

## Financial Statements

### INSTITUTO IGARAPÉ

December 31<sup>st</sup> 2020 and 2019

with a Report from the Independent Auditors

#### Sede Grupo Audisa

##### São Paulo

Alameda Rio Negro, 503 - 1º andar  
Conj. 108/109 - Alphaville

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São Paulo-SP, July 26<sup>th</sup>, 2021.

To the members of the board and management of

**INSTITUTO IGARAPÉ**  
**A/C Mrs. Ilona Szabó**  
**Rua Visconde de Caravelas, nº 14**  
**Pavimento Quinta Parte**  
**Botafogo – Rio de Janeiro**  
**Postcode: 22.071-022**

**Re.: Independent Auditor's Report on the Financial Statements**

Dear Sirs and Madams,

We hereby submit to your care Independent Auditor's Report of the Financial Statements for the year ended on December 31<sup>st</sup> 2020 and 2019 of **INSTITUTO IGARAPÉ.**

Yours Truly,

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

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**INSTITUTO IGARAPÉ**

## Financial Statements

December 31<sup>st</sup> 2020 and 2019

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**INSTITUTO IGARAPÉ**  
**("IGARAPÉ INSTITUTE")****CNPJ (Legal Entity Registration No.) : 14.051.935/0001-01****"INDEPENDENT AUDITORS' REPORT OF THE FINANCIAL STATEMENTS"****Report on the Financial Statements**

We have audited the accompanying financial statements of **INSTITUTO IGARAPÉ**, which comprised the balance sheet as at 31 December 2020, 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 significant accounting policies.

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Entity as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting standards and practices generally 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 "Auditor's 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 that are 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.

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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.

### **Auditor's 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 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 26<sup>th</sup>, 2021.

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

ALEXANDRE CHIARATTI DO  
NASCIMENTO:14782348819

Assinado de forma digital por ALEXANDRE  
CHIARATTI DO NASCIMENTO:14782348819  
Dados: 2021.08.26 15:19:23 -03'00'

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

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## **ASSINADO DIGITALMENTE POR:**

ALEXANDRE CHIARATTI DO  
NASCIMENTO (14782348819)  
Data: 8/26/2021 3:17:45 PM -03:00

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**Balance Sheet for the Year ended 31st of December of:**  
(Values in US\$)

<b>Assets</b>	<b>Accompanying Note</b>	<b>2020</b>	<b>2019</b>
<b>Current</b>			
Cash and equivalents	5	610.534	610.342
Project resources - to receive	6	521.870	692.021
Other current assets		29.801	78.691
		<b>1.162.205</b>	<b>1.381.054</b>
<b>Non-Current</b>			
Property & Equipment	7	12.241	18.054
Intangibles	7	-	22
		<b>12.241</b>	<b>18.076</b>
<b>Total Assets</b>		<b>1.174.446</b>	<b>1.399.130</b>
<b>Liabilities</b>			
<b>Current</b>			
Tax and social obligations	8	6.972	9.586
Advances from Customers	9	24.168	-
Project resources - to undertake	10	871.722	1.132.750
Provisions	11	51.646	66.862
		<b>954.508</b>	<b>1.209.198</b>
<b>Net Equity</b>			
Contributed capital		145.265	276.282
Surplus (Deficit) for the year	12	74.673	(86.349)
		<b>219.938</b>	<b>189.933</b>
<b>Total Liabilities and Net Assets</b>		<b>1.174.446</b>	<b>1.399.130</b>



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

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OLIVEIRA:71902562704

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

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

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

(Values in US\$)

	Accompanying Note	2020	2019
<b>OPERATING REVENUES</b>			
<b>Restricted</b>			
Project Revenue		1.072.704	1.331.846
Revenue for Services Rendered		8.734	(48.354)
		<b>1.081.438</b>	<b>1.283.492</b>
<b>Unrestricted</b>			
Donation Revenue		114.224	218.203
		<b>114.224</b>	<b>218.203</b>
<b>Net Revenue from Social Assistance Activities</b>		<b>1.195.662</b>	<b>1.501.696</b>
<b>OPERATING COSTS AND EXPENSES</b>			
General project costs		(1.082.171)	(1.533.839)
General and administrative		(28.807)	(59.513)
Taxes and fees		(1.370)	(383)
Financial expenses		(7.990)	(4.640)
Depreciation and amortization		(4.480)	(5.209)
		<b>(1.124.818)</b>	<b>(1.603.584)</b>
<b>Operating Surplus (Deficit)</b>		<b>70.844</b>	<b>(101.888)</b>
Revenue from Other Activities		-	1.896
Voluntary work revenues	18	1.012	1.419
Financial revenue		2.817	12.224
<b>Gross Non-Operating Revenue</b>		<b>3.829</b>	<b>15.539</b>
<b>Surplus (Deficit) for the Year</b>	13	<b>74.673</b>	<b>(86.349)</b>

