

(A free translation of the original in Portuguese)

**Instituto do Homem
e MeioAmbiente da
Amazônia - IMAZON**
**Financial statements at
December 31, 2014
and independent auditor's report**



(A free translation of the original in Portuguese)

Independent auditor's report

To the Management
Instituto do Homem e Meio Ambiente da Amazônia - IMAZON

We have audited the accompanying financial statements of Instituto do Homem e Meio Ambiente da Amazônia – IMAZON, which comprise the balance sheet as at December 31, 2014 and the statements of operations, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Instituto do Homem e Meio Ambiente da Amazônia – IMAZON


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Instituto do Homem e Meio Ambiente da Amazônia - IMAZON as at December 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Brasília, July 8, 2015


PricewaterhouseCoopers
Contadores Públicos Ltda.
CRC 2SP023173/O-4 "S" PA


Fabiano Ricardo Tessitore
Contador CRC 1SP216451/O-1 "S" PA

Balance sheet at December 31
All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	2014	2013	Liabilities and equity	2014	2013
Current assets			Current liabilities		
Cash and cash equivalents (Note 4)	548	382	Suppliers	118	107
Funds related to projects (Note 5)	2,437	5,431	Social securities and labor charges (Note 9)	711	812
Advances (Note 6)	328	390	Taxes payable	28	26
Contract and cooperation credits	1	1	Advances received (Note 10)	101	165
Prepaid expenses	24	20	Obligations with project funds (Note 11)	2,054	4,612
	<u>3,338</u>	<u>6,224</u>		<u>3,012</u>	<u>5,722</u>
Non-current assets			Equity		
Property and equipment (Note 7)	425	324	Equity	869	968
Intangible assets (Note 8)	219	43	Accumulated surplus (deficit)	101	(99)
	<u>644</u>	<u>367</u>		<u>970</u>	<u>869</u>
Total assets	<u><u>3,982</u></u>	<u><u>6,591</u></u>	Total liabilities and equity	<u><u>3,982</u></u>	<u><u>6,591</u></u>

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

Statement of operations
Years ended December 31
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>2014</u>	<u>2013</u>
Net revenue (Note 15)	4,594	3,454
Costs (Note 15)	<u>(2,531)</u>	<u>(1,432)</u>
Gross surplus	2,531	1,432
Administrative expenses (Note 17)	<u>(2,386)</u>	<u>(1,487)</u>
Surplus (deficit) before finance costs, net	<u>145</u>	<u>(55)</u>
Finance income (Note 18)	42	48
Finance costs (Note 18)	<u>(86)</u>	<u>(92)</u>
Finance costs, net	<u>(44)</u>	<u>(44)</u>
Surplus (deficit) for the year	<u><u>101</u></u>	<u><u>(99)</u></u>

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

Statement of changes in equity
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>Equity</u>	<u>Accumulated surplus (deficit)</u>	<u>Total</u>
At December 31, 2012	<u>994</u>	<u>(26)</u>	<u>968</u>
Incorporation of deficit	(26)	26	
Deficit for the year		<u>(99)</u>	<u>(99)</u>
At December 31, 2013	<u>968</u>	<u>(99)</u>	<u>869</u>
Incorporation of deficit	(99)	99	
Surplus for the year		<u>101</u>	<u>101</u>
At December 31, 2014	<u>869</u>	<u>101</u>	<u>970</u>

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

Statement of cash flows
Years ended December 31
All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Surplus (deficit) for the year	101	(99)
Adjustments for:		
Depreciation and amortization	317	101
Transfer - property and equipment	(246)	
Transfer - intangible assets	(356)	
Net book value of property and equipment disposals	<u>261</u>	<u>9</u>
	77	11
Changes in assets and liabilities		
Decrease (increase) in funds related to projects	2,994	2,501
Decrease (increase) in advances paid	62	(22)
Decrease (increase) in contract and cooperation credits		227
Decrease (increase) in prepaid expenses	(4)	16
Increase (decrease) in suppliers	11	(12)
Increase (decrease) in social and labor obligations	(101)	(246)
Increase (decrease) in taxes payable	2	(15)
Increase (decrease) in advances received	(64)	68
Increase (decrease) in obligations with project funds	<u>(2,558)</u>	<u>(2,480)</u>
	342	37
Net cash provided by operating activities	<u>419</u>	<u>48</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(253)</u>	<u>(5)</u>
Net cash used in investing activities	<u>(253)</u>	<u>(5)</u>
Increase in cash and cash equivalents	<u>166</u>	<u>43</u>
Cash and cash equivalents at January 1	<u>382</u>	<u>339</u>
Cash and cash equivalents at December 31	<u><u>548</u></u>	<u><u>382</u></u>

