

## Financial Statements

### Instituto Igarapé

December 31<sup>st</sup> 2018 and 2017

with a Report from the Independent Auditors

Este documento foi assinado digitalmente por Alexandre Chiaratti Do Nascimento.  
Para verificar as assinaturas vá ao site <https://www.portaldeassinaturas.com.br:443> e utilize o código D744-BAF2-FC29-02AD.

#### SÃO PAULO

Alameda Rio Negro, 503  
1º And. Conj. 108/109  
Alphaville – 06454-000

[sao paulo@grupoaudisa.com.br](mailto:sao paulo@grupoaudisa.com.br)

#### PORTO ALEGRE

AV. Getúlio Vargas, 1157  
13º And. Conj. 1316  
Menino Deus – 90150-005

[portoalegre@grupoaudisa.com.br](mailto:portoalegre@grupoaudisa.com.br)

#### RECIFE

[recife@grupoaudisa.com.br](mailto:recife@grupoaudisa.com.br)

#### RIO DE JANEIRO

[riodejaneiro@grupoaudisa.com.br](mailto:riodejaneiro@grupoaudisa.com.br)



Fone: (11) 3661-9933

Fone: (51) 3062-8902

São Paulo-SP, July 11<sup>th</sup>, 2019.

To the members of the board and management of

**INSTITUTO IGARAPÉ**  
(‘IGARAPÉ INSTITUTE’)  
Rua Miranda Valverde, nº 64 casa - Botafogo  
City Center – Rio de Janeiro  
Post Coad.: 22.281-000

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

**Dear Sirs and Madams,**

We hereby submit to your care Independent Auditors Report of the Financial Statements for the years ended on December 31<sup>st</sup> 2018 and 2017 of **INSTITUTO IGARAPÉ**.

**Yours Truly,**

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

**SÃO PAULO**

Alameda Rio Negro, 503  
1º And. Conj. 108/109  
Alphaville – 06454-000  
saopaulo@grupoaudisa.com.br

Fone: (11) 3661-9933

**PORTO ALEGRE**

AV. Getúlio Vargas, 1157  
13º And. Conj. 1316  
Menino Deus – 90150-005  
portoalegre@grupoaudisa.com.br

Fone: (51) 3062-8902

**RECIFE**

recife@grupoaudisa.com.br

**RIO DE JANEIRO**

riodejaneiro@grupoaudisa.com.br

 grupoaudisa

 @grupo\_audisa

 audisa.consultores

**INSTITUTO IGARAPÉ**  
**(‘IGARAPÉ INSTITUTE’)**

Financial Statements

December 31<sup>st</sup> 2018 and 2017

**CONTENTS**

<b>REPORT OF THE INDEPENDENT AUDITORS .....</b>	<b>4-6</b>
<b>BALANCE SHEET .....</b>	<b>7</b>
<b>INCOME STATEMENT .....</b>	<b>8</b>
<b>STATEMENT OF CHANGES IN NET ASSETS.....</b>	<b>9</b>
<b>STATEMENT OF CASH FLOW.....</b>	<b>10</b>
<b>ACCOMPANYING NOTES.....</b>	<b>11</b>

Este documento foi assinado digitalmente por Alexandre Chiaratti Do Nascimento. Para verificar as assinaturas vá ao site <https://www.portaldeassinaturas.com.br:443> e utilize o código D744-BAF2-FC29-02AD.

**SÃO PAULO**

Alameda Rio Negro, 503  
 1º And. Conj. 108/109  
 Alphaville – 06454-000  
[saopaulo@grupoaudisa.com.br](mailto:saopaulo@grupoaudisa.com.br)

Fone: (11) 3661-9933

**PORTO ALEGRE**

AV. Getúlio Vargas, 1157  
 13º And. Conj. 1316  
 Menino Deus – 90110-000  
[portoalegre@grupoaudisa.com.br](mailto:portoalegre@grupoaudisa.com.br)

Fone: (51) 3062-8902

**RECIFE**

[recife@grupoaudisa.com.br](mailto:recife@grupoaudisa.com.br)