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

(Values in US\$)

	2019	2018
Surplus (Deficit) for the Year	74.673	(86.349)
<b>Total comprehensive result</b>	<b>74.673</b>	<b>(86.349)</b>



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**Statement of Changes in Net Equity for the Year ended 31st of December of:**  
(Value in US\$)

	CONTRIBUTED CAPITAL	SURPLUS (DEFICIT) FOR THE YEAR	NET ASSETS
<b>Balance on December,31 2018</b>	<b>410.723</b>	<b>(123.325)</b>	<b>287.398</b>
Incorporation of 2018 Deficit	(123.325)	123.325	-
2019 Deficit	-	(86.349)	(86.349)
Translation Difference	(11.116)	-	(11.116)
<b>Balance on December,31 2019</b>	<b>276.282</b>	<b>(86.349)</b>	<b>189.933</b>
Incorporation of 2019 Deficit	(86.349)	86.349	-
2020 Surplus	-	74.673	74.673
Translation Difference	(44.668)	-	(44.668)
<b>Balance on December,31 2020</b>	<b>145.265</b>	<b>74.673</b>	<b>219.938</b>

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

	Accompanying Note	2020	2019
<b>Cashflows from Operating Activities</b>			
Surplus for the Year		<b>74.673</b>	<b>(86.349)</b>
<b>Adjustment for non-cash revenues and expenses</b>			
Depreciation and Amortization		4.480	5.209
Provisions		509	324
		<b>79.662</b>	<b>(80.816)</b>
<b>Decrease (increase) in operating assets</b>			
Project resources - to receive		7.405	(504.859)
Other current assets		30.384	(59.585)
<b>Increase (decrease) in operating liabilities</b>			
Suppliers		-	(3.596)
Tax and social obligations		(360)	(2.859)
Advances from Customers		24.168	-
Project resources - to undertake		5.368	605.532
		<b>66.964</b>	<b>34.634</b>
<b>Net cash generated (employed) in operating activities</b>		<b>146.626</b>	<b>(46.182)</b>
<b>Cashflows from investing activities</b>			
Acquisition of property & equipment		(2.896)	(8.095)
<b>Net cash (employed) in investing activities</b>		<b>(2.896)</b>	<b>(8.095)</b>
<b>Increase (Decrease) in cash and equivalents</b>		<b>143.730</b>	<b>(54.277)</b>
Cash and equivalents at the beginning of the year		466.804	664.619
<b>CASH AND EQUIVALENTS AT THE END OF THE YEAR</b>	<b>5</b>	<b>610.534</b>	<b>610.342</b>



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

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

**Values in US\$**

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### **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**

In the elaboration of the accounting statements of 2020, the institution adopted Law n. 11.638/2007, Law n. 11.941/2009, which changed articles in Law n. 6.404/1976 regarding the elaboration and publication of the financial statements.

The accounting statements were prepared in accordance with the accounting practices established in Brazil, qualitative characteristics of the accounting information, CFC Resolution N. 1.374/2011 (NBC TG), regarding the Conceptual Structure for the Elaboration and Presentation of the Accounting Statements, CFC Resolution n. 1.376/2011 (NBC TG 26), regarding the Accounting Statement Presentation, Deliberations of the Securities Commission (CVM) and the Rules issued by the Federal Accounting Council (CFC), especially regarding CFC Resolution N. 1.409/2012 for Nonprofit Organizations, which establishes specific criteria and procedures for the evaluation, recording of components and equity variations, and of the structure of the accounting statements, and the minimum information to be publicized in an explanatory note of the nonprofit organizations.

### **3 Formal Bookkeeping Compliance– CFC Resolution Nº 1330/2011 (ITG2000)**

The institution maintains a uniform bookkeeping system of its administrative acts and facts, through an electronic process. The accounting records contain the identification number of the entries related to the respective document of external or internal origin or, when there is not any, there are elements that can prove or show facts and the practice of administrative activity.

The accounting statements, including explanatory notes, elaborated by legal and statutory provisions, will be transcribed in the General Ledger of the institution.

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

### **Values in US\$**

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The accounting documentation of the Institution is composed of all documents, books, papers, records and other pieces that support or compose the bookkeeping.

The accounting documentation is apt having the essential intrinsic or extrinsic characteristics defined by law, in accounting procedures or accepted by “uses and customs”. The institution maintains its accounting documents in good order.

#### **4 Main accounting practices**

The main accounting practices adopted by the Entity are:

##### **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.

##### **Cash and Equivalents:**

In accordance with CFC Resolution N° 1.296/10 (NBC –TG 03) – Cashflow Statements, and CFC Resolution N° 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.

##### **Investments with Immediate Liquidity:**

Financial investments in accordance with the investment policy approved by the Fiscal Council, are stated at the original invested amounts in CDB plus pro-rata interest until the date of the balance sheet.

