appropriate and its essential characteristics are in accordance with legislation, accounting technique, or accepted practice. The Entity maintains its accounting documentation in good order.

### 4 Main accounting practices

The main accounting practices adopted by the Entity are:

#### a) Functional and Presentation Currency:

Items included in the Financial Statements are measured using the currency of the main economy in which the Entity is active ("functional currency"). The Financial Statements are presented in Brazilian Reals, which is the functional currency of the Entity, and also its presentation currency.

#### b) Cash and Equivalents:

In accordance with CFC Resolution 1.296/10 (NBC –TG 03) – Cashflow Statements, and CFC Resolution 1.376/11 (NBC TG 26) – Presentation of Financial Statements, values included in this sub-group include physical cash and current accounts. Cash equivalents are financial investments with maturity of less than 90 days from the date of investment. These are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. Cash equivalents are kept for the payment of short term cash commitments and not for investment or other purposes.





## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE') Accompanying Notes to the Financial Statements of 31st December 2016

### c) Investments with Immediate Liquidity:

Financial investments are stated at the original invested amounts plus pro-rata interest until the date of the balance sheet;

### d) Current Assets - Project Resources to be Received:

Project resources to be received are stated at values contracted in Partnership Agreements and/or Terms.

### e) Credit Loss Provisions:

No amounts were provisioned, given that the Entity's Accounts Receivable is fully comprised of Social/Cultural Activity Credits related to Partnership Terms or Agreements, which are expected to be received in full. Thus, there are no receivables that might not be received within the agreed deadline.

### f) Fixed Assets:

Property and Equipment are stated at historical acquisition cost minus depreciation and any accumulated non-recoverable losses.

The cost of replacement parts is only included in the value of an item of fixed assets when it is likely that such cost will generate future economic benefits.

The depreciation of other assets is calculated using the linear method for cost allocation, minus residual value, over the useful life of the items, which is estimated as follows:

- Equipment and machinery – 10 years
- Vehicles – 5 years
- Furniture and utensils – 10 years
- Computers and IT equipment – 5 years.

An item of Property & Equipment is removed when sold or when no future economic benefits can be expected from its use or sale. Any gains or losses resulting from the disposal of the asset (calculated as the difference between the net value of the sale and the accounting value of the asset) are included in the income statement in the period in which the asset was disposed of.

### g) Current Liabilities:

Current liabilities are stated at known or calculable values, including, when applicable, accrued interest up to the date of the balance sheet. When applicable, current liabilities are registered based on interest rates that reflect the maturity, currency and risk of each transaction.

### h) Maturities:

Assets that are realizable and liabilities that are payable until the end of the next financial year are deemed 'Current'.

### i) Provisions:

A provision is constituted when a legal or presumed obligation resulting from a past event can be reliably estimated and it is probable that an economic resource shall be required to liquidate the obligation. Provisions are based on the best estimates of the risk involved and of expected future cash flows. A provision for risks is constituted based on evaluation and quantification of lawsuits whose likelihood of loss is deemed probable in the opinion of Management and its legal advisors.



## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')

### Accompanying Notes to the Financial Statements of 31st December 2016

#### j) Expenses and Revenues:

Revenues, expenses and costs were recognized on an accrual basis, in accordance with legislation.

#### k) Measurement of Surplus or Deficit:

The surplus or deficit is measured on an accrual basis. Project revenues are measured by fair value (as contracted – values received or receivable) and recognized when it is deemed probable that future economic benefits will flow to the entity and can thus be reliably measured. Income and expenses accruing to the Assets and Liabilities are recognized in the surplus or deficit.

#### l) Accounting Estimates:

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires that the Entity's Management rely on judgement in making accounting estimates. The liquidation of transactions involving such estimates may result in values that are different from those estimated, as a result of imprecisions that are inherent to the estimation process. The Entity revises estimates and assumptions at least annually.

### 5 Impairment of Assets

The Entity, with the objective of assessing the results of possible changes in economic, operating or technological circumstances that may signal deterioration or loss in the recoverable value of its assets, is carrying out actions to review the relevant net accounting values, as they compare to fair value.

During the year, the Entity did not find indications that items of property & equipment could be registered above recoverable value, and consequently no provisions for loss of the recoverable value of fixed assets were necessary.

The residual value and useful life of assets and the methods of depreciation are reviewed at the end of each financial year, and adjusted when appropriate.