**INSTITUTO IGARAPÉ RIODEJANEIRO**

[riodejaneiro@grupoaudisa.com.br](mailto:riodejaneiro@grupoaudisa.com.br)

 [grupoaudisa](https://www.linkedin.com/company/grupoaudisa)

 [@grupo\\_audisa](https://twitter.com/grupo_audisa)

 [audisa.consultores](https://www.facebook.com/audisa.consultores)

("IGARAPÉ INSTITUTE")

CNPJ (Legal Entity Registration No.) : 14.051.935/0001-01

**" INDEPENDENT AUDITOR'S REPORT OF THE FINANCIAL STATEMENTS "**

## Opinion on Financial Statements

We have examined the financial statements of **INSTITUTO IGARAPÉ**, comprised of the balance sheet for 31<sup>st</sup> December 2018 and the corresponding statements of income, changes in net assets, and of cash flows, for the financial year then ended, as well as the accompanying notes, including the summary of the main accounting practices.

In our opinion, the aforementioned Financial Statements present fairly, in all material respects, the Entity's financial position of December 31<sup>st</sup>, 2018, the performance of its operations, and its cash flows for the year then ended in accordance with accounting practices 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 the preparation and fair presentation of these Financial Statements in accordance with accounting practices accepted in Brazil, and for such internal controls it has deemed necessary to enable the preparation of Financial Statements free from material misstatement, whether due to 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.

### SÃO PAULO

Alameda Rio Negro, 503  
1º And. Conj. 108/109  
Alphaville – 06454-000  
saopaulo@grupoaudisa.com.br

Fone: (11) 3661-9933

### PORTO ALEGRE

AV. Getúlio Vargas, 1157  
13º And. Conj. 1316  
Menino Deus – 90150-005  
portoalegre@grupoaudisa.com.br

Fone: (51) 3062-8902

### RECIFE

recife@grupoaudisa.com.br

### RIO DE JANEIRO

riodejaneiro@grupoaudisa.com.br

 grupoaudisa

 @grupo\_audisa

 audisa.consultores

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.

#### **SÃO PAULO**

Alameda Rio Negro, 503  
1º And. Conj. 108/109  
Alphaville – 06454-000  
saopaulo@grupoaudisa.com.br

Fone: (11) 3661-9933

#### **PORTO ALEGRE**

AV. Getúlio Vargas, 1157  
13º And. Conj. 1316  
Menino Deus – 90150-005  
portoalegre@grupoaudisa.com.br

Fone: (51) 3062-8902

#### **RECIFE**

recife@grupoaudisa.com.br

#### **RIO DE JANEIRO**

riodejaneiro@grupoaudisa.com.br

 grupoaudisa

 @grupo\_audisa

 audisa.consultores

- We evaluate the overall presentation, structure and content of financial statements, including disclosures and whether the financial statements represent the corresponding transactions and events in a manner consistent with the objective of adequate presentation.

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, July 11<sup>st</sup>, 2019

**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/RS "S" "RJ" 058.252/O-1  
CNAI/SP – 1620

**SÃO PAULO**

Alameda Rio Negro, 503  
1º And. Conj. 108/109  
Alphaville – 06454-000  
saopaulo@grupoaudisa.com.br

Fone: (11) 3661-9933

**PORTO ALEGRE**

AV. Getúlio Vargas, 1157  
13º And. Conj. 1316  
Menino Deus – 90150-005  
portoalegre@grupoaudisa.com.br

Fone: (51) 3062-8902

**RECIFE**

recife@grupoaudisa.com.br

**RIO DE JANEIRO**

riodejaneiro@grupoaudisa.com.br

 grupoaudisa

 @grupo\_audisa

 audisa.consultores

## PROTOCOLO DE ASSINATURA(S)

O documento acima foi proposto para assinatura digital na plataforma Portal de Assinaturas Certisign. Para verificar as assinaturas clique no link: <https://www.portaldeassinaturas.com.br/Verificar/D744-BAF2-FC29-02AD> ou vá até o site <https://www.portaldeassinaturas.com.br:443> e utilize o código abaixo para verificar se este documento é válido.