##### **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.



## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

**Values in US\$**

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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) is constituted.

	<b>Revenue</b>		<b>Costs</b>	
Donors - Person and Company	\$	173.168,54	\$	145.873,50
Company	\$	152.081,63	\$	143.415,72
Government/Bilateral	\$	151.713,35	\$	160.897,06
Institute/Foundation	\$	693.558,31	\$	710.858,78
<b>Total</b>	<b>\$</b>	<b>1.170.521,83</b>	<b>\$</b>	<b>1.161.045,07</b>

### **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, 2020 and 2019, 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.

### **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.

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020** **Values in US\$**

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### **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.

### **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.

### **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**

	<b>2020</b>	<b>2019</b>
Cash and Equivalents	1	48
Current Accounts	44	34
Financial Investments	610,489	610,260
<b>Total</b>	<b>610,534</b>	<b>610,342</b>

**Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**  
**Values in US\$**

**6 Project Resource – to be received**

	<b>2020</b>	<b>2019</b>
Telmex Project	-	195,449
Netherlands Project	-	6,424
Adelphi 2 Project	-	1,954
Adelphi 3 Project	-	6,742
FCO 2019 Project	-	1,522
FCO Cyber Project	62,401	105,992
Uber 2019 Project	-	31,704
Instituto República Project	-	14,886
Amazon Norwegian Project	246,891	327,348
Netherlands Civic Space Project	13,776	-
Global Innovation Fund Project	84,765	-
PNUD Project	61,857	-
ICS Project	23,719	-
Democracy is not made with guns Project	28,462	-
<b>Total</b>	<b>521,870</b>	<b>692,021</b>

**7 Fixed Assets and Intangibles**

				<b>Net Value</b>	
	<b>Rate</b>	<b>Corrected Cost</b>	<b>Depreciation</b>	<b>2020</b>	<b>2019</b>
<b>FIXED ASSETS</b>					
Machinery & Equipment	10%	2,813	(2,627)	5,185	7,833
Furniture & Utensils	10%	10,614	(5,731)	4,882	7,731
IT Equipment	20%	21,255	(19,082)	2,173	2,491
<b>Total Fixed Assets</b>		<b>39,682</b>	<b>(27,440)</b>	<b>12,241</b>	<b>18,054</b>

				<b>Net Value</b>	
	<b>Rate</b>	<b>Corrected Cost</b>	<b>Amortization</b>	<b>2020</b>	<b>2019</b>
<b>INTANGIBLES</b>					
Software	20%	441	(441)	-	22

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

**Values in US\$**

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### **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.

	<b>2020</b>	<b>2019</b>
INSS payroll	2,376	3,457
INSS third party	148	255
FGTS payroll	1,342	1,100
ISS own revenues	-	3
IRRF third party (COD 1708)	99	656
PIS/COFINS/CSLL – LEI 10833	309	2,030
IRRF payroll (COD 0561)	2,009	1,658
COFINS own revenues	22	54
PIS payroll	138	137
ISS third party	528	237
<b>Total</b>	<b>6,972</b>	<b>9,586</b>

### **9 Short-term obligations**

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

**Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**  
**Values in US\$**

**10 Project resources – to undertake**

	<b>2020</b>	<b>2019</b>
Netherlands Civic Space Project	26,459	-
Copcast SC Project	-	2,419
PNUD Project	50,394	-
Omidyar Project	-	142,648
ICS Project	35,262	-
Porticus Breaking Cycles of Violence Project	196,543	-
Democracy is not made with guns	49,264	-
Telmex Project 2019/20	-	162,794
Uber Project	-	418
Luminate Project	38,365	-
Porticus Project	323	21,171
OSPC Project	38,353	-
Netherlands Project	-	6,501
Tinker Project	-	15,540
Global Innovation Fund Project	71,068	31,441
Lafer Penal Execution Project	-	2,644
Germany Project	-	3,005
Adelphi 2 Project	-	1,954
Partners 2019 Project	-	29,248
Adelphi 3 Project	-	6,742
FCO 2019 Project	-	1,522
FCO Cyber Project	67,732	105,992
Australia 2020 Project	-	34,733
Instituto República Project	949	20,840
Social Control 4.0 Project	-	23,321
Norwegian Amazon Project	272,835	424,101
Uber 2019-2020 Project	-	31,704
Uber Project	7	61,011
RFN Project	24,168	-
<b>Total</b>	<b>871,722</b>	<b>1,132,750</b>

**11 Provisions**

	<b>2020</b>	<b>2019</b>
Vacation Provisions and Charges	6,700	8,095
Provision for contract termination	44,947	58,767
<b>Total</b>	<b>51,646</b>	<b>66,862</b>

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

**Values in US\$**

### **12 Net Assets**

Net Assets are being presented at updated values and comprised the surplus for the financial year plus contributed capital, on December 31, 2020.