### 6 Cash and Equivalents

	2016	2015
<b>Cash and Equivalents</b>	<b>1,262,504.58</b>	<b>1,252,250.56</b>
Cash and Equivalents	39.30	3.63
Current Accounts	183,438.17	362,138.48
Financial Investments	784,118.75	890,108.45
Financial Investments – Repurchase Agreements	294,908.37	-

### 7 Non-Current Assets

#### DETAILS OF NON-CURRENT ASSETS

Changes in Cost	Rate	Corrected Cost	Depreciation	Net Value 2016	Net Value 2015
<b>FIXED ASSETS</b>					
Machinery & Equipment	10%	6,196.35	(1,779.26)	4,417.09	4,203.96
Furniture & Utensils	10%	7,912.92	(2,797.81)	5,115.11	3,175.62
IT Equipment	20%	26,971.08	(12,302.84)	14,668.25	8,412.70
<b>TOTAL FIXED ASSETS</b>		<b>41,080.35</b>	<b>(16,879.90)</b>	<b>24,200.45</b>	<b>15,792.28</b>





**INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')**  
**Accompanying Notes to the Financial Statements of 31st December 2016**

**8 Tax and Social Obligations**

These correspond to taxes and obligations related to payroll and contractors, that the Entity only collects and forwards to Government Bodies.

	2016	2015
INSS (social security) to collect	7,324.05	3,655.59
FGTS (unemployment insurance) to collect	2,304.17	1,116.27
IRRF (income tax retained at source) - COD 1708	1,206.40	765.70
PIS/COFINS/CSLL (federal taxes) - LAW 10.833	3,778.96	2,397.18
IRRF - COD 3208	1,149.04	-
IRRF on payroll - COD 0561	2,337.92	2,021.38
Labor Union Contributions	22.50	-
COFINS on own revenue to collect	561.93	-
PIS on payroll to collect	362.40	199.57
ISS (service tax) on third parties	1,062.53	387.65
<b>Total</b>	<b>20,109.90</b>	<b>10,543.34</b>

**9 Short-term Obligations**

This group is stated at original, nominal, value and represents amounts owed to suppliers in general and other obligations.

**10 Provisions**

**Provision for Vacations and Taxes:** these were provisioned based on the rights acquired by employees, up to the date of the balance sheet.

**Provision for '13th Salary' Benefit and Taxes:** these were provisioned based on the rights acquired by employees and removed when paid, up to the date of the balance sheet.

**11 Net Assets**

Net Assets are comprised of the surplus for the financial year of 7,087.41 USD plus contributed capital of 564,576.69 USD, totalling, therefore, net assets on 31st December 2016 of 571,664.10 USD.

Net Assets	2016	2015 (restated)
Contributed Capital	564,576.69	350,389.37
Surplus for the Year	7,087.41	120,828.59
<b>Total Net Assets</b>	<b>571,664.10</b>	<b>471,217.96</b>

**12 Employment of Resources**



## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE') Accompanying Notes to the Financial Statements of 31st December 2016

### 13 Surplus for the Financial Year

The 2016 surplus will be incorporated to Contributed Capital in accordance with legal and statutory requirements and as determined by CFC Resolution 1.409/12 that approved ITG 2002, especially in regard to item 15, which states that the surplus or deficit of Not-For-Profit Entities shall be incorporated to their Contributed Capital.

### 14 Statement of Cashflows

The Statement of Cashflows was prepared in accordance with CFC Resolution 1.152/2009 that approved NBC TG 13 and also with CFC Resolution 1.296/10 that approved NBC TG 03 – Cashflow Statements. The Entity chose to prepare its cashflow statement using the indirect method.

### 15 Tax Immunity

INSTITUTO IGARAPÉ is a tax-immune entity under article 150, item VI, sub-item "C" and paragraph 4, and article 195, paragraph 7 of the Federal Constitution of 5<sup>th</sup> October 1988.

### 16 Requirements for Tax Immunity

The only Complementary Law that establishes requirements for tax immunity is the National Tax Code ('Código Tributário Nacional – CTN').

Article 14 of the National Tax Code establishes the requirements for enjoying tax immunity. These are included in the Entity's bylaws and compliance with them can be proved by its accounting documents (Financial Statements, Daily Ledger and Ledger), namely:

- a) No part of its net assets or income is distributed for any reason (article 4, paragraph 1 of the Bylaws);
- b) Its resources are fully employed, within the country, in line with its institutional objectives (article 30, paragraph 2 of the Bylaws);
- c) It maintains formally compliant accounting of its revenues and expenses that adequately ensures its precision (article 35 of the Bylaws).

