Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Financial statements
December 31, 2017 and 2016
(A free translation of the original report in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil)

Contents

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Independent auditors' report on the financial statements

The Management of
Instituto do Homem e Meio Ambiente da Amazônia - IMAZON
Belém - PA

Opinion
We have audited the financial statements of Instituto do Homem e Meio Ambiente da Amazônia - IMAZON (the "Institute"), comprising the statement of financial position as of December 31, 2016 and the related statements of income, comprehensive statements of income, the statement of changes in shareholders' equity and statements of cash flows for the year then ended, and the summary of significant accounting policies and other notes to the financial statements.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Instituto do Homem e Meio Ambiente da Amazônia - IMAZON as of December 31, 2017, and the performance of its operations and cash flows for the financial year then ended, in conformity with Brazilian generally accepted accounting principles, applicable to small and medium-sized enterprises.

Basis for opinion
We conducted our audit in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Brazil, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Brazilian generally accepted accounting principles, applicable to small and medium-sized enterprises, and for such internal control as management determines is 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 Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian auditing standards and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian auditing standards and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Belém, June 11, 2018

KPMG Auditores Independentes
CRC PA-000742/F
Original report in Portuguese signed by
Luciano Medeiros
Accountant CRC SP-138148/O-3 T-AM

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statements of financial position as of December 31, 2017 and 2016

(In thousands of Brazilian Real)

Assets	Note	2017	2016	Liabilities and equity	Note	2017	2016
Current assets				**Current liabilities**			
Cash and cash equivalents	4	152	62	Trade payables		59	52
Restricted cash and cash equivalents	5	10,921	7,079	Payroll and labor obligations		469	367
Advances paid	6	1,538	433	Tax liabilities		62	62
Receivables from services and projects financed		95	-	Advances received	9	101	146
Receivables under cooperation agreements		-	2	Program funding obligations	10	10,947	6,350
Total current assets		12,706	7,576	Total current liabilities		11,638	6,977
Noncurrent assets				**Noncurrent liabilities**			
Property, plant and equipment	7	624	700	Program funding obligations	7	345	388
Intangible assets	8	1	36				
				Total noncurrent liabilities		345	388
Total noncurrent assets		625	736				
				Shareholders' equity			
				Equity	13	1,348	947
				Total equity		1,348	947
Total assets		**13,331**	**8,312**	**Total liabilities and equity**		**13,331**	**8,312**

See the accompanying notes to the financial statements.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statements of income

Financial years ended December 31, 2017 and 2016

(In thousands of Brazilian Real)

	Note	2017	2016
Net revenue			
Unrestricted revenue	14	2,845	1,833
Restricted revenue	14	11,427	11,533
Total net revenue		14,272	13,366
Costs			
Unrestricted costs	15	(1,582)	(1,373)
Restricted costs	15	(11,427)	(11,533)
Total costs		(13,009)	(12,906)
Gross surplus		**1,263**	**460**
Administrative expenses	16	(870)	(607)
Surplus (deficit) before net financial income/expense		**393**	**(147)**
Finance revenue	17	21	25
Finance expense	17	(13)	(11)
Net finance income		8	14
Surplus (deficit) for the year		**401**	**(133)**

See the accompanying notes to the financial statements.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statements of comprehensive income

Financial years ended December 31, 2017 and 2016

(In thousands of Brazilian Real)

	2017	**2016**
Surplus (deficit) for the year	401	(133)
Other comprehensive income	-	-
Total comprehensive income	401	(133)

See the accompanying notes to the financial statements.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statements of changes in equity

Financial years ended December 31, 2017 and 2016

(In thousands of Brazilian Real)

	Equity	Surplus (deficit) for the year	Total
Balances at December 31, 2015	**1,080**	**-**	**1,080**
Deficit for the year	-	(133)	(133)
Incorporation of deficit for the year	(133)	133	-
Balances at December 31, 2016	**947**	**-**	**947**
Surplus for the year	-	401	401
Incorporation of surplus for the year	401	(401)	-
Balances at December 31, 2017	**1,348**	**-**	**1,348**

See the accompanying notes to the financial statements.