	<b>2020</b>	<b>2019</b>
Contributed capital	<b>145,265</b>	<b>276,282</b>
Surplus for the Year	<b>74,673</b>	<b>-</b>
Deficit for the Year	<b>-</b>	<b>(86,349)</b>
<b>Total</b>	<b>219,938</b>	<b>189,933</b>

### **13 Resources employment**

The Entity invested all its resources in its institutional purposes, in accordance with its Bylaws demonstrated by its expenses and equity investments.

### **14 Surplus for the Financial Year**

The 2020 surplus will be incorporated to Contributed Capital in accordance with legal and statutory requirements and as determined by CFC Resolution N° 1.409/2012 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 N° 1.152/2009 that approved NBC TG 13 and, also with CFC Resolution N° 1.296/2010 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.

In accordance with the relevant legislation, the Institute complies with all requirements for the enjoyment of 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:



## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

### **Values in US\$**

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

#### **17 Insurance coverage**

In order to comply with preventive measures adopted permanently, the Entity takes out insurance in an amount considered sufficient to cover possible losses, and thus mainly complying with the Accounting Principle of Continuity.

The insured values are defined by the Entity's Administrators according to the market value or the value of the new asset, as the case may be, and are defined in Policy 1.18.531842, Itaú Seguradora.

#### **18 Voluntary**

During the year of 2012, the Federal Accounting Council approved ITG 2002 which mentions the need for accounting for "voluntary services" using the criterion of recognition of the fair value for providing the service as if the financial disbursement had occurred.

During the year of 2020, the entity measured the cost of the voluntary work of the Directors in order to consider what would actually be a financial disbursement based on the Minutes of the meetings, recorded in a compensatory income / expense account.

#### **19 Social Projects Formalization**

##### **Unified Against Covid-19**

Amid the greatest public health tragedy of the 20th century, the Igarapé Institute joined in efforts to curb the effects of Covid-19. The Institute sought to understand and publicize the impacts of the pandemic on public security. In the early stages of the crisis, the Institute contributed to the creation of Movimento União Rio, a volunteer organization comprising several institutions which focused on mitigating the effects of the pandemic in Rio de Janeiro.

The organization collects and distributes donations to highly vulnerable populations, as well as to front-line workers combatting the virus in the urban outskirts. Some 8,000 cloth masks were distributed to the Military Police, the Civil Police and the Secretary of Prison Administration of Rio. In addition, 5,000 N95 masks were donated to the Rio Fire Department, the Civil Police and the Military Police Hospital.

The Institute collaborated with União Amazônia Viva, an organization that provides humanitarian aid to the Alto Rio Negro (AM), Yanomami (AM and RR) and Tapajós-Arapiuns (PA) regions, to deliver Covid-19 tests and boxes of medications and food. The Igarapé Institute also supported Cidade Solidária, a joint effort of the City of São Paulo and civil society organizations.

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

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**Values in US\$**

The pandemic dramatically impacted public security, with transformations in murder rates, the prison system and violence against women. Igarapé Director of research and innovation Robert Muggah built with Carnegie Mellon University's Create Lab a visual EarthTime platform visualization to illustrate the global spread of coronavirus and its public security consequences.

We also conducted research and presented our analyses through interviews with the Financial Times, Wall Street Journal, O Globo, and Estadão Cidadania. An opinion piece in Foreign Policy was shared with 1.5 million people on Facebook and shared twice by Steven Pinker with his 700,000 Twitter followers. The topic was discussed several times in our weekly radio segment on public security in Rio on CBN.

An updated version of the article was published in the book Unfulfilled Promises: Latin America Today, which examines the links between weakened democracy, violence and Covid-19. Events such as the Stockholm Forum on Peace and Development, Reage Rio!, Brazil Talk and the Summit Mobilidade by Estadão proved to be invaluable forums for promoting our research and data.

The Institute's team gave interviews on the effects of the pandemic in the prison system which were published in the Washington Post and shared on the Estado de S. Paulo's Facebook with over 3.5 million users. Strategic Note 34, Impactos Evidentes em uma População Tornada Invisível: os Efeitos do Coronavírus na Vida de Mulheres Presas e Egressas (Evidence of Impacts on a Population that has become Invisible: the Effects of the Corona virus on the Lives of Incarcerated and Formerly Incarcerated Women), inspired an opinion piece in Nexo. The note illustrates the impacts of the pandemic on the lives of incarcerated and formerly incarcerated women. It also offers strategies to accelerate their reintegration to society. At the end of 2020 the Institute produced a video on formerly incarcerated women in the labor market and the obstacles they face due to the pandemic.

Many of the articles written by the Institute on Covid-19's reshaping of the drug trade have been widely read and cited. The Igarapé Institute team gave interviews to Financial Times, Valor, UOL and Reuters. In addition, the Institute discussed the increased difficulty for women in reporting domestic violence and accessing services and care during the pandemic. The article "Violência Contra Mulheres: Como a Pandemia Calou um Fenômeno já Silencioso" (Violence Against Women: How the Pandemic Quietened an Already Silent Phenomenon) came out in December, and the results were presented at the 14th annual Brazilian Public Security Forum (FBSP).