### 17 Resources for Undertaking of Social Projects

The 'Project Resources – to Undertake' account, in the Current Liabilities group, are the financial resources received thanks to Partnership Agreements or Terms signed with National and Foreign Private Entities, whose main objective is to execute pre-determined projects and activities, in accordance with the signed contract. Periodically, the Entity reports the entire financial and operating flow to those interested, and such documentation is available for audit.

Resources for carrying out proposed Institutional Projects are obtained from Donations, Partnership Terms and Agreements, and they are accounted for in accordance with CFC Resolution 1.409/12, which approves ITG 2002 – Not-For-Profit Entity, as presented below:





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Account Name	Account Value (to undertake)	Account Value (receivable)
BV Leer		53.534,72
Lafer		39.499,51
Open Society		119.243,60
Open Society Homicide Project	12,576.28	53.744,52
Noruega 3		34.604,17
Norrag Project	2,124.10	11.867,04
DFID Project	25,958.15	251.545,09
IFHC Project	120,702.88	373.118,59
IDRC Project	8,027.48	192.929,84
Google		56.950,14
Virgin 2015 Project	195.81	82.719,46
Prio Project	30,374.27	33.598,00
Saferworld		3.605,05
FCO		48.788,29
Armas ('Weapons') Project	20,387.55	59.333,55
Porticus		51.743,95
Hot Spot Project	94,498.96	342.245,83
Norway Security Mapping Project	7,600.33	.
Maré Project	13.81	.
Rockefeller Center Project	2,162.35	.
Norway 2016 Project	40,234.21	.
Sida Project	3,118.32	.
Canada WPS Project	30,682.66	.
FCO 2016 Project	6,761.53	.
FBA Project	16,288.24	.
Google Rwanda Project	13,766.71	.
Porticus Migration Project	56,271.08	.
OS Campanha Regional Homicídio ( 'Regional Homicide Campaign') Project	175,835.45	-
Open Institutional Project	152,222.27	-
<b>Total Project Resources</b>	<b>819,802.41</b>	<b>1.809.071,36</b>

## 18 Restatement of Financial Statements – Adjustments of Prior Years

The accounting information for the financial year ended 31st December 2015 is being restated due to reimbursements for costs related to payroll- service providers- travel and others; adjustments in recognition of project funds received and fixed asset depreciation- in order to maintain comparability.

## 19 Formal Report of Social Projects

### Programs

In 2016- Instituto Igarapé consolidated its focus- working on 5 key issues: citizen security- drug policy- cyber-security-





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Our activities cover four geographic spheres. We promote debate and action for security in Rio de Janeiro- in Brazil- in the Americas and- ultimately- in the South Atlantic as a whole- particularly in South Africa. We carry out- together with our partners- high-quality research- strategic advocacy- technological support and directed communication.

### CITIZEN SECURITY

#### Main impacts in 2015

- Launch of a new global data visualization tool for monitoring of homicide trends in more than 200 countries and territories;
- Organization of three major events - Citizen Security Dialogues ('Diálogos de Segurança Cidadã') - in Colombia- Mexico and South Africa- with hundreds of participants from 12 countries;
- Expansion of the Smart Policing project activities to the state and federal levels in Brazil- and the launch of new pilots in Cape Town and Johannesburg;
- Increased tests of the Citizen Security Index ('Índice de Segurança Cidadã - CSI') for 12 new cities in Brazil- driving global interest and engagement;
- Launch of a platform to facilitate public-private partnerships in the field of public safety in Brazil;
- Increase of global awareness regarding fragile cities and opportunities to reduce violence in urban territories;
- Increased transparency regarding transfer and regulation of weapons in the global- regional and national (Brazilian) spheres;
- Exposure of irregularities and fraud in the Haitian electoral process through large-scale research carried out after the October elections in Haiti;

#### Homicide Observatory ('Observatório de Homicídios')

Instituto Igarapé launched a new data visualization platform in 2015- the Homicide Observatory. This interactive tool was developed in partnership with the Open Society Foundation- the United Nations Office on Drugs and Crime (UNODC)- and the Peace Research Institute Oslo. The platform displays information on the geographic distribution- demography and dynamics of murders in more than 200 countries and territories. The Observatory was demonstrated live during the World Economic Forum- in Mexico- followed by launches in Brazil- Ecuador- Norway- Qatar- Sweden- Switzerland- the United Kingdom- and the United States. The platform was viewed by over 2 million people and was mentioned in more than one thousand media articles in 37 languages.