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

Statements of cash flows - Indirect method

Financial years ended December 31, 2017 and 2016

(In thousands of Brazilian Real)

	2017	2016
Cash flows from operating activities		
Surplus (deficit) for the year	401	(133)
Adjustments for:		
Depreciation and amortization	97	135
Residual cost of sold property, plant and equipment	2	-
	500	2
Changes in assets and liabilities		
Restricted cash and cash equivalents	(3,842)	(1,001)
Receivables from services and projects financed	(95)	-
Advances paid	(1,105)	(245)
Receivables under cooperation agreements	2	88
Trade payables	7	(37)
Payroll and labor obligations	102	(461)
Tax liabilities	(1)	(19)
Advances received	(45)	45
Program funding obligations	4,597	1,663
Net cash provided by operating activities	**120**	**35**
Cash flows from investment activities		
Acquisition of property, plant and equipment	(30)	(43)
Net cash used in investment activities	**(30)**	**(43)**
Cash flows from financing activities		
Loans from managers	-	(130)
Net cash used in provided by financing activities	**-**	**(130)**
Net increase (decrease) in cash and cash equivalents	**90**	**(138)**
Cash and cash equivalents at beginning of period	62	200
Cash and cash equivalents at end of period	152	62
Net increase (decrease) in cash and cash equivalents	**90**	**(138)**

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Brazilian Real)

1 Operations

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON (the "Institute" or "Entity") is a private-law, not-for-profit, civil society organization founded on July 10, 1990, with its principal offices at Travessa Dom Romualdo de Seixas, 1698, 11º andar, Umarizal, Belém - PA, Brazil. The Institute's institutional mission is to promote sustainable development in the Amazon through research, support for policymaking, dissemination of research findings and professional training. Its principal objectives are to:

- Conduct research on sustainable use of natural resources in the Amazon region;
- Contribute to the effective adoption of sustainable resource uses and improvement of living standards in the Amazon region; and
- Provide educational programs and training with a focus on sustainable regional development.

The Institute is classified as a Public-Interest Civil Society Organization - OSCIP, - according to Law no. 9,790 dated on March 23, 1999. The Institute got the qualification certificate as OSCIP on March 3, 2006 issued by Brazil Justice Ministry, in accordance with ordinance no. 361 dated on July 27, 1999, and its activities are academic, cultural and scientific in nature and intended to promote the engagement of Brazilian civil society in achieving sustainable development and conservation.

The Institute's social programs are reliant on the following key factors: (i) obtaining funding for program delivery through donation agreements and long-term international cooperation agreements, and (ii) developing and managing long-term programs. Achievement of program objectives is therefore directly dependent on long-term technical, operational and financial planning and governance.

The funding obtained by the Institute supports both program delivery and strategic planning by Management. There are strategies in place for ongoing programs, which continued in 2017 and will continue over the coming years.

A program surplus or deficit is therefore not interpreted as affecting a program's financial feasibility, as all programs are implemented over the long-term and the Institute's strategic planning accounts for projected total funds and the timing and nature of expenditures.

To expand its activities, the Institute is currently reformulating its management approach to: (i) develop program-specific strategic plans covering a long-term horizon and not limited by individual financial years or periods, and (ii) improve program governance through a program of activities aimed at project requirements.

2 Basis of presentation and preparation of the financial statements

a. Statement of compliance

The financial statements have been prepared in accordance with Brazilian generally accepted accounting principles, applicable to small and medium-sized enterprises.

Entity's Management approved the issuance of these financial statements on June 11, 2018.

After its issuance, only Management has the authority to change the financial statements. Details about accounting policies of the Institute are presented in note 3.