The Institute authored a chapter in the World Economic Forum's report Challenges and Opportunities in the Post-COVID-19 World. The related interview in The New Humanitarian was re-Tweeted to over 100,000 readers. The Institute participated in events including The Future of Cities in the wake of Covid organized by CSFI, COVID-19: The State & Future of Pandemics, by Singularity University, with an audience of over 20,000 people, Phoenix Rising: What does the post-Covid city mean for you?, and E-Conversa 2020, organized by Canning House. Igarapé Institute president Ilona Szabó, was ranked fifth on Prospect Magazine's list of the world's top thinkers for the Covid-19 age.

During the Covid-19 pandemic, illegal deforestation, prospecting, animal trafficking, timber extraction, corruption and money laundering increased in the Amazon. We joined other organizations in #ForaGarimpoForaCovid, a campaign led by Instituto Socioambiental. The Institute published articles on the impacts of Covid-19 on the Amazon region with CNN, Financial Times, Foreign Policy, Associated Press, Washington Post, Globo, and Folha, which was shared to 55,000 people by Young Global Leaders. In addition, the Igarapé Institute participated in events such as Climate Action in a COVID-19 Era, COVID-19 and Amazonia's Future, and a publication on climate fragility in Latin America and the Caribbean.

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

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**Values in US\$**

### **Citizen Security**

#### **Responsible Gun Control**

Throughout 2020, the Igarape Institute supported policies and legal actions to thwart the federal government's numerous attempts to weaken gun control laws in Brazil. The Institute produced technical analyses, gave interviews and wrote opinion pieces on the topic in order to reach the greatest number of decision makers and the general public. The weakened gun control legislation was contested by the Brazilian Socialist Party and later suspended.

The Igarape Institute provided technical support for these efforts. In an effort to reach beyond its bubble, the Institute joined forces with Brazilian influencers like Gabriela Prioli (commentator and lawyer), Raull Santiago (activist) and Frejat (singer) in the Não Somos Alvo (We are not a Target) campaign. The Igarape Institute was cited in over 135 news reports about gun control in media outlets such as BBC, TV Globo, O Globo, Folha de S. Paulo, G1 and UOL. In December, Supreme Court Justice Edson Fachin overturned the federal government's proposal that would have made importing revolvers and pistols duty free.

The Institute also collaborated with the Sou da Paz Institute to promote gun and ammunition control laws and to strengthen the movement for the responsible use of force in Brazil. This and other collaborative efforts reflect our conviction that joint action creates new possibilities and yields better results.

#### **Safer Cities**

Brazil held local elections in the middle of 2020's political, economic and health crises. In response to the risk of elevated violence during the elections, the Igarape Institute underscored the need for municipalities to cooperate to prevent conflict. The Institute provided detailed information on the subject in Agenda Cidades Seguras (Safe Cities Agenda), a program geared toward candidates for city government, city council, and voters. The document, launched at a virtual event organized by the Igarape Institute with a webinar and videos produced in partnership with O Globo newspaper, had approximately 10,000 views.

The Institute joined the Pacto Pelas Cidades Justas (Pact for Just Cities) which facilitates urban development through innovative collaboration between civil society and governments. The Institute supported the publication of the Agenda Municipal de Políticas Penais (Municipal Agenda for Penal Policy). On the international stage, the Igarape Institute assisted in the launch of a global resolution to reduce violence by 50% by 2030. The launch involved over 1,500 participating cities across the globe. The Institute discussed the leading role of cities to reduce violence in opinion pieces for the World Economic Forum and the World Bank, with the latter article shared on the Twitter accounts of the World Bank and of World Bank Africa reaching 3.4 million and 500,000 people, respectively.

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

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### **Values in US\$**

#### **Police Violence and Murder of Young People in Brazil**

This year saw a spike in police violence, with brutality disproportionately affecting Black communities both in Brazil and internationally. The Igarape Institute contributed scientific evidence and analyses to the widespread debates on mainstream and social media. The Institute gave special attention to the links between police violence and authoritarianism and also called attention to the appropriation of legitimate demands from police forces for partisan political gain, including the use of illegal police strikes and riots.

The Institute addressed this topic in nearly 150 reports and opinion pieces in media outlets including the New York Times, BBC, Foreign Policy, Exame, Daily Mail, Folha de S.Paulo, Jornal Nacional, CNN and O Globo. The Igarape Institute also took part in events on police violence such as Race and Policing in the US and Brazil, organized by The Dialogue, as well as Public Security in the Pandemic, organized by USP.

