

Financial Statements

INSTITUTO IGARAPÉ

31st December 2017 and 2016

with the Report of the Independent Auditors

SÃO PAULO

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São Paulo, 12th April de 2018

To the members of the board and management of

INSTITUTO IGARAPÉ
(‘IGARAPÉ INSTITUTE’)
Rua Conde de Irajá, nº 370 - Botafogo
City Center – Rio de Janeiro
Postcode.: 22.271-020

Re.: Report of the Independent Auditors on the Financial Statements

Dear Sirs and Madams,

We hereby submit to your care the Report of the Independent Auditors on the Financial Statements for the years ended on 31st December 2017 and 2016 of **INSTITUTO IGARAPÉ**.

Yours Truly,

Alexandre Chiaratti do Nascimento
Accountant
(Regional Accounting Board No.) CRC/SP “S” “RJ” 187.003/O-0
CNAI – SP – 1620

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INSTITUTO IGARAPÉ**(‘IGARAPÉ INSTITUTE’)****Financial Statements****31st December 2017 and 2016****CONTENTS**

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INSTITUTO IGARAPÉ
("IGARAPÉ INSTITUTE")**CNPJ (Legal Entity Registration No.): 14.051.935/0001-01****"INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS"****Opinion on Financial Statements**

We have examined the financial statements of **INSTITUTO IGARAPÉ**, comprised of the balance sheet on 31st December 2017 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 31st December 2017, 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 on Financial Statements

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.

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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.

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- 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, 12th April 2018

AUDISA AUDITORES ASSOCIADOS
(‘AUDISA ASSOCIATED AUDITORS’)
(Regional Accounting Board No.) CRC/SP 2SP “S” “RJ” 024298/O-3

Alexandre Chiaratti do Nascimento
Accountant
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CNAI – SP – 1620

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Balance Sheet on 31st December of:

(Values in US\$)

Assets	Accompanying Note	2017	2016	Adjustments	2016 Restated
Current					
Cash and equivalents	6	748.035,71	1.262.504,58	(970,14)	1.261.534,45
Project resources - to receive	17	882.436,83	160.002,90	-	160.002,90
Pre-payments		24.534,42	-	-	-
Other current assets		1.369,80	246,77	-	246,77
		1.656.376,76	1.422.754,26	(970,14)	1.421.784,12
Non-Current					
Property & Equipment	7	32.449,86	24.200,45	-	24.200,45
Intangibles	7	4.325,68	5.931,54	-	5.931,54
		36.775,55	30.131,99	-	30.131,99
Total Assets		1.693.152,31	1.452.886,24	(970,14)	1.451.916,11
Liabilities					
Current					
Tax and social obligations	8	23.552,27	20.109,90	-	20.109,90
Suppliers	9	16.916,33	5.189,59	(1.229,43)	3.960,16
Project resources - to undertake	17	1.084.903,72	819.802,41	201.964,73	1.021.767,14
Provisions	10	86.682,87	36.120,24	-	36.120,24
		1.212.055,18	881.222,15	200.735,30	1.081.957,44
Net Assets					
Contributed capital		364.489,81	564.576,69	-	564.576,69
Surplus for the year		116.607,32	7.087,41	(201.705,43)	(194.618,02)
	11	481.097,12	571.664,10	(201.705,43)	369.958,66
Total Liabilities and Net Assets		1.693.152,31	1.452.886,24	(970,14)	1.451.916,11