All the relevant information specific to the financial statements, and only them, are being evidenced, and correspond to those used by Management in its management.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis, unless stated otherwise.

c. Functional and presentation currency

These financial statements are presented in Brazilian Real, which is the Institute's functional and presentation currency. All balances presented in thousands of Brazilian Real have been rounded off to the nearest whole number, except where specified otherwise.

d. Use of judgements and estimates

The preparation of the financial statements in conformity with Brazilian generally accepted accounting principles, applicable to small and medium-sized enterprises, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3 Description of significant accounting policies

The main accounting policies used to prepare these financial statements are as follows. These policies have been applied consistently to all the years presented in these financial statements.

a. Foreign-currency transactions and balances

Transactions in foreign currencies are translated to the Institute's functional currency at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to functional currency at the exchange rate calculated on that date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are reconverted to the functional currency at the exchange rate on the date that fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate on the date of transaction.

b. Financial instruments

(i) Non-derivative financial assets

The Institute initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date that the Institute becomes a party to the contractual provisions of the instrument.

The Institute derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Institute has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Institute classifies non-derivative financial assets and liabilities as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

The Institute has the following nonderivative financial assets: cash and cash equivalents, restricted cash and cash equivalents and advances.

Cash and cash equivalents and restricted cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term, investments maturing within three months or less as from the date they are procured, and which are subject to an insignificant risk of changes in value.

(ii) Nonderivative financial liabilities

The Institute initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities stated at fair value in profit or loss) are recognized initially on the trade date, which is the date that the Institute becomes a party to the contractual provisions of the instrument. The Institute derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Institute classifies its nonderivative financial liabilities under other financial liabilities. These financial liabilities are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Institute has the following nonderivative financial liabilities: trade payables, advances received and program funding obligations.

(iii) Derivative financial assets and liabilities

The Institute did not use financial derivatives in the financial years ended December 31, 2017 and 2016.

c. Property, plant and equipment

Recognition and measurement

The Institute's property, plant and equipment includes items purchased under partnership agreements and intended exclusively for program delivery. These items are classified separately in noncurrent assets as "restricted assets".

Restricted assets are recognized upon acquisition, at which time a reducing line item is recorded against a line item reducing "Program funding obligations".

At the end of the program, the balance of restricted property, plant and equipment is transferred to unrestricted property, plant and equipment and the liabilities-reducing line item is derecognized against donation revenue, as the items of property have been historically donated to the Institute.

Items of property, plant and equipment are measured at the historic cost of acquisition or construction, minus accumulated depreciation and impairment, when applicable.
Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent expenditure

The cost of replacing a component of property, plant and equipment is recognized at the book value of the item if it is probable that the economic benefits attributed to the component will flow to the Institute and the cost can be reliably measured. The carrying amount of a component replaced by another is written off. Maintenance costs of property, plant and equipment are expensed as and when incurred.

Depreciation

Depreciation is calculated on the depreciable amount, i.e. the cost of an asset or other equivalent cost, over the useful life of the item.

Depreciation of unrestricted assets is recognized in profit or loss using the straight-line method over the estimated useful life of each item of assets, as this method best reflects the consumption pattern of future economic benefits incorporated into the asset.

Depreciation of assets allocated exclusively to program delivery is recorded against a line item reducing property, plant and equipment, which is recorded when the relevant restricted property, plant and equipment is recognized, using the straight-line method over the estimated useful life of each item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any adjustments are recognized as a change to accounting estimates.

The estimated depreciation rates for property, plant and equipment are as follows:

Improvements and facilities	2.5%
Vehicles	10%
Machinery and equipment	10%
Communication equipment	10%
Computer equipment	20% to 50%
Furniture and fixtures	20%

d. Intangible assets

Intangible assets consist of software purchased by the Institute, which is being amortized over the estimated useful life of these assets of 5 years. Also classified as intangible assets are trademarks and patents, which have an indefinite useful life.

Restricted assets are recognized upon acquisition, at which time a reducing line item is recorded against a line item reducing “Program funding obligations” under liabilities.

At the end of each program, the balance of restricted assets is transferred to intangible assets and the liabilities-reducing line item is derecognized against donation revenue, as these items have been historically donated to the Institute.

Intangible assets are measured at the historic cost of acquisition or construction, minus accumulated depreciation and impairment, when applicable.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of intangible assets (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

e. Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets have incurred impairment can include nonpayment or late payment by the debtor, restructuring of the amount owed to the Institute on terms that it would not normally accept in other transactions, signs that the debtor or issuer is going to enter bankruptcy proceedings or the disappearance of an active market for a security.