Young people are the main victims of police violence in Brazil. The 17% rise in youth homicide rates in the last decade was the subject of the publication Preventing Violence Against Youth in Brazil: an Analysis that Works, which came out in January 2020 with the support of the United Nations Population Fund (UNFPA). The publication was highlighted in UNIC Rio de Janeiro, Estadão, Claudia, and Valor.

#### **Violence Against Women**

The Igarape Institute researched the connections between Covid-19 and increases in violence against women and deployed the results to promote public policy solutions. The platform Evidências sobre Violências e Alternativas para Mulheres e Meninas (EVA) (Evidence on Violence and Alternatives for Women and Girls) was launched in Mexico and was mentioned in important media outlets such as Expansión. The Institute also updated the platform with new data from public health and security systems.

The Institute published Strategic Article 45, Evidências sobre violência contra mulheres no Brasil, na Colômbia e no México (Evidence of Violence Against Women in Brazil, Colombia and Mexico). To draw attention to this topic the Institute team published opinion pieces in media outlets such as El País, Folha de S. Paulo and Animal Político. EVA was also cited in O Globo, R7, El País, Congresso em Foco, and Folha. Data from the platform were discussed by key public figures, including philosopher Djamila Ribeiro.

#### **Drug Policy Results**

The year 2020 saw important advances in drug policy. The United Nations removed cannabis from its list of the most dangerous drugs. Meanwhile, the United States, the home of the war on drugs, implemented numerous reforms. The Igarape Institute harnessed these global shifts to spark dialogue on drug policy in Brazil. The Institute published articles in O Globo and Folha de S.Paulo and addressed the topic at events alongside figures such as Federal Supreme Court Justice Alexandre de Moraes and former Minister of Public Security Raul Jungmann.

The Institute updated its Monitor de Política de Drogas nas Américas (Monitor of Drug Policy in the Americas), which tracks changes in drug-related legislation and public policy throughout the Americas. The Monitor was cited in Globo and Folha de S.Paulo. We participated in events such as Ao Vivo em Casa and the Webinário Estado Alterado, both organized by Folha de S. Paulo,

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020** **Values in US\$**

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as well as in the International Circle of Human Rights Research. Igarape Institute president Ilona Szabó spoke about drug policy in the film “Terceiro Lado”. The Institute attended seminars on the issue of organized crime with organizations such as UN-Habitat, InSight Crime, Global Initiative on Transnational Crime and the International Committee of the Red Cross.

### **Mapping our Future**

Igarape Institute Director of Research and Innovation Robert Muggah and Oxford University Professor Ian Goldin co-authored the book *Terra Incognita: 100 Maps to Survive the Next 100 Years*. The book illustrates humanity’s impact on the planet and what we can do to save it. The book contains over 100 satellite maps created by the team from EarthTime which illustrate the issues reshaping our world such as globalization, urbanization, pandemics, violence, education and culture.

The book garnered praise from Steven Pinker, Harvard psychologist and linguist; Stephen Fry, actor and screenplay writer; and Jeffrey Sachs, economist and professor at Columbia University. In addition, it was covered by the World Economic Forum and The Guardian. “Terra Incognita” was also the theme of an event in Oxford, a video by the World Economic Forum and a post by actor Leonardo DiCaprio on Instagram for his nearly 50 million followers.

### **Climate Security**

#### **Following the Lead of the UN Security Council**

The Igarape Institute launched an initiative to refine the decision-making process based on data from the leading international organ for peace and security, the UN Security Council. The Institute forged a partnership with the Swiss Ministry of Foreign Affairs to develop new data visualization methods to trace how climate change exacerbates social and economic vulnerability and political unrest.

The Institute developed a series of data visualizations for desktop and mobile devices that track coastal threats, migration dynamics and social instability in West Africa. The Institute also produced a documentary series and opinion pieces which were published in outlets such as *Foreign Policy*. In conjunction with Switzerland and Germany, we held an event for over 130 ambassadors and experts from around the world. Igarape is collaborating with a group of technical experts to further develop these areas into 2021 and beyond.

#### **Defining and Mapping Environmental Crimes in the Amazon Basin**

The Igarape Institute has been performing analyses and building partnerships to explore the relationship between climate and security. We produced a data mapping platform in response to crimes like illegal deforestation, prospecting, animal trafficking, timber extraction, corruption and money laundering in the Amazon, which increased during the pandemic. With this platform, we aim to prevent environmental crime, protect the Amazon Forest and its indigenous peoples, and to slow global warming.

The main obstacles to improving enforcement in the Amazon region are imprecise definitions of crime, poor enforcement and the amnesty commonly granted for environmental crimes. To strengthen understanding of illicit practices and their social and environmental impacts put out in the publication *Environmental Crime in the Amazon Basin: a Typography for Research, Policy*

## **Accompanying Notes to the Financial Statements of December 31<sup>st</sup>, 2020**

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### **Values in US\$**

and Action in both Portuguese and English. The publication was the topic of reports by Reuters, was reposted by the Daily Mail and was translated by UOL.