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

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

	Accompanying Note	2017	2016	Adjustments	2016 Restated
OPERATING REVENUES					
Restricted					
Project Revenue		1.920.211,33	2.782.591,57	(187.279,18)	2.595.312,39
Revenue for Services Rendered			348,20	-	348,20
		<u>1.920.211,33</u>	<u>2.782.939,78</u>	<u>(187.279,18)</u>	<u>2.595.660,60</u>
OPERATING REVENUES					
Unrestricted					
Donation Revenue		118.504,83	1.264,15	-	1.264,15
		<u>118.504,83</u>	<u>1.264,15</u>	<u>-</u>	<u>1.264,15</u>
Net Revenue from Social Assistance Activities		2.038.716,16	2.784.203,93	(187.279,18)	2.596.924,75
OPERATING COSTS AND EXPENSES					
General project costs		(1.803.522,14)	(2.685.499,11)	(14.685,55)	(2.700.184,65)
General and administrative		(134.015,53)	(155.279,08)	1.229,43	(154.049,65)
Taxes and fees		(66,80)	(1.610,19)	-	(1.610,19)
Financial expenses		(7.215,20)	(26.689,55)	-	(26.689,55)
Depreciation and amortization		(9.008,91)	(6.932,29)	-	(6.932,29)
		<u>(1.953.828,58)</u>	<u>(2.876.010,23)</u>	<u>(13.456,11)</u>	<u>(2.889.466,34)</u>
Operating Surplus (Deficit)		84.887,58	(91.806,30)	(200.735,30)	(292.541,59)
Revenue from Other Activities		8.324,77	62.594,90	(776,77)	61.818,14
Voluntary work revenues		317,00	-	-	-
Financial revenues		23.077,97	36.298,80	(193,37)	36.105,43
Gross Non-Operating Revenue		31.719,74	98.893,71	(970,14)	97.923,57
Surplus for the Year	13	<u>116.607,32</u>	<u>7.087,41</u>	<u>(201.705,43)</u>	<u>(194.618,02)</u>

Statement of Comprehensive Income on 31st December of:
(In Brazilian Reais)

	Adjustments	2016 Restated
Surplus for the Year	(201.705,43)	(194.618,02)
Total comprehensive income	<u>(201.705,43)</u>	<u>(194.618,02)</u>

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

INSTITUTO IGARAPÉ
ILONA SZABÓ DE CARVALHO

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Statement of Changes in Net Equity on 31st December 2017 and 2016

(Values in US\$)

	CONTRIBUTED CAPITAL	SURPLUS FOR THE YEAR	NET ASSETS
Balance on 31st December 2015	350.389,38	120.828,58	471.217,96
Incorporation of 2015 Surplus	120.828,58	(120.828,58)	-
2016 Surplus	-	7.087,41	7.087,41
2016 Restatement - financial year adjustment		(201.705,43)	(201.705,43)
Translation Difference	93.358,73		93.358,73
Balance on 31st December 2016	564.576,69	(194.618,02)	369.958,67
Incorporation of 2016 Surplus	(194.618,02)	194.618,02	-
2017 Surplus	-	116.607,32	116.607,32
Translation Difference	(5.467,96)		(5.467,96)
Balance on 31st December 2017	364.489,81	116.607,32	481.096,13

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

Statement of Cashflows for the Year Ending on 31st December of:

(Values in US\$)

	Accompanying Note	2017	2016	Adjustments	2016 Restated
Cashflows from Operating Activities					
Surplus for the year		116.607,32	7.087,41	(198.723,75)	(191.636,34)
Adjustment for non-cash revenues and expenses					
Depreciation and Amortization		(9.653,87)	6.932,29	-	6.932,29
Adjustments of prior years		(198.723,75)	72.505,89	-	72.505,89
		<u>(91.770,31)</u>	<u>86.525,59</u>	<u>(198.723,75)</u>	<u>(112.198,16)</u>
Reduction (increase) in operating assets					
Project resources - to receive		(724.799,15)	997.697,39	-	997.697,39
Other current assets		(25.661,10)	640,80	-	640,80
Increase (reduction) in operating liabilities					
Suppliers		11.803,45	(6.700,27)	(1.211,26)	(7.911,53)
Obligations, Accounts Payable, Labor Provisions and Other Obligations		54.836,21	42.317,52	-	42.317,52
Prepaid revenues		277.219,90	(1.347.686,20)	198.979,21	(1.148.706,98)
		<u>(406.600,68)</u>	<u>(313.730,76)</u>	<u>197.767,96</u>	<u>(115.962,81)</u>
		-	-	-	-
Net cash generated (employed) in operating activities		<u>(498.370,99)</u>	<u>(227.205,17)</u>	<u>(955,80)</u>	<u>(228.160,97)</u>
Cashflows from investing activities					
Acquisition of property & equipment		(16.097,89)	(10.639,41)	-	(10.639,41)
Net cash generated (employed) in investing activities		<u>(16.097,89)</u>	<u>(10.639,41)</u>	<u>-</u>	<u>(10.639,41)</u>
		-	-	-	-
Increase (decrease) in cash and equivalents		<u>(514.468,88)</u>	<u>(237.844,58)</u>	<u>(955,80)</u>	<u>(238.800,38)</u>
Cash and equivalents at the beginning of the year		1.262.504,58	1.500.349,17	-	1.500.349,17
CASH AND EQUIVALENTS AT THE END OF THE YEAR	6	<u>748.035,70</u>	<u>1.262.504,58</u>	<u>(955,80)</u>	<u>1.261.548,78</u>
		(514.468,88)	(237.844,59)	(955,80)	(238.800,39)