Management annually reviews the net book value of assets with the purpose of evaluating events or changes in economic, operational or technological circumstances that may indicate deterioration or loss of their recoverable value. If such evidence is identified and the net book value exceeds the recoverable amount, a provision for devaluation is recorded, adjusting the net book value to recoverable value.

(ii) Non-financial assets

The carrying amounts of the Institute's non-financial assets are reviewed at each reporting date for signs of impairment. If any such indication exists, then the asset's recoverable amount is determined. The recoverable value of an asset is the higher of the value in-use and fair value minus selling expenses. An impairment loss is recognized when the asset's carrying amount exceeds its estimated recoverable amount. Any impairment losses are recognized in profit or loss.

Management did not find any evidence of impairment in non-financial assets. It was not therefore necessary to estimate the recoverable value of non-financial assets.

f. Provisions

Provisions are recognized when the Institute has a present contractual obligation (legal or not formal) as a consequence of a past event, and it is probable that economic benefits are required to settle the obligation and a reliable estimate of the obligation's value can be made. When the Institute expects the value of a provision to be reimbursed, in whole or in part, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain. The expense related to any provision is presented in income statement, net of any reimbursement.

Provisions are determined by discounting estimated future cash flows at a pre-tax rate that reflects current market assessments of money time value and specific risks for the related liability. The effects of no-recognition of discount over time are recognized in the income statement as financial expense.

Labor provisions arise from a legal obligation to register the rights of employees. For accrued vacation, the Entity calculates 1/12 plus 1/3 of the employee's base salary each month until completing 12 consecutive months, at which time they have the right to take their vocations. In the case of the 13th salary, the Institute calculates 1/12 of the employee's base salary each month from January to December, at which time the 13th salary is paid. All employees are entitled to paid annual holidays.

g. Employee benefits

Short-term employee benefit obligations are recognized as personnel expenditureas the corresponded service is provided. Liabilities are recognized by the amount of the expected payment if the Institute has a present legal or constructive obligation to pay this amount based on past service provided by the employee and the obligation can be estimated reliably.

The Institute does not provide long-term benefits to employees and members of management.

h. Program funds

Program funding obligations are recognized in "Program funding obligations" against "Restricted cash and cash equivalents" when funds are received, and derecognized when expenses are incurred and paid within the relevant programs, these being recognized on the accrual basis.

i. Recognition of income and expenses

Revenue and expense is recognized on the accrual basis.

- **Receipt of funds:** Funds received are recognized under current liabilities in future expenditure on program funding obligations (note 6.h).

- **Consumption as expense:** When program expenditure is incurred, the relevant expenses are recognized against future expenditure on program funding obligations under current liabilities.

- **Provision of services:** Revenue from the provision of services is recognized in profit or loss according to the stage of completion at the reporting date. An assessment of realized costs is used to evaluate the stage of completion.

- **Management fee:** Management fee revenue is recognized in profit or loss based on management expenses incurred, up to the limits established by program agreements.

- **Donations and grants received:** Grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate, provided there is reasonable certainty that the Institute will perform all the respective conditions. Recognition of donations and government grants on a receipts basis would be acceptable only if no basis existed for allocating a grant over periods other than the one in which it was received.

j. Financial income and financial expenses

The financial income and expenses comprise:

- interest expenses and interest income;

- net gains / losses on financial assets measured at fair value through profit or loss; and net gains / losses from exchange variation on financial assets and liabilities.

- Interest income and expense are recognized in the income statement using the effective interest method.

k. Taxation

The Institute is a Public-Interest Civil Society Organization and therefore is exempt from income and social contribution taxes on that income.

Nonprofit entities are entities which do not record a surplus in their accounts or which, in the event such a surplus is recorded in a given financial year, fully allocate this surplus to the furtherance of their mission (Act 9.532/97, article 15(3), as amended by Act 9.718/98, article 10).

The Institute is also entitled to PIS exemption on own revenue.