**Código para verificação: D744-BAF2-FC29-02AD**



### Hash do Documento

567FD003999F951036A585A9EFBA25EF6F46C0E3A6061D42680940E39F905822

O(s) nome(s) indicado(s) para assinatura, bem como seu(s) status em 30/07/2019 é(são) :

- Alexandre Chiaratti Do Nascimento (Signatário) - 147.823.488-19  
em 30/07/2019 17:14 UTC-03:00

**Tipo:** Certificado Digital



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

(Values in US\$)

<b>Assets</b>	<b>Accompanying Notes</b>	<b>2018</b>	<b>2017</b>
<b>Current</b>			
Cash and equivalents	5	691.359	748.036
Project resources - to receive	6	194.693	882.437
Other current assets		19.875	25.904
		<b>905.927</b>	<b>1.656.377</b>
<b>Non-Current</b>			
Property & Equipment	7	15.659	32.450
Intangibles	7	143	4.326
		<b>15.802</b>	<b>36.776</b>
<b>Total Assets</b>		<b>921.729</b>	<b>1.693.153</b>
<b>Liabilities</b>			
<b>Current</b>			
Tax and social obligations	8	12.946	23.552
Suppliers	9	3.741	16.916
Project resources - to undertake	10	548.429	1.084.904
Provisions	11	69.215	86.683
		<b>634.331</b>	<b>1.212.055</b>
<b>Net Assets</b>			
Contributed capital		410.723	364.490
Surplus (Deficit) for the Year		(123.325)	116.607
		<b>287.398</b>	<b>481.097</b>
<b>Total Liabilities and Net Assets</b>		<b>921.729</b>	<b>1.693.152</b>

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

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

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



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

(Values in US\$)

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>		
<b>Restricted</b>		
Project Revenue	1.437.955	1.920.211
Revenue for Services Rendered	32.951	-
	<u>1.470.906</u>	<u>1.920.211</u>
<b>Unrestricted</b>		
Donation Revenue	<u>286.408</u>	<u>118.505</u>
Operating Revenues Deductions	<u>(37.846)</u>	<u>-</u>
<b>Net Revenue from Social Assistance Activities</b>	<u>1.719.468</u>	<u>2.038.716</u>
<b>OPERATING COSTS AND EXPENSES</b>		
General project costs	(1.791.184)	(1.803.522)
General and administrative	(57.206)	(134.016)
Taxes and fees	(5.055)	(67)
Financial expenses	(6.131)	(7.215)
Depreciation and amortization	(7.308)	(9.009)
	<u>(1.866.885)</u>	<u>(1.953.829)</u>
<b>Operating Surplus (Deficit)</b>	<u>(147.416)</u>	<u>84.888</u>
Revenue from Other Activities	-	8.325
Voluntary work revenues	985	317
Financial revenue	23.106	23.078
<b>Gross Non-Operating Revenue</b>	<u>24.091</u>	<u>31.720</u>
<b>Surplus (Deficit) for the Year</b>	<u>(123.325)</u>	<u>116.607</u>

**Statement of Comprehensive Income for the year ended 31st of December of:**

(In Brazilian Reais)

	<u>2018</u>	<u>2017</u>
Surplus (Deficit) for the Year	(123.325)	116.607
<b>Total comprehensive result</b>	<u>(123.325)</u>	<u>116.607</u>

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

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

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



**Statement of Changes in Net Equity on 31st December:**  
(Values in US\$)

	CONTRIBUTED CAPITAL	SURPLUS (DEFICIT) FOR THE YEAR	NET ASSETS
<b>Balance on 31st December 2016</b>	<b>564.577</b>	<b>(194.618)</b>	<b>369.959</b>
Incorporation of 2016 Surplus	(194.618)	194.618	-
2017 Surplus	-	116.607	116.607
Translation Difference	(5.468)	-	(5.468)
<b>Balance on 31st December 2017</b>	<b>364.491</b>	<b>116.607</b>	<b>481.098</b>
Incorporation of 2017 Surplus	116.607	(116.607)	-
2018 Deficit	-	(123.325)	(123.325)
Translation Difference	(70.375)	-	(70.375)
<b>Balance on 31st December 2018</b>	<b>410.723</b>	<b>(123.325)</b>	<b>287.398</b>