#### **Technology Solutions and Partners in the Financial Sector**

The Igarape Institute called attention to the urgency of technology and financial sector engagement in the fight against deforestation. The Institute put out a strategic article, Technology Solutions for Supply Chain Traceability in the Brazilian Amazon: Opportunities for the Financial Sector, in both Portuguese and English.

To broaden the horizons of policy development the Igarape Institute brought private sector financial and investment institutions into the conversation. The topic was addressed in articles and reports in outlets including the Financial Times and Folha de S. Paulo, WEF, Folha de S. Paulo, as well as Valor Econômico. The Institute attended events on this topic throughout the year, such as Amazon Tech by BTG Pactual and Itaú Amazônia, in which Ilona Szabó participated alongside notables like photographer Sebastião Salgado and scientist Carlos Nobre.

#### **Participation in Discussions in Brazil and the World**

The Institute strengthened partnerships with civil society organizations and with the Brazilian Federal Public Prosecutor. The Institute joined important networks and forums and attended numerous events, including Concertação pela Amazônia and Coalizão Brasil Clima, Florestas e Agricultura (Brazilian Coalition on Climate, Forests and Agriculture), one of the largest civil society coalitions in the area of agriculture, climate and the forest in Brazil. The Institute signed a technical cooperation agreement with the Brazilian Federal Prosecutor to improve efforts to map and combat environmental crimes. The Institute also supported the Science Panel for the Amazon.

The Igarape Institute participated in the campaign against Temporary Measure MP 910, which allowed occupants of federal land to be granted titles for rural properties. The Institute also called attention to the rise of deforestation of the Amazon during its third time in attendance at the Paris Peace Forum, as well as at events held by the WWF, Global Americans, Financial Action Task Force, and Princeton Brazil LAB.

#### **Digital Security**

##### **Cyber Governance**

The Igarape Institute has been critical in the creation of a cyber governance plan for Brazil. To this end, it has worked alongside other actors in the area of digital security, as well as the military, the private sector, civil society, and academia. The Institute's proposal was the basis for the new National Strategy for Cyber Governance, which was published at the beginning of the year by the Department for Information Security, part of the Office of Institutional Security (GSI). The Igarape Institute's work was among the few academic studies cited in the document.



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#### **Surveilling Surveillance**

Invasive surveillance platforms are becoming more common throughout Latin America, and Brazil is no exception. The Igarapé Institute carried out a months-long study of the implementation and use of video surveillance technologies in Brazil. The extensive research yielded two publications. The report *Video Surveillance* is an analysis of the impacts of video surveillance on public security in three Brazilian cities: Campinas, Salvador and Rio de Janeiro. Meanwhile, *Regulation of Facial Recognition in the Public Sector*, made in conjunction with *Data Privacy Brasil*, takes a comprehensive look at regulation of facial recognition in Brazil, based on a range of international examples. Articles and opinion pieces on video surveillance by the Institute were published in *Folha*, *UOL*, *GloboNews*, *Nexo*, and *Americas Quarterly*. The Institute contributed to the conversation on facial recognition at numerous events such as *Cyber Segurança*, a live online event put on by the National Institute for Data Protection (INPD).

#### **Confronting Disinformation**

As a member of the Coalition for Internet Rights, a coalition of over 40 civil society organizations working to defend digital rights, the Institute called attention to troubling aspects of the proposed Fake News Law. The Institute was invited to join the Superior Electoral Court's Program to Confront Disinformation, created in 2019 by Justice Rosa Weber. The program is comprised of some 50 organizations and representatives from major social networks, political parties, NGOs and think tanks.

#### **Fighting the Digital War**

In 2020, tensions over digital platforms flared between two of the world's superpowers, the United States and China. The Institute explored this topic in articles for the *International Security Journal*, *UOL*, *Globe and Mail*, and *Foreign Policy*, which were shared on Twitter and Facebook, reaching 1.1 million and 1.5 million readers, respectively. The Institute discussed digital security at events such as *Security in Cyberspace: Dynamics, Limits and Opportunities*, *O Dilema do Poder das Plataformas durante o COVID-19*, *Youth LACIGF*, *A Construção Social da Segurança Cibernética*, *InternetLab*, *Cybersec 2020*, and *Le Monde*. The Institute also discussed the relationship between digital security and intelligent cities in the publication *Designing Digital Safety into the Smart City*.

#### **Civic Space**

##### **In Defense of Democracy**

The year 2020 saw a global rise of populist and authoritarian leaders. To engage civil society in the protection of civic space and democracy the Igarapé Institute established a new area of research, product development and technology: Civic Space. This new effort yielded a book by Igarapé Institute president Ilona Szabó: *Defending Civic Space*, published by Companhia das Letras. The Institute published the strategic article *The Agora is Under Attack: Assessing the Closure of Civic Space in Brazil and Around the World*, which analyzes the closure of civic space and the weakening of democracy.