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

INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')

Accompanying Notes to the Financial Statements of 31st December 2017

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 Reais, 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 2017

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 2017

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

	<u>2017</u>	<u>2016</u>
Cash and Equivalents	748.036	1,262,504.58
Cash and Equivalents	9	39.30
Current Accounts	112.415	183,438.17
Financial Investments	359.401	784,118.75
Financial Investments – Repurchase Agreements	276.211	294,908.37

INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')
Accompanying Notes to the Financial Statements of 31st December 2017

7 Non-Current Assets

DETAILS OF NON-CURRENT ASSETS

Changes in Cost	Rate	Corrected Cost	Depreciation	Net Value 2017	Net Value 2016
FIXED ASSETS					
Machinery & Equipment	10%	8.515,72	-2.523,88	5.991,84	4,417.09
Furniture & Utensils	10%	17.065,60	-4.138,75	12.926,84	5,115.11
IT Equipment	20%	26,971.08	-17.458,28	13.531,14	8,412.70
TOTAL FIXED ASSETS		56.570,74	-24.120,92	32.449,82	24,200.45
INTANGIBLES					
Software	20%	7.590,69	-3.265,11	4.325,57	5,931.54
TOTAL INTANGIBLES		7.590,69	-3.265,11	4.325,57	5,931.54

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.

	2017	2016
INSS (social security) to collect	7.776	7.324
INSS (social security) to collect	322	
FGTS (unemployment insurance) to collect	2.384	2.304
ISS (unemployment insurance) to collect	2.466	
IRRF (income tax retained at source) - COD 1708	676	1.206
PIS/COFINS/CSLL (federal taxes) - LAW 10.833	2.111	3.779
IRRF - COD 3208	984	1.149
IRRF on payroll - COD 0561	3.698	2.338
PIS on payroll to collect		22
COFINS on own revenue to collect	2.343	562
PIS on payroll to collect	402	362
ISS (service tax) on third parties	388	1.063
Total	23.552	20.110

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.

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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 116.607,32 USD plus contributed capital of 364.489,81 USD, totalling, therefore, net assets on 31st December 2017 of 481.097,13 USD.

Net Assets	2017	2016
Contributed Capital	364.489,81	564,576.69
Surplus for the Year	116.607,32	7,087.41
Total Net Assets	481.097,13	571,664.10

12 Employment of Resources

The Entity employed all its resources in accordance with its institutional objectives, as stated in its bylaws, as demonstrated by its expenses and investments.

13 Surplus for the Financial Year

The 2017 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 5th 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).