4 Cash and cash equivalents

	2017	2016
Checking accounts	-	-
Short-term investments (a)	152	62
	152	**62**

(a) Short-term investments are intended to defray the Institute's operational and administrative expenses. They are available for use in the Institute's operations readily convertible into a known amount of cash and are subject to an insignificant risk of change in value, that is, they are financial assets with immediate liquidity. These operations have maturities of less than three months from the contracting date, and are therefore classified as cash and cash equivalents, according to CPC 03 (R2).

5 Restricted cash and cash equivalents

	2017	2016
Checking accounts	7,625	2,322
Short-term investments (a)	3,296	4,756
	10,921	**7,079**

Restricted cash and cash equivalents are restricted for use in certain programs under contractual provisions.

Short-term investments substantially comprise bank deposit certificates and fixed-income funds earning interest of 90% to 100% of the Interbank Deposit Certificate (CDI) rate in 2017 and 2016.

	2017	2016
Bank Deposit Certificates (CDB)	3,218	4,753
Savings	78	3
	3,296	**4,756**

Financial revenue from short-term investment of restricted cash and cash equivalents is recognized under liabilities together with program fund receipts. Income from investment of the Institute's own funds is recognized in profit or loss as financial revenue.

6 Advances paid

	2017	2016
Advances to employees	-	32
Advances to suppliers	33	36
Loans to employees	-	2
Reimbursement of other entities	81	80
Advances on charges	73	51
Advances for travel	106	44
Advances to partners (a)	1.245	188
	1.538	**433**

(a) Resources advanced to third parties that render services during the execution of projects. During the period of 2017 there was an increase of R$ 1,057, a variation that was mainly due to onlendings made to Center of Gastronomy Project and Centro Vida Institute.

7 Property, plant and equipment

a. Property, plant and equipment - unrestricted items

	Balance 1/1/2016	Additions	Write-offs	Balance 12/31/2016	Additions	Write-offs	Balance 12/31/2017
Cost							
Improvements and facilities	146	-	-	146	-	-	146
Vehicles	-	-	-	-	-	-	-
Machinery and equipment	110	-	-	110	-	(7)	103
Communication equipment	110	3	-	113	8	-	121
Computer equipment	787	40	-	827	22	(42)	807
Furniture and fixtures	232	-	(1)	231	-	(16)	215
Total cost	**1,385**	**43**	**(1)**	**1,427**	**30**	**(65)**	**1,392**
Depreciation							
Improvements and facilities	(6)	(4)	-	(10)	(3)	-	(13)
Vehicles	-	-	-	-	-	-	-
Machinery and equipment	(75)	(9)	-	(84)	(8)	5	(87)
Communication equipment	(62)	(10)	-	(72)	(11)	-	(83)
Computer equipment	(756)	(13)	-	(769)	(17)	42	(744)
Furniture and fixtures	(156)	(25)	1	(180)	(22)	16	(186)
Total depreciation	**(1,055)**	**(61)**	**1**	**(1.115)**	**(62)**	**63**	**(1,113)**
Net property, plant and equipment Unrestricted	**330**	**(18)**	**-**	**312**	**(32)**	**(2)**	**279**

b. Property, plant and equipment - restricted items

	Balance 1/1/2016	Additions	Write-offs	Balance 12/31/2016	Additions	Write-offs	Balance 12/31/2017
Cost							
Improvements and facilities	104	-	-	104	-	-	104
Vehicles	118	-	-	118	-	-	118
Machinery and equipment	78	-	(7)	71	-	(5)	66
Communication equipment	39	-	-	39	11	(3)	47
Computer equipment	652	68	-	720	75	(35)	760
Furniture and fixtures	77	1	-	78	-	(25)	53
Total cost	**1,068**	**69**	**(7)**	**1,130**	**86**	**(68)**	**1,148**
Depreciation							
Improvements and facilities	(4)	(3)	-	(7)	(3)	-	(10)
Vehicles	(50)	(12)	-	(62)	(12)	-	(74)
Machinery and equipment	(29)	(8)	3	(34)	(7)	2	(39)
Communication equipment	(12)	(4)	-	(16)	(4)	1	(19)
Computer equipment	(453)	(93)	-	(546)	(95)	33	(608)
Furniture and fixtures	(64)	(13)	-	(77)	(1)	25	(53)
Total depreciation	**(612)**	**(133)**	**3**	**(742)**	**(122)**	**61**	**(803)**
Net property, plant and equipment							
Restricted items	**786**	**(64)**	**(4)**	**388**	**(36)**	**(7)**	**345**
Total property, plant and equipment (a+b)	**786**	**(82)**	**(4)**	**700**	**(68)**	**(9)**	**624**

Restricted assets are recorded in the accounts of the relevant programs against noncurrent liabilities in Program funding obligations.