The Institute also produced *Você Pode Mudar o Mundo (You Can Change the World)*, a podcast series featuring conversations with civic leaders from around Brazil about programs, actions and ideas that impacted public policy. The podcast ranked fourth "most listened to" and first in the

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news/politics category on Apple Podcasts. Among the interviewees were Wagner Moura, Armínio Fraga, Drauzio Varella, Alexandre Schneider, and Patricia Ellen.

The Igarape Institute promoted discussion of civic space both on mainstream media and by influencers and opinion formers such as Caetano Veloso, Felipe Neto and Nil Moretto. Our publications were featured on Jovem Pan, CBN (re-tweeted on Twitter to approximately 600,000 followers), O Globo (shared on Twitter by columnist Lauro Jardim to nearly 200,000 people), UOL and Época.

### **Fostering Democratic Resilience**

The Institute redoubled its efforts to halt the erosion of Brazilian democracy. In a year in which civil society was frequently under attack by the president, the Institute joined the Pacto pela Democracia (Pact for Democracy) and the campaign #BrasilpelaDemocracia (which created the event Virada da Democracia) and signed a memorandum condemning the glorification of Nazism by the former culture secretary, Roberto Alvim. The Institute also signed declarations denouncing fake news and attacks against journalist Patrícia Campos Mello, influencer Felipe Neto (our defense of whom was covered on the nightly news program Jornal Nacional) and against Sleeping Giants, who shared a message of gratitude for the Igarape Institute with their 150,000 followers.

This year the Institute maintained its support of the Prêmio Espírito Público (Public Spirit Award). As part of its efforts to mobilize civil society to resist anti-democratic attacks, the Institute published opinion pieces in Folha, which were shared by Movimento Agora! and Marina Silva, with 60,000 and 2.2 million people, respectively, as well as on Open Democracy, where the Institute coined the term “pandemic populism.” Instituto Igarape team gave interviews on CBN, Valor, Project Syndicate, CBC (shared on Twitter with 120,000 people) and France24. The Institute took part in events, including Harvard-Brazil Dialogues with Fernando Haddad, CLP Talks, which was shared with 60,000 people on Movimento Agora!'s page, and Festival Conexões, organized by the Bienal do Livro.

### **Building Peace**

#### **Connecting Migrants to Services**

OKA, an app created by the Igarape Institute to facilitate access to essential services for migrants and refugees, was successfully launched in Rio de Janeiro, São Paulo and Roraima, and then in Ecuador. OKA, created with the support of the International Organization for Migration (IOM), provides information on services for migrants from public and civil society agencies throughout Ecuador.

Users of the app can access lists of NGOs, community support networks and emergency contacts. The Institute kept this topic in the public conversation, giving interviews in the media, including Nexo, Reuters, and Globo. The Institute also contributed a chapter to the Routledge Handbook of Peace, Security and Development. In addition, the Institute supported the Mulheres e Refúgio: Histórias para Ocupar a Cidade (Women and Asylum: Stories to Occupy the City) campaign.

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### **The UN at 75 Years: Time to Strengthen International Cooperation**

On its 75th anniversary, the United Nations General Assembly held the biggest Zoom meeting in history. This year the Igarapé Institute continued efforts to strengthen international cooperation. We produced studies such as Forecasting the Dividends of Conflict Prevention from 2020-2030, Mulheres Brasileiras em Missões de Paz (Brazilian Women on Missions for Peace), and Making Conflict Prevention a Concrete Reality at the UN.

The Institute was cited in reports on international cooperation in outlets such as Folha, Foreign Policy, World Economic Forum, PassBlue, The Hill, Bloomberg, and Nexo. The Institute allied with Fórum Brasileiro de Política Internacional to try to rescue Brazilian foreign policy's tarnished reputation. The Institute participated in events such as the PyeongChang Peace Forum, Latin America reflects on US in time of crisis, organized by the Canadian Council for the Americas, Webinar Women, Peace and Security and Harvard-Brazil Dialogues, among others.

### **Celebrating 20 Years of Resolution 1325 and Promoting Sustainable Peace for Women**

The Igarapé Institute celebrated the 20th anniversary of the United Nations Resolution 1325 on women peace and security at high-level events and regional meetings, including with the UN Secretary-General, António Guterres, and other authorities such as Ameerah Haq, former Undersecretary-General, and Ambassador Melanne Verweir, former special representative on gender issues to the OECD. These events served to strengthen the voice of the Global South. They presented an innovative perspective challenging traditional notions of war and highlighting the effects that undeclared armed conflict has on Latin-American women.

The Institute also produced research and training materials on women, peace and security. The Institute published a new study on Brazilian Women on Peace Missions and facilitated workshops and a training workshop for members of the Brazilian Armed Forces.

Rio de Janeiro, December 31, 2020.



**INSTITUTO IGARAPÉ**  
**ILONA SAZABÓ DE CARVALHO**

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