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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:

Account Name	Account Value (to undertake)	Account Value (receivable)
Air Project	89.354,90	62.922,61
Canada África Project	462.896,61	472.010,58
Lafer Carcerária Project	36.165,96	56.937,73
Copcast SC Project	239.113,36	238.534,16
IDRC Project	7.908,71	0,00
FCO 2017 Project	7.795,65	11.237,91
Prio Project	26.364,27	19.669,29
Hot Spot Project	27.928,05	0,00
OS Cyber Project	52.349,15	16.070,44
Projeto Observatório 2 Porticus	52.747,28	0,00
Norway 2016 Project	1.525,39	0,00
Sida Project	3.072,25	0,00
Canada WPS Project	18.615,78	5.054,11
Projeto Subscription	16.372,73	0,00
Open Institutional Project	41.055,93	0,00
OS Campanha Regional Homicídio ('Regional Homicide Campaign') Project	1.637,24	0,00
Total Project Resources	1.084.903	882.437

18 Restatement of Financial Statements – Adjustments of Prior Years

The accounting information for the year ended December 31, 2016 is being restated due to reimbursements for costs related to payroll - as a result of adjustments in the accounting recognition of revenues and costs of projects, financial income and federal tax relief through PERDCOMP, in order to preserve comparability.

19 Formal Report of Social Projects

Programs:

Instinct for Life campaign

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In order to make measurable reductions in homicide, the Igarapé launched and cocordinated the Instinct for Life campaign in 2017. Since the campaign was launched roughly 60 organizations have joined the initiative. Working toward collective impact, the campaign has offered technical support to authorities and fostering citizen networks through evidence-based strategies. The campaign was launched at the World

Economic Forum meeting in Buenos Aires and subsequently in seven countries – Brazil, Colombia, El Salvador, Guatemala, Honduras, Mexico and Venezuela. Instinct for Life spearheaded the formation of the new Parliamentary Front to Reduce Homicides and generated commitments from governments

in Belo Horizonte, Caruaru, Cachoeirinha, Pelotas, Recife, Santa Maria and Novo Hamburgo – and by state authorities in Pernambuco and Rio Grande do Sul. Over the course of 2017, campaign activities and events generated nearly 1,000 stories in media outlets around the globe, including 156 op-eds published in numerous countries.

Public Security Partners

In its third year, the Public Security Partners initiative consists of key representatives from the private sector in Rio de Janeiro invested and engaged in improving and modernizing the state's public security policies. In 2017, the group continued to support the implementation and improvements of the ISPGeo platform, their flagship initiative. They also met with ministers and representatives of Brazil's Supreme Court and the ministries of defense and justice. In partnership with ISP, the group supports the training of analysts from the military and civil police, municipal guard and other Rio law enforcement authorities and it seeks to identify innovative strategies and actions for promoting sound public security and justice practices in Rio de Janeiro.

Responsible regulation of firearms and ammunition

Igarapé has worked to strengthen the capacity to trace the origin of weapons seized in the state of Rio de Janeiro, proposing and supporting sound legislative initiatives to bolster the work of intelligence and investigative bodies and to identify tools and best practices to confront arms and ammunition trafficking.

Igarapé participated in the development of a legislative measure that will guide the implementation of a new a state-wide policy. At the federal level, the Institute continued to urge Congress to maintain the Disarmament Statute, working with the Ministry of Defense and the Ministry of Justice to improve administration and implementation of the policy. The Institute also continued its work with the Export Arms Coalition, which brings together the main Brazilian organizations working toward full ratification of the Arms Trade Treaty by the Brazilian government.

ColaborAmerica Hackathon

The Igarapé Institute and local partner Mosaico hosted a hackathon during the ColaborAmerica festival in Rio de Janeiro. With a focus on including low-income and high-skills residents from the metropolitan area, Igarapé's team of experts worked with twenty hackers to create data-driven solutions to improve public safety in the state of Rio de Janeiro. The hackathon took place over a 72-hour period and included intensive media and marketing before, during and after the hackathon, including being featured by GloboNews. Two solutions were developed - an online "safety net" platform to support women victims of domestic violence, and a chat bot and digital platform to promote citizen access to quality legal information and resources.