The Institute keeps record of such assets until each program is completed, at which time the residual balance of the line item reducing liabilities is recorded as donation revenue.

In its reporting to donors the Institute is required to demonstrate that the assets planned for each program have been purchased and used as planned.

8 Intangible assets

	Balances at 1/1/2016	Additions	Balances at 12/31/2016	Additions	Balances at 12/31/2017
Cost					
Software	2,697	-	2,697	-	2,697
Patents and trademarks	1	-	1	-	1
	2,698	**-**	**2,698**		**2,698**
Accumulated amortization					
Amortization	(2,299)	(243)	(2,542)	(103)	(2,645)
Total amortization	**(2,299)**	**(243)**	**(2,542)**	**(103)**	**(2,645)**
Unrestricted intangible assets, net	399	(243)	156	(103)	53
Restricted intangible assets, net	(289)	169	(120)	68	(52)
Total intangible assets, net	**110**	**(74)**	**36**	**(35)**	**1**

9 Advances received

	2017	2016
Fundação Vale	98	98
Golf e Ebata	3	3
Land	-	45
	101	**146**

10 Program funding obligations

Funding received under agreements which is intended for a specific purpose in program delivery is classified, when received, as "Program funding obligations" under current liabilities.

The relevant expenses are recognized when incurred within the same group, in the line item reducing liabilities. Overhead expenses are allocated between programs as established in each agreement and in proportion to each program's weight. Expenses are segregated by donor based on the use of the relevant human and material resources, with no transfers between donors.

	Note	2017	2016
Opening balance		**6,350**	4,687
Restricted receipts		16,641	12,979
(-) Returned funds		-	-
		22,991	17,666
Program salaries, charges and benefits	16	(5,246)	(4,759)
Consulting and services		(4,400)	(4,711)
Property, plant and equipment		(161)	(85)
Travel expenses		(1,002)	(73)
Publication, dissemination and events		(47)	(1,092)
Rent expenses		(212)	(181)
Utilities and Services		(78)	(99)
Taxes and charges		(105)	(110)
Communications expenses		(211)	(198)
Expenses on materials		(36)	(60)
Financial revenue - Short-term investments		503	650
Financial revenue - Discounts obtained		-	-
Finance expense		(235)	(81)
Insurance expenses		(28)	(22)
Maintenance expenses		(10)	(33)
Meal reimbursements		5	7
Other operating expenses		-	(217)
Assignment to subcontracts		(781)	(469)
Total program expenditure		**(12,044)**	(11,533)
Closing balance		**10,947**	**6,350**

11 Contingencies

The Institute is subject to judicial and administrative proceedings arising from the normal course of operations, involving tax, labor, civil and other matters.
Periodically, Management evaluates contingent risks, based on legal, economic and tax basis, in order to classify them, according to their chances of occurrence and liability as probable, possible or remote, taking into consideration, as the case may be, the analyzes of our legal advisors who sponsor the causes of the Institute.

The Board of Directors of Institute, based on the opinion of its legal advisors, understands that the provisions and legal provisions already taken in each situation are sufficient to preserve its equity, and there are no indications of the need to recognize provisions and/or disclosures for contingencies in 2017 and 2016, on judicial, tax, labor or civil.

12 Related-party transactions

The Institute regards its key management personnel as related parties. As of December 31, 2017 and 2016 there are not assets or liabilities balances with related parties.

Key management compensation comprises salaries, management fees and variable benefits.

	2017	**2016**
Total compensation of key Management personnel	810	676

13 Shareholders' equity

Equity

The Institute’s equity changes with the recognition of surpluses or deficits in each financial year. Surpluses are incorporated into equity in accordance with the Institute’s by-laws.