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

(A free translation of the original in Portuguese)

Notes to the financial statements

at December 31, 2014

All amounts in thousands of reais unless otherwise stated

1 Operations

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON (the "Institute" or "Imazon") is a civil, private, not-for-profit and non-commercial entity, which was established on July 10, 1990. The mission of the Institute is to promote the sustainable development of the Amazon region, through studies, providing support for the formulation of public policies, extensive dissemination of its results and professional training. Its main objectives are:

- To develop studies and research on the sustainable use of the natural resources in the Amazon region.
- To contribute to the effective adoption of sustainable land uses and improved quality of life in the Amazon region.
- To promote educational programs and training courses focused on the sustainable development of the region.

The Institute is commonly referred to as a Public Interest Non-profit Entity (OSCIP), and its activities are carried out in the academic, cultural and scientific areas, to foster the engagement of Brazilian civil society in sustainable development and biodiversity conservation.

The intrinsic characteristics of the social programs are based on the following main factors: (i) obtaining financial resources to carry out programs through donation contracts and long-term international cooperation agreements, and (ii) developing and managing long-term programs. The achievement of the goals of the programs is directly related to the long-term technical, operational and financial planning, and to their governance.

The financial resources received by the Institute are sufficient for the financial management of the programs, considering its planning strategies. The existing strategies guide the ongoing programs, which continued in 2014 and will continue in the future.

For this reason, any surplus or deficit of the programs should not be interpreted as an indication of their feasibility, as these programs are being implemented over the long term, and the Institute's strategic planning considers all the financial resources to be received by it, as well as the timing and manner in which these funds will be spent.

The main risks are related to the Institute's donor base. The Institute's strategic actions are aimed at minimizing these risks through the expansion of this base, through institutional actions, which are guided by the transparency of the activities, the use of financial resources, the quality of the projects, the Institute's image to society, partners and donors, and the technical expertise of its collaborators.

**Notes to the financial statements
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In order to expand its activities, the Institute is adapting its actions as follows: (i) preparing the strategic plan for each program on a long-term basis, without necessarily being limited to a fiscal and/or accounting year, and (ii) assuring program governability by programming the activities according to the needs of the projects.

2 Basis of preparation

These financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the pronouncements, guidelines and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC).

The statement of comprehensive surplus (deficit) is not being presented, since there are no amounts to be reported therein, that is, the surplus or deficit for the year is equal to the comprehensive surplus (deficit).

The issue of these financial statements was authorized by the Institute's management on July 8, 2015.

2.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Institute operates (the "functional currency"). The financial statements are presented in Brazilian reais, which is the functional currency.

2.2 Use of estimates and judgments

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and assumptions are regularly reviewed and any necessary adjustments to accounting estimates are recognized in the period of the review and in any future periods affected.

3 Summary of significant accounting policies

The accounting policies described in detail below have been consistently applied to the periods presented in these financial statements.

(a) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are translated into the functional currency using the foreign exchange rate on that date. The foreign exchange differences arising from the retranslation are recorded in the statement of operations.

**Notes to the financial statements
at December 31, 2014**
All amounts in thousands of reais unless otherwise stated

(b) Financial instruments

(i) Non-derivative financial assets

The Institute initially recognizes loans and receivables and deposits on the date they are originated. All other financial assets are initially recognized on the trade date, when the Institute becomes a party to the underlying contract.

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

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legal right to offset the recognized amounts, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities are initially recognized on the trade date when the Institute becomes a party to the underlying contract. The Institute derecognizes a financial liability when its contractual obligations are discharged, canceled or mature.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

These financial liabilities are initially recognized at fair value, plus any attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest rate method.

(c) Cash and cash equivalents

These mainly refer to balances in current accounts and short term, highly liquid financial investments, without a significant risk of change in value and that are readily convertible into cash.

(d) Property and equipment

(i) Recognition and measurement

The property and equipment of the Institute includes assets acquired through partnership contracts destined exclusively for the execution of the specific projects. These are classified separately in non-current assets as "restricted-use assets".

The restricted-use assets are recorded upon their acquisition and, at this same moment, a deduction account is recorded against a deduction account in "Obligations with project funds".

**Notes to the financial statements
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At the end of the project, the balance of restricted-use property and equipment is transferred to the Institute's property and equipment account and the corresponding deduction account is transferred to revenue from donations. This policy has been adopted because, historically, the assets have been donated to the Institute.