INSTITUTO IGARAPÉ  
ILONA SZABÓ DE CARVALHO

GISELE DE OLIVEIRA  
CRC-RJ 119178/O-8

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

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

(Values in US\$)

	<u>2018</u>	<u>2017</u>
<b>Cashflows from Operating Activities</b>		
Surplus (Deficit) for the Year	(123.325)	116.607
<b>Adjustment for non-cash revenues and expenses</b>		
Depreciation and Amortization	7.308	(9.654)
Adjustments of prior years	-	(198.724)
	<u>(116.017)</u>	<u>(91.770)</u>
<b>Reduction (increase) in operating assets</b>		
Project resources - to receive	558.663	(724.799)
Other current assets	2.240	(25.661)
<b>Increase (reduction) in operating liabilities</b>		
Suppliers	(10.701)	11.803
Tax and social obligations	(7.161)	-
Project resources - to undertake	(377.776)	277.220
Provisions	(4.788)	-
Obligations, Accounts Payable, Labor Provisions and Other Obligations	-	54.836
	<u>160.476</u>	<u>(406.601)</u>
<b>Net cash generated (employed) in operating activities</b>	<u>44.459</u>	<u>(498.371)</u>
<b>Cashflows from investing activities</b>		
Acquisition of property & equipment	8.286	(16.098)
<b>Net cash generated (employed) in investing activities</b>	<u>8.286</u>	<u>(16.098)</u>
<b>Increase (decrease) in cash and equivalents</b>	<u>52.745</u>	<u>(514.469)</u>
Cash and equivalents at the beginning of the year	638.614	1.262.505
<b>CASH AND EQUIVALENTS AT THE END OF THE YEAR</b>	<u>691.359</u>	<u>748.036</u>

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

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

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

## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')

### Accompanying Notes to the Financial Statements of 31st December 2018

---

#### 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.

In accordance with its bylaws and as shown by its expenses and equity investments, the Entity has applied all its resources to its institutional purposes.

#### 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.

The Entity opted to present the Cash Flow Statement is presented by the indirect method.

#### 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 2018

---

### 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) Project Resources:

The Institute receives financial resources from Donations, Agreements or Partnership Terms, maintained with National and Foreign Private Entities, in order to operationalize predetermined projects and activities, in accordance with the legal instrument entered into.

The contracted amounts of projects and activities are initially recorded under the caption "Project resources receivable" as opposed to the item "Project resources to be realized". As funds are received, the write-off of the amount receivable is recorded. Also, as the projects and activities for which they are contracted are executed, the amount to be realized is written off against the Project Revenue item in the income statement.

From time to time, the Entity reports to interested parties on the entire financial and operational flow of the projects and activities for which it has been hired, and the respective documentation is available for any inspection.

When there is a possibility of non-receipt of contractually due amounts of the Partnership Terms and / or Agreements, a provision for estimated losses (Allowance for Doubtful Account

### e) Fixed Assets

Property, plant and equipment items are stated at historical acquisition cost less depreciation and unrecoverable loss, if applicable.

Depreciation is calculated using the straight-line method over cost less the residual value of the asset over its useful life, which is estimated as follows:

- Machinery and equipment - 10 years
- Vehicles - 5 years
- Furniture and fixtures - 10 years
- Computers and peripherals - 5 years.

An item of property, plant and equipment is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the derecognition of property, plant and equipment (calculated as the difference between the net sale value and the book value of the asset) is included in the income statement when the asset is written off.

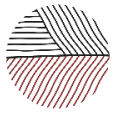
In order to assess the consequences of any changes in economic, operational or technological circumstances that may indicate impairment or impairment of its assets, the Entity periodically reviews its net book values in relation to their fair value.

During the years ended December 31, 2018 and 2017, the Entity did not verify the existence of indicators that certain property, plant and equipment could be above recoverable value, and consequently no provision for impairment of property, plant and equipment was required.