In the event that the Institute is dissolved, its residual equity must entirely revert to nongovernment, nonprofit organizations qualified as Public Interest Civil Society Organizations pursuant to Act 9,790/99 and having similar objectives. The selection of such organizations would be made in the General Meeting in which the resolution to dissolve the Institute is made.

14 Net revenues

	2017	**2016**
Restricted revenue (i)	11,427	11,533
Program and project management fees (ii)	1,117	745
Other revenue	43	15
Service provision revenue	1,834	1,167
Deductions		
COFINS/ISS	(149)	(94)
Net revenue	**14,272**	**13,366**

(i)Restricted revenue, by source	**2017**	**2016**
Brazilian Development Bank (BNDES)	4,037	3,047
NORAD	2,409	744
NORAD EDF	223	182
Mineração Paragominas S/A	-	170
Office of the Secretary for the Environment of Paragominas	-	130
Mercy Corps (b)	-	555
Gordon and Betty Moore Foundation (a)	2,450	2,902
Good Energies Foundation (c)	494	269
Climate Works Monitoramento (d)	-	939
World Resources Institute (WRI) (f)	68	582
José Roberto Marinho (e)	885	1,414
Anonymous Donor	-	520
Para 2030	227	-
CLUA	137	-
IDH	77	-
Others	140	79
Total restricted revenue	**11,427**	**11,533**

(i) Management fees can be:

- **Unrestricted -** In this case the donor allows certain expenses to be allocated to the line item “Other direct and indirect costs”;

- **Mixed -** Management fees are specified in the relevant agreements but certain expenses can also be allocated to the line item “Other direct and indirect costs”; and

- **Restricted -** Administrative expenses are charged only to Overhead fees.

Programs have the flexibility to use the funds above in amounts exceeding the limits specified for each category by a typical donor-accepted tolerance of approximately 10%, provided such amounts to not exceed the program budget. Program schedules may differ from the financial year and therefore in some cases a financial year may include two financial periods for the same program.

(a) Gordon and Betty Moore Foundation
A number of initiatives were implemented during the year: 1 - Support the implementation of protected area plans in accordance with state and Federal government objectives; 2 - Preserve 14.1 million hectares within the Guiana Shield Protected Area Mosaic, supporting the development of sustainable funding mechanisms and a territorial monitoring program; 3 - Improve effectiveness in achieving zero deforestation due to cattle ranching and grain production in the Amazon by enhancing transparency, making knowledge widely available through online platforms and publications on lessons learned, and demonstrating leadership in delivering on beef cattle and grain commitments in the state of Pará; 4 - Support the preparation, distribution and publication of cross-discipline geo-referenced analyses to support government decision-making and public use in the nine Amazon countries, and support the consolidation of indigenous territories and protected areas in the Xingu Corridor, Brazil. 5 - Develop and operate an integrated web-based portal for Brazilian Amazon Protected Areas to assess threats and opportunities and inform appropriate action by federal and state agencies.

(b) Mercy Corps
Reduce deforestation in the Brazilian Amazon through environmental management and control at a municipal level.

(c) Good Energies Foundation
1 - Zero Deforestation Strategy and consolidation of protected areas in the State of Pará, in the Brazilian Amazon; 2 - Forest restoration in eastern Pará.

(d) Climate and Land Use Alliance

Reduce illegal deforestation associated with land speculation in the state of Pará, Brazil; 2 - Develop a strategy for the implementation of the Pará State Zero Net Deforestation commitment from 2020.

(e) José Roberto Marinho
Support the creation of the Amazon Cuisine and Biodiversity Center (in pre-investment phase); 2 - Support the creation of the Amazon Cuisine and Biodiversity Center - Phase 2; 3 - Pará Social; 4 - Pará 2030.

(f) World Resources Institute (WRI)
Inspire, support and drive forest and landscape restoration.