#### Citizen Security Dialogues

Instituto Igarapé organized three high-level events on citizen security in 2015- in partnership with IDRC- Fundación Ideas Para la Paz- INSYDE and the African Police Civilian Oversight Forum. The objective was to consult specialists on "what works". The answers came from more than 300 participants from 12 countries- who covered innovations in policing- justice systems and criminal reform. The Dialogues resulted in more than 15 peer-reviewed articles which were downloaded more than 20 thousand times. Roughly 40 opinion-pieces were also published in international media- and 28 videos were made covering the same topics. The Dialogues were commended by the Inter-American Development Bank (IADB)- the Organization of American States (OAS) and by development programs in Canada- Germany and the United States for their quality.

#### Smart Policing

The Smart Policing initiative expanded its pilot phase and added new partners in 2015- both in Brazil and in South Africa. With the support of the United Kingdom Department for International Development (DFID)- the project strengthened its activities in Johannesburg and West Cape- in partnership with the Department of Public Safety (DPS) and the Department of Community Safety (DOCS)- respectively. A result of Instituto Igarapé's collaboration with Jigsaw- Smart Policing involves the technology of an open-source application that captures images- audio and geographic referencing (GPS) for monitoring functions. The Institute was one of the organizers of a large event in New York where international specialists discussed its implications for civil liberties and basic standards for operations. Partnerships with government bodies were increased in Brazil through alliances with the federal government and with the states of Santa Catarina and São Paulo.

#### Child Safety Index ('Índice de Segurança da Criança - ISC')





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pilots- with repercussion in Brazilian media. In cooperation with the North-American organization CureViolence- we presented the app to United Nations agencies in Honduras and in Brazil- with the aim of creating a practical tool that helps institutions to assess their interventions and better understand how they affect children.

### Citizen Security and the City

In 2015 Instituto Igarapé dramatically increased its work on frailty and resilience in cities around the world. We began development of a new data visualization tool to monitor city frailty- in partnership with the United Nations University- the World Bank and the World Economic Forum. Robert Muggah- the Institute's research director- gave a talk on the subject during TED Global 2014. It was widely viewed in 2015 and is ranked among the event's top 100 best presentations.

### Partnerships for Public Safety

In 2015- Instituto Igarapé brought together a group of over 70 Brazilian business owners and social entrepreneurs to identify priorities in Public Safety. This partnership led to advocacy campaigns- diagnostics and concrete investments in projects such as the creation of a criminal analysis system for the state of Rio de Janeiro. The group also works as a platform for the development of its members and for the construction of future partnerships centered around evidence-based proposals for reducing urban violence.

### Mapping of electoral fraud in Haiti

Instituto Igarapé carried out research in Haiti in 2015- including on the electoral crisis that followed the October elections. A Strategic Note presented the results of a national poll of over 1-900 adult Haitians. The publication led to serious discussion in the country- which resulted in the opening of investigations into practically all of the country's presidential candidates. Over 500 articles in major international media (including ABC- AP- Miami Herald- and the New York Times) mention the study.

### Arms control in Brazil and worldwide

In 2015- Instituto Igarapé strongly expanded its efforts to promote more responsible arms control in Brazil and worldwide. We have worked with a coalition of partners- including Instituto Sou da Paz and the Brazilian Forum for Public Safety ('Fórum Brasileiro de Segurança Pública')- to map import and export policies and pressure the Brazilian government to uphold the Disarmament Statute ('Estatuto do Desarmamento'). We also consulted with the federal civil and military police to analyze ways to increase measures against arms trafficking. In addition to continuing to support the ratification and implementation of the global Arms Trade Treaty (ATT)- we continue to monitor arms trafficking between the United States and Mexico- as well as from Brazil to the Middle East- generating sizable exposure of the issue in the media.