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

### f) 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.



**INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')**  
**Accompanying Notes to the Financial Statements of 31st December 2018**

**g) 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.

**h) Expenses and Revenues:**

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

**i) Measurement of Surplus or Deficit:**

Revenues, expenses and costs that comprise the result were calculated on the 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.

**j) Accounting Estimates:**

The preparation of financial statements in accordance with accounting practices adopted note 2 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 Cash and Equivalents**

	<u>2018</u>	<u>2017</u>
<b>Cash and Equivalents</b>	<b>691.359</b>	<b>748.036</b>
Cash and Equivalents	2	9
Current Accounts	32	112.415
Financial Investments	691.326	359.401
Financial Investments – Repurchase Agreements		276.211

**6 Recursos de projetos a receber**

	<u>2018</u>	<u>2017</u>
Air Project	-	62.923
Canada África Project	41.061	472.015
Lafer Carcerária Project	-	56.938
Copcast SC Project	27.520	238.536
FCO 2017 Project	-	11.238
Prio Project	-	19.669
OS Cyber Project	-	16.071
Canada WPS Project	-	5.054
FCO 2018 Project	990	-
Uber Project	96.565	-
ONU Women Project	10.091	-
Porticus Project	-	-
Australia Project	18.465	-
<b>Total</b>	<b>194.692</b>	<b>882.437</b>



**INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')**  
**Accompanying Notes to the Financial Statements of 31st December 2018**

**7 Non-Current Assets**

DETAILS OF NON-CURRENT ASSETS					
Changes in Cost	Rate	Correted Cost	<u>Depreciation</u>	Net Value <u>2018</u>	Net Value <u>2017</u>
<b>FIXED ASSETS</b>					
Machinery & Equipment	10%	5.194,00	-2.118,00	3.076	5.992
Furniture & Utensils	10%	14.436,00	-4.908,00	9.528	12.927
IT Equipment	<u>20%</u>	<u>21.982,00</u>	<u>-18.926,00</u>	3.056	<u>13.531</u>
<b>TOTAL FIXED ASSETS</b>		<b>41.612</b>	<b>-25.952</b>	<b>15.660</b>	<b>32.450</b>
<b>INTANGIBLES</b>					
Software	<u>20%</u>	<u>600,00</u>	<u>-458,00</u>	<u>142</u>	<u>4.325,57</u>
<b>TOTAL INTANGIBLES</b>		<b>600</b>	<b>-458</b>	<b>142</b>	<b>4.326</b>

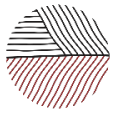
**8 Tax and Social Obligations**

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

	<u>2018</u>	<u>2017</u>
INSS a Recolher	6.209	7.776
INSS de Terceiros a Recolher		322
FGTS a Recolher	2.089	2.384
ISS S/ Receita Própria a Recolher	45	2466
IRRF a Recolher (COD 1708)	336	676
PIS/COFINS/CSLL – LEI 10.833	1.114	2.111
IRRF (COD 3208)	840	984
IRRF S/ Folha a Recolher (COD 0561)	1.930	3.698
COFINS S/ Receita Própria a Recolher	98	388
PIS/ Folha a Recolher	261	2.343
ISS Terceiros	24	402
<b>Total</b>	<b>12.946</b>	<b>23.552</b>

**9 Short-term Obligations**

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



**INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')**  
**Accompanying Notes to the Financial Statements of 31st December 2018**

**10 Project resources - to undertake**

	<u>2018</u>	<u>2017</u>
Air Project	-	89.356
Projeto Canada África	48.428	462.901
Lafer Carcerária Project		36.166
Copcast SC Project	94.531	239.115
IDRC Project		7.909
FCO 2017 Project		7.796
Prio Project		26.364
Hot Spot Project	10.116	27.928
OS Cyber Project		52.350
Observatório 2 Porticus Project		52.748
Noruega 2016 Project		1.525
Sida Project		3.072
Canada WPS 2017 Project		18.616
Subscription Project		16.373
Open Institucional Project		41.056
OS Campanha Regional Homicídio Project		1.637
Omidyar Project	25.460	-
FCO 2018 Project	990	-
OSF Grant Project	22.307	-
Telmex Project	111.859	-
Uber Project	96.565	-
ONU Mulheres Project	17.909	-
Porticus Project	101.799	-
Australia Project	18.465	-
<b>Total</b>	<b><u>548.429</u></b>	<b><u>1.084.904</u></b>