Smart Policing

The Smart Policing initiative aims to increase the transparency of police actions and improve public safety and police-community relations. The Institute developed CopCast, an Android-based smartphone application that monitors video, audio and GPS location of on-duty police officers. In 2017, Igarapé conducted two randomized-controlled trials (RCTs), in collaboration with Santa Catarina's Military Police in Brazil, and the New Jersey Police Department in the United States. The goal is to verify whether the use of police body worn cameras lead to reductions in the use of force and citizen complaints against officers, and an improvement in the quality of crime related evidence and data collection. The

Institute has set up a non-profit entity in the United States. One of the primary objectives of the U.S.-based NGO will be to scale-up the Copcast software to police investigators and first responders nation-wide.

CrimeRadar

CrimeRadar is a digital platform that applies advanced machine learning algorithms to predict crime patterns. In 2017, the Institute re-developed the app's crime forecasting algorithm based on a collection of 12 statistical models. Igarapé also signed an MoU with the Military Police of Santa Catarina, which includes further collaboration in the development and piloting of the CrimeRadar app and algorithm. The CrimeRadar app was viewed more than 5,500 times in 2017 and continued to generate media coverage. In 2018, Igarapé will be ramping up development and testing of the CrimeRadar software in partnership with the Military Police of Santa Catarina and researchers from PUCRJ University. Igarapé is pursuing additional opportunities to pilot and test CrimeRadar in India and South Africa.

Metaketa IV Community Policing Project

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The Military Police of Santa Catarina is implementing the Neighbor Network (Rede de Vizinhos), Brazil's largest community policing program, which uses social network technologies to build trust between citizens and the police and to improve public safety. The program encourages police to engage with local communities through dedicated instant-messaging groups and on-site visits, to educate residents on security and safety, and on reporting of suspicious incidents to the police. The Igarapé Institute is working in partnership with researchers from PUCRio and Warwick University to design and conduct randomized control trials (RCTs) in 2018 and 2019 to assess the effect of the program on crime, on the efficiency of police response and on the public perception of safety and police activity.

Civilians and peacekeeping operations

Since 2010, Igarapé has worked to better prepare Brazilian civilians who work in unstable contexts. In 2014, the Institute organized a course for Brazilian civilians in partnership with the Brazilian Peace Operations Joint Training Center (CCOPAB). In 2016, CCOPAB included it in its official course catalog, evidence that Igarapé managed to put the subject on the national agenda. In 2017, for the fourth year in a row, Brazilian civilians enrolled in the course. Up to now, almost 100 professionals have been exposed to the course, including judges, public prosecutors, intelligence officials and prison officers, among others. These efforts have generated real impacts in the country, improving the formal training on safety and security received by Brazilian civilians who work in unstable contexts.

BUILDING PEACE

The participation of Brazil in MINUSTAH (2004-2017) In October 2017, the United Nations concluded its peacekeeping mission to Haiti (MINUSTAH), in which Brazil played a pivotal role. The mission was the most important of Brazil's 70-year participation in UN peace operations, and a Brazilian led the mission as Force Commander for the duration of the operation. In order to better understand Brazil's role in Haiti, the Igarapé Institute published an edited volume of articles analyzing Brazil's participation and providing recommendations and best practices for future missions. This volume, generated prominent media coverage in Brazil, including the publication of an op-ed in *Le Monde Diplomatique*. English and Spanish versions of the edited volume will be published in 2018.

Forced Migration Observatory

In 2017, Igarapé began rolling out a new digital platform, the Forced Migration Observatory, which offers a geo-referenced and interactive view of the distribution of internally-displaced persons in Brazil over time. Brazil does not have adequate mechanisms in place to measure the scale of forced displacement in the country, nor does it have a legal framework guaranteeing rights to people displaced by natural disasters, infrastructure projects and urban and rural violence. Preliminary results were presented at the 2017 Build Peace conference in Colombia, with coverage in 2017 in more than 120 media outlets, including 13 op-eds published in prominent outlets, such as *The Guardian*, *The World Economic Forum*, *Americas Quarterly* and others. Igarapé mobilized in support of the approval of a new migration bill (PL 13.455/2017), and also contributed to the approval of bill 557/2016, which provides for certain tax exemptions for refugees.