## DRUGS POLICIES

### Main impacts in 2015

- High-impact events involving the Global Commission on Drug Policy- from the Americas to the Middle East and Northern Africa (MENA);
- Pressure to ensure the engagement of Brazil and other global powers at the United Nations General Assembly Special Session (UNGASS) in 2016;
- Mobilization of influencers and organization of networks to draw media attention to the topic of drug policy reform especially with regard to the issues of decriminalization- medicinal marijuana- and mass incarceration and its impact on women;
- Association between the drug policy agenda and other agendas such as combatting black youth homicides proportional sentencing and other broad public safety issues;

### Global Commission on Drug Policy





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metrics- coordinated in partnership with the Global Commission. During the year- members of the Commission took part in dozens of international conferences- met with world and United Nations leaders- and were interviewed by media outlets- reaching millions of people.

### National Advocacy and Communication

In Brazil- Instituto Igarapé continues to lead the national agenda on drug decriminalization- mass incarceration and medicinal marijuana. During the year- members of the team met with the Ministers of Justice- Healthcare- Foreign Relations and Youth- members of the Supreme Court- and public defenders- among others- to promote these agendas. The Institute's publications and advocacy directly influenced the Brazilian Supreme Court's position on drug policy. In September 2015- material published by Igarapé was used to determine the minimum quantities of drug possession required for trafficking charges. The Institute invited the former President of Switzerland- Ruth Dreifuss- to take part in a series of meetings with prominent personalities and institutions covering innovations in drug policies. Igarapé published editorials and was interviewed by leading Brazilian and International newspapers and media channels- and continued its civil society diplomacy strategy of engaging prominent actors in the debate on drugs. The Institute's executive director's talk at TED Global- reviewing the learnings of her career in promoting changes in drug policies- reached more than one million views after it was published in 2015.

### Rede Pense Livre ('Free Thinking Network')

Instituto Igarapé continues to coordinate Rede Pense Livre- a group of 80 young Brazilian leaders that is regionally recognized for driving the drug policy reform agenda- pressuring for legislative change- for concrete transformation and for broader public debate on the topic. In addition to promoting national debates- the Network carried out campaigns on social media- reaching over 700 thousand users. Its members were heard in public audiences in the Senate regarding the recreational- medicinal and industrial uses of cannabis.

### CYBER-SECURITY

#### Main impacts in 2015

- Exposure of the contradictions between the Brazilian agenda of digital freedom and militarization of cyberspace;
- Increased awareness of the use of social media by gangs and cartels in Brazil- El Salvador and Mexico;
- Greater influence/impact by Igarapé in political and military spheres- as well as the broadening of networks in civil society and academia;

### Open Empowerment Initiative

Open Empowerment Initiative (OEI) is a three-year partnership (2012-2015) between Instituto Igarapé and SecDev Foundation- with the support of the International Development Research Centre (IDRC). Its mission is to investigate how cyberspace is molding the actions of citizens and the relations between the state and society in Latin America. Research on government responses was carried out: from encouraging the use of cyberspace to the increase of efficiency and effectiveness of government- through the adoption of laws- increases of policing capacity and ensuring safety of this promising- though still volatile- space. Five countries in Latin America were at the center of the project: Argentina- Brazil- Colombia- El Salvador and Mexico. In each country- Instituto Igarapé established partnerships for research on civil and government engagement with the issue.

### Cyber-security in Brazil

Instituto Igarapé has been increasing its research on cyber-security in Brazil since 2012- with a focus on the normative frameworks of the government's approach to it. The work has led to increased public awareness of how the Defense sector is militarizing cyberspace and threatening privacy and other civil rights through increased surveillance policies which clearly contrasts with advances- led by civil society groups and political actors- towards preservation and strengthening of digital sovereignty and open government. The project's research team published articles seen by tens of thousands of people in prominent publications including Foreign Affairs- Le Monde- and Defense One- among





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### Mapping of cyber-cartels and digital gangs

In 2015- Instituto Igarapé started a project to map the virtual presence and digital footprint of cartels and gangs in Latin America. Working in partnership with SecDev- the Institute began a series of studies in Brazil- Colombia and Mexico to assess the use of social media and geolocation by key mafia and gang groups- seeking confirmation of inferences regarding its use for arms- drugs and people trafficking. With this work- Igarapé inspired reporting by Americas Quarterly- BBC- CBC- CNN- El País- Foreign Affairs- O Globo- FastCompany- Vice- Wired Magazine- and dozens of other media vehicles.