15 Operating costs

Unrestricted costs	**2017**	**2016**
Payroll and related charges (i)	(169)	(343)
Outsourced cost and services	(1,413)	(1,030)
Total	**(1,582)**	**(1,373)**

Restricted costs	**2017**	**2016**
Payroll and related charges (i)	(5,077)	(4,416)
Outsourced cost and services	(6,350)	(7,117)
Total	**(11,472)**	**(11,533)**

(i) Payroll and related charges

	Unrestricted costs		**Restricted costs**	
	2017	**2016**	**2017**	**2016**
Salaries	(60)	(124)	(1,913)	(1,686)
INSS	(20)	(44)	(795)	(695)
Meal vouchers	(33)	(62)	(636)	(562)
Health insurance	(12)	(20)	(315)	(260)
Vacations	(7)	(15)	(291)	(265)
Bonuses	(5)	(24)	(474)	(416)
Government Severance Indemnity Fund (FGTS)	(6)	(13)	(250)	(216)
13^{th} month salary	(7)	(9)	(222)	(134)
Life insurance	(4)	(14)	(73)	(62)
Intern remuneration	(10)	(12)	(42)	(32)
PIS	(1)	(2)	(34)	(29)
Severance pay	-	-	-	(43)
Termination fine	(3)	-	3	-
Training	-	-	(24)	-
Tests and medication	(1)	(4)	(11)	(16)
	(169)	**(343)**	**(5,077)**	**(4,416)**

16 Administrative expenses

	2017	**2016**
Travel	(329)	(5)
Events	(6)	(15)
Maintenance	(9)	(12)
Rent	(9)	(72)
Utilities and Services	(62)	(40)
Canteen	6	(6)
Taxes and charges	(88)	(58)
Depreciation and amortization	(99)	(135)
Insurance	(13)	(20)
Communications	(60)	(66)
Materials	(19)	(10)
Expenses on consultancy and services	(182)	(168)
Other administrative expenses	-	-
	(870)	**(607)**

17 Finance revenue and expense

	2016	**2015**
Interest on investments	21	25
Total finance revenue	**21**	**25**
Bank fees and interest	(13)	(11)
Total financial expenses	**(13)**	**(11)**
Net finance income	**8**	**14**

18 Financial instruments

The Institute is exposed to risks arising from the use of financial instruments. This note describes the objectives, policies and processes of the Institute to manage those risks and the methods used to measure them. More quantitative information regarding these risks is presented throughout these financial statements.

Main financial instruments

The main financial instruments used by the Institute, including risks arising from financial instruments are as follows:

- Accounts receivable
- Cash and banks
- Investments in investment funds; and
- Trade payables and other liabilities

The Institute's activities are subject to the following financial risks:

- Credit risk;
- Liquidity risk, and
- Market risk

Credit risk

Credit risk arises primarily from cash held in banks and investments in investment funds.

The Institute invests solely in investment funds managed by Banco do Brasil or Bradesco. The Institute does not utilize derivatives to manage credit risk. Quantitative, book-value disclosures of the Institute's exposure to credit risk in relation to financial assets, as at December 31, 2017 and 2016 are provided below.

	2017	2016
Financial assets		
Cash and cash equivalents	152	62
Accounts receivable and other receivables	1,633	435
Total financial assets	**1,785**	**497**

Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

The Institute's payment flows in connection with financial liabilities as at December 31, 2017 and 2016 are presented below (in book value):

	2017	2016
Financial liabilities		
Payroll, labor and tax obligations	469	367
Trade payables	59	52
Advances received	101	146
Program funding obligations	10,947	6,350
Total financial liabilities	**11,576**	**6,915**

The Institute was not in default of any financial obligations as at December 31, 2017 and 2016.

Market risk (interest rates)

This risk derives from the possibility of the Institute incurring losses (or gains) due to changes in interest rates incurred on assets obtained and liabilities incurred in the market. The Institute's financial instruments subject to market risk comprise investments in investment funds managed by Banco do Brasil and Bradesco. As described in note 4 and 5, investment-fund investments are Bank Deposit Certificate of fixed income fundwith underlying indexes subject to low volatility.

Management has adopted a conservative cash management policy in which available funds are invested in investment funds indexed to the CDI rate, the savings rate and the CDB rate, to the extent permitted by donors. Interest on these investments is reinvested in the Institute.

The Institute does not have significant instruments linked to changes in foreign-exchange rates.

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Entity Management

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