Women, Peace and Security

In 2017, Igarapé continued its work advancing the Women, Peace and Security (WPS) agenda. The Institute supported the Brazilian government in the implementation of the WPS agenda into its National Action Plan – a first for Brazil. Through its outreach and research, Igarapé strengthened civil society capacity and actors to work on this theme. It also extended this work and the WPS agenda at the regional level, identifying and sharing lessons learned on the incorporation of women and a gender perspective into the Colombian peace process. With the participation of Brazilian police officers, Igarapé supported the exchange of best practices between Brazil and Colombia in the area of attention to violence against women. In 2017, Igarapé was instrumental in the formation of the WPS-Brasil Network a collection of 12 organizations and individuals, dedicated to advancing the Women, Peace and Security agenda in Brazil.

Innovations in Conflict Prevention

The Innovation in Conflict Prevention (ICP) project seeks to identify and analyze innovations in conflict prevention, focusing on six countries in three regions of Africa: the Sahel, the Great Lakes Region and the Horn of Africa. The initiative aims, in particular, to support the UN, the African Union and regional economic communities, as well as national and local actors, in order to avoid the outbreak, escalation and/or recurrence of armed conflict. Igarapé has partnered with the Institute for Security Studies (ISS) to implement this project, using Guinea-Bissau, Ethiopia, Kenya, Somalia, Mali and Burundi as case studies. In 2017, Igarapé researchers produced policy briefs, conducted workshops, participated in international conferences and symposia, publishing numerous briefs and articles, including 17 op-eds in international outlets. Igarapé continues to play an important role in UN sustaining peace processes, reflected in invitations to participate in high-level dialogues, including at the UN General Assembly meeting.

The state of Brazil's Internet governance legislation

Igarapé continued its work in the areas of cybersecurity, Internet governance and digital liberties in 2017, which included the publication of a major new report, "Brazil, the Internet and the Digital Bill of Rights:

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Reviewing the State of Brazilian Internet Governance", garnering significant media and public discussion on the domestic and international fronts. Igarapé also advanced the debate through a series of op-eds and feature articles in prominent international defense and intelligence publications, including Defense One and Jane's Intelligence Review. Igarapé also continued its partnership and participation in Brazil's Internet Rights Coalition (Coalizão Direitos na Rede), an independent network of more than 20 civil

society, activist and academic organizations dedicated to promoting a free and open Internet in Brazil.

CYBERSECURITY AND DIGITAL LIBERTIES

Cybersecurity and digital liberties A new program on cybersecurity and digital liberties was also launched focusing on Brazil. The project aims to understand the "post Marco Civil" Internet governance and cybersecurity environment, and to identify the primary challenges emerging within the current regulatory context. To this end, Igarapé initiated a series of consultations assembling representatives of government, civil society, academia and the private sector to debate the balance of security and civil/

digital rights, among other topics. The first convening session took place in December and included representatives from the Brazilian Army Cyber Command (CDCiber), Brazil's Internet Steering Committee (CGI.br), Microsoft, CERT.br, academia and civil society organizations to discuss the state of

cybersecurity policy in Brazil, corporate and personal data security, new data protection legislation and how companies are using private information and personal data.

DRUG POLICY

One of the Igarapé Institute's core policy areas since its inception has been drug policy reform – both in Brazil and abroad – and 2017 was no exception. The Institute continued to impact decision makers and opinion makers' positions on the decriminalization of drug use through its outreach and research. Igarapé

executive director, Ilona Szabó, published a new book, "Drugs: Untold Stories". The publication was well received at the national level and generated a large amount of media attention through a series of five launch events in Brazil and abroad. Igarapé also launched the new global commission's report on drug

decriminalization in São Paulo and organized a high-level meeting of the criminal justice community with Supreme Court Justice Barroso to discuss the matter and wider drug policy issues. Finally, the Institute organized a series of high-level meetings and public debates with key stakeholders throughout

2017, and implemented a targeted media strategy to impact the ongoing judgment on the decriminalization of drug use at the Supreme Court.

Rio de Janeiro- 31st December 2017

INSTITUTO IGARAPÉ
ILONA SZABÓ DE CARVALHO

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