### CONSOLIDATION OF PEACE

#### Main impacts in 2015

- Strengthening of domestic and global dialogue on the role of Brazil in the world- especially with relation to UN Security Council reform and the international agenda for Women- Peace and Security;
- Increased engagement of Brazilian decision-makers on topics of shared interest such as civil capacity and sexual violence in conflicts;
- Strengthening of networks of thinkers and leading institutions- especially in the Southern Hemisphere- on topics related to peace and security;

#### International Architecture of Peace

Instituto Igarapé took part in four large events related to the architecture of peace in 2015- including regional consultations of the UN High Level Panel on Peacekeeping Operations. The Institute also promoted reflection on the subject- having launched a broad study on Brazil's role in UN peacekeeping missions and publications about peacekeeping mission experiences in Latin America. The Institute was invited by the UN General Assembly to organize a regional consultation about the future of peacekeeping operations and the architecture of security. Our team published peer-reviewed articles in prominent publications such as the Stability Journal- The Military Review- Correio Braziliense and Carta Capital- among others.

#### Women- Peace and Security

In 2015- Instituto Igarapé continued to support the engagement of the Brazilian government in implementing the UN agenda for Women- Peace and Security (WPS). During the year- the Institute took part in at least five major events on the subject- in Brazil and abroad. Igarapé was the only civil society organization invited to take part in the Brazilian government's work group charged with preparing the National Action Plan to implement UN Resolution 1325- on which we published original research this year. The Institute also carried out field research in military academies together with governments and civil society organizations in Brazil- Norway and the United Kingdom- where key actors were interviewed about the challenges and opportunities of implementing the WPS agenda.

#### Civil Capacity

In 2015- Instituto Igarapé strengthened its partnership with the Brazilian Ministry for Foreign Relations and Ministry for Defense. Cooperation agreements were signed Instituto Pandiá Calógeras and with the Brazilian Joint Center for Peace Operations ('Centro Conjunto de Operações de Paz do Brasil - CCOPAB'). CCOPAB organized- with Instituto Igarapé's support- the first course in Latin America for civilian specialists who work in unstable environments. The training- whose curriculum was developed by the Institute- was highly recommended by the Ministry for Foreign Relations and other partners.

#### International cooperation through formal networks

Instituto Igarapé continued its partnership with Peace Capacities Network (PeaceCapNetwork) in 2015. The network promotes exchanges among the BRICS (Brazil- Russia- India- China and South Africa) and other emerging powers- including Egypt- Indonesia and Turkey. The Institute is also a member of the BraGS - Brazil's Rise to the Global Stage think-tank network- whose objective is to produce- by 2017- information and innovative perspectives on the role of





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**SUSTAINABLE DEVELOPMENT**

**Main impacts in 2015**

- Strengthening of the Brazilian government and civil society commitment to the UN Sustainable Development Goals (SDGs)- in particular goal 16 (peace- justice and governance);
- Consolidation of Brazil- Colombia and Mexico's positioning regarding the importance of Security- Justice and Governance for the Sustainable Development Goals;
- Exposure of the political- economic- and defense dynamics of Brazilian cooperation in Africa- including with relation to arms transfer and training;
- Promotion of South-South cooperation in the field of public safety between Latin America and Sub-Saharan Africa.

**2030 Development Agenda**

Instituto Igarapé continues working with partners in Brazil- Latin America and the Caribbean to ensure strong engagement around the Sustainable Development Goals. The Institute organized consultations in New York- Bogota and Cape Town regarding SDG 16- and took part in several events in Europe- the United States and Latin America- including having been invited to participate in the UN High-Level Panel on this agenda. In Brazil- Igarapé is part of the Civil Society Work Group ('Grupo de Trabalho da Sociedade Civil') on the 2030 agenda- influencing the Brazilian position on the inclusion of SDG 16. In partnership with Saferworld- the Institute published a series of strategic articles on SDGs 16 and 11- focusing on fairer and more peaceful societies and safer cities. We also prepared technical notes on the costs of lethal violence- leading to editorials in The Guardian and El País.

**Brazilian investments in Africa**

In 2015- Instituto Igarapé strengthened its research on public and private Brazilian investments in Africa. Subsidies for infrastructure- energy and the food industry were studied. The results- which were presented at an international security conference organized by the European Union and partners at the Copacabana Fort- yielded articles in Foreign Affairs- Carta Maior and the Huffington Post. The publications led to new partnership opportunities with Kings College (United Kingdom) and the African Development Bank.

Rio de Janeiro- 31st December 2016

**INSTITUTO IGARAPÉ**  
**ILONA SZABÓ DE CARVALHO**

**GISELE DE OLIVEIRA**  
**CRC (Regional Accounting Board No):**  
**RJ11917808**