**11 Provisions**

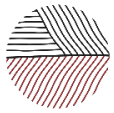
	<u>2018</u>	<u>2017</u>
Vacation Provisions and Charges	8.084	15.077
Provision for contract termination	61.132	71.607
<b>Total</b>	<b><u>69.215</u></b>	<b><u>86.213</u></b>

**12 Net Assets**

Net Assets are comprised of the déficit for the financial year of 123.325 USD plus contributed capital of 410.723 USD, totalling, therefore, net assets on 31st December 2018 of 287.398 USD.

<b>Net Assets</b>	2018	2017
Contributed capital	410.723	364.490
Surplus (Deficit) for the Year	<u>(123.325)</u>	<u>116.607</u>
	<b><u>287.398</u></b>	<b><u>481.097</u></b>





## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')

### Accompanying Notes to the Financial Statements of 31st December 2018

---

#### 13 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.

#### 14 Surplus for the Financial Year

The 2018 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.

#### 15 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.

#### 16 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.

#### 17 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).

#### 18 Formalization of social project

##### Achievements in 2018

"Your work is for sure one of the best examples of how to communicate on sometimes complex issues in a way that anyone can understand." Peter Bosch, European Commission

The Igarapé Institute generated impacts across all five of its key programming areas in 2018. In the citizen security area, the Institute helped drive the public security debate during presidential and state elections in Rio de Janeiro. The Institute's drug policy program launched new data visualization tool to promote public awareness and monitor legislative innovations in the Americas. The digital rights program brought government, industry and civil society groups together to advance questions of data privacy and protection. The safe cities initiative worked with inter-city networks on issues such as urban security, migration and public health. And the building peace team developed new insights into "what works" to prevent armed conflict and expanded awareness about the nexus of climate change and organized crime.

##### Citizen security

##### Halving homicide in Latin America in the next decade

The Institute led a major regional campaign involving over 60 non-governmental and government partners. More than 25 governments sign-up to the "Instinct for Life" pledge and the Organization for American States (OAS) launched a commission to prevent and reduce homicides across the region.



## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')

### Accompanying Notes to the Financial Statements of 31st December 2018

---

#### **Promoting community policing and new technologies in Brazil**

The Institute is working with the Santa Catarina Military Police to evaluate community policing and measure the effects of body cameras on police activity. The Institute has started trials of CopCast, a mobile phone-based body camera developed with Jigsaw, in Jersey City and Santa Catarina.

#### **Shaping the public security debate during national and state-level elections**

Together with partners, the Institute designed and promoted national and state security agendas reaching dozens of presidential, gubernatorial and congressional candidates. Many of the recommendations issued during the campaign were included in national and state-level security plans in 2019.

#### **Sharing best practices on crime prevention in Brazil and around the world**

The Institute launched widely circulated reports with the Inter-American Development Bank, the Latin American Development Bank and the Organization for Economic Cooperation and Development.

#### **Strengthening evidence on penal reform in Brazil**

Throughout 2018, the Institute examined employment opportunities for inmates and parolees of the prison system of Rio de Janeiro state. The Institute also investigated sentencing policies and pre-trial detention with results to be published in 2019.

#### **Launching the "State of security" series**

The Institute produced a quarterly series featuring data-driven analysis on crime trends in Rio de Janeiro. The report was distributed to diplomatic consulates, non-governmental partners and private sector organizations in Brazil and around the world.

#### **Safer cities**

##### **Advancing new thinking on crime prediction**

The Institute generated path-breaking research on crime forecasting algorithms and platforms and started new projects with South African partners to test predictive analytics. The Institute also contributed to global studies on new security technologies for smarter cities.

##### **Promoting partnerships for public security**

Throughout 2018, the Partners for Public Security continued the deployment of ISPGeo, Rio de Janeiro's first crime analysis platform, in partnership with the Institute for Public Security. The Institute also supported the deployment of GeoLocator designed to radically improve the quality and coverage of crime data.

##### **Improving service delivery to violence-affected areas**

The Institute developed a pilot with a major public utility to identify ways to improve the delivery of electricity to seven vulnerable areas of metropolitan Rio de Janeiro. The initiative will be scaled-up in 2019.

##### **Supporting an urban security exchange in El Salvador**

Working with USAID and local partners, the Institute gathered over 200 specialists in San Salvador at the beginning of 2018. The event challenged mano dura style measures and proposed concrete solutions to prevent and reduce crime.

##### **Advancing inter-city governance and global city partnerships**

The Institute served as co-chair of the Global Parliament of Mayors in 2018, and supported a global summit in Bristol with over 100 mayors. The Institute also worked with several other inter-city networks on issues related to public security and climate resilience.

#### **Drug policy**

##### **Advancing public education on drug policy in Brazil**

The Institute produced materials for parents, guardians and care-givers about drug education and harm reduction. The Institute distributed a new book – *Drogas: As histórias que não te contaram* – to schools across the country.

##### **Promoting smarter drug policy in Brazilian congress**

The Institute worked closely to develop more balanced drug policy proposals with members of an expert commission created by the Brazilian Congress. This included supplying critical data and recommendations to members and participating in public hearings. The expert commission produced a new bill to reform existing drug laws to be analyzed by Congress in 2019.

##### **Expanding awareness about drug policy in the Americas**

The Institute launched the *Drug Policy Monitor for the Americas*, a digital platform that allows users to better understand and interrogate legislative developments. The site was visited tens of thousands of times in 2018 and is being updated for 2019.

## INSTITUTO IGARAPÉ ('IGARAPÉ INSTITUTE')

### Accompanying Notes to the Financial Statements of 31st December 2018

---

#### Cybersecurity

##### **Advancing new thinking on cybersecurity governance in Brazil**

The Institute provided recommendations to the federal government to improve national cybersecurity governance. These inputs were produced on the basis of dialogues organized with police, military and intelligence representatives, large tech companies, and digital rights advocates.

##### **Extending awareness about IoT and security related issues in Brazil**

In partnership with several leading digital rights groups, Institute launched a social media campaign to raise awareness about IoT security and "privacy by design". The Institute also worked with the Brazilian National Development Bank (BNDES) to provide inputs on the national IoT strategy.

##### **Shaping digital policy in Brazil and the UN**

The Institute expanded debate on IoT governance and jurisprudence of the "right to explanation" in Brazil. Working with multiple organizations, the Institute also submitted recommendations to the UN Secretary General on digital threats and risks, as well as findings from multi-stakeholder consultations.

#### Building peace

##### **Training civilians and military to work in unstable contexts**

The Institute developed curriculum and training courses for Brazil's Peacekeeping Training Center (CCOPAB), with a particular focus on expanding role of women in UN peacekeeping. These courses were strongly recommended by the Instituto Rio Branco and the Ministry of Defense.

##### **Advancing the climate security agenda at the United Nations**

The Institute worked with various governments, the UN Secretary General, the UN Executive Board, and a newly established expert panel to sharpen the agenda on climate change and security in the UN Security Council.

##### **Deepening policy debate on forced migration in Brazil and globally**

The Institute launched the *Forced Migration Observatory* and collaborated with non-governmental networks to promote progressive migration legislation in Brazil. The Institute also published extensively on urban displacement with leading international and domestic media outlets.

##### **Advancing the women, peace and security agenda in Brazil and Latin America**

The Institute supported a UN inter-agency Working group dedicated to reviewing Brazil's *National Action Plan on the Women, Peace and Security Agenda*.

##### **Expanding thinking on innovative conflict prevention in Africa**

The Institute worked with the Institute for Security Studies (ISS) to develop a digital platform of best practices for conflict prevention in Africa. The Institute also produced a new digital tool to improve networking among practitioners.

Rio de Janeiro- 31<sup>st</sup> December 2018

INSTITUTO IGARAPÉ  
ILONA SZABÓ DE CARVALHO

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