Property and equipment are stated at their purchase or construction cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on the disposal of a property and equipment item are determined by comparing the proceeds from the disposal with the carrying amount of the item and are recognized within "Other income, net" in the statement of operations.

(ii) Subsequent costs

The replacement cost of a component of a property and equipment item is recognized at its carrying amount if it is probable that the economic benefits of the component will flow to the Institute and its cost can be reliably measured. The carrying amount of the replaced component is written off. The costs incurred for the maintenance of property and equipment are recognized in the statement of operations as incurred.

(e) Intangible assets

Intangible assets include software acquired by the Institute, which is being amortized over its estimated useful life at the rates described in Note 8. Trademarks and patents are also presented in Intangible assets and have an indefinite useful life.

The restricted-use assets are recorded upon their acquisition and, at this same moment, a deduction account is recorded against a deduction account in Obligations with project funds.

At the end of the project, the balance of restricted-use intangible assets is transferred to the Institute's intangible assets accounts and the corresponding deduction account is transferred to revenue from donations. This policy has been adopted because, historically, the assets have been donated to the Institute.

Intangible assets are stated at their purchase or construction cost less accumulated amortization and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

Gains and losses on the disposal of an intangible asset item are determined by comparing the proceeds from the disposal with the carrying amount of the item and are recognized within "Other income, net" in the statement of operations.

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(f) Depreciation and amortization

Depreciation and amortization are calculated based on the depreciable or amortizable amount, which is the cost or deemed cost of an asset, over the asset's useful life.

Depreciation and amortization of the Institute's assets are recognized using the straight-line method, based on the estimated useful life of each asset, since this is the method that best reflects the consumption of the future economic benefits incorporated in the asset.

Depreciation and amortization of assets exclusively destined for the execution of projects are recorded against the deduction accounts of property and equipment and intangible assets, which were created when the restricted-use property and equipment and intangible assets were recorded, using the straight-line method, over the estimated useful lives of each item.

Land is not depreciated.

The estimated useful lives for the current period are presented in Notes 7 and 8.

The depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period, and any adjustments are recognized as a change in accounting estimates.

(g) Impairment

The carrying amounts of the non-financial assets of the Institute are reviewed at each balance sheet date in order to assess whether there is any impairment loss. Should there be any such indication, the recoverability of the asset will be determined. The recoverable amount of an asset is considered as the higher of the value in use and the fair value, less selling expenses. An impairment loss is recognized at the amount by which an asset's carrying amount exceeds its recoverable amount. Impairment, when it exists, is recognized in the statement of operations.

Management did not identify any situation that indicates an impairment loss on the Institute's non-financial assets. Therefore, it was not necessary to estimate the recoverable amount of the assets.

(h) Employee benefits

Obligations for short-term benefits provided to employees are measured on an undiscounted basis and are charged to expenses as the related services are rendered by the employees.

(i) Provisions

Provisions are recognized when the Institute has a present legal or constructive obligation as a result of past events that can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

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(j) Project funds

The obligations arising from project funds are recorded in the "Obligations with project funds" account when the funds are received from the sponsors, against the "Funds related to projects" account, and are written off when expenditure relating to these projects, recorded on an accrual basis, is incurred and paid.

(k) Operating revenue

Services rendered

The revenue from services rendered is recognized in the statement of operations based on stage of completion of the service at the reporting date of the financial statements. The stage of completion is determined through studies of the work carried out.

Administrative fees

Administrative fee revenue is recognized in the statement of operations based on the expenses incurred up to the limits established in the project contracts.

(l) Donations and subsidies received

Subsidies are recognized in the statement of operations as revenue throughout the period and reconciled with the expenses that they are intended to offset, on a systematic basis, as long as there is reasonable assurance that the Institute will meet all of the conditions established. Donations and government subsidy revenue are recognized upon receipt only in cases in which there is no basis of allocation over the benefited periods.

4 Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
Fixed fund	1	1
Banks	290	79
Financial investments	<u>257</u>	<u>302</u>
	<u>548</u>	<u>382</u>

**Notes to the financial statements
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5 Funds related to projects

	<u>2014</u>	<u>2013</u>
Banks	1,736	2,533
Financial investments	<u>701</u>	<u>2,898</u>
	<u>2,437</u>	<u>5,431</u>

The financial funds related to projects are restricted to investments in the projects, in accordance with the contractual provisions.

Financial investments substantially comprise Bank Deposit Certificates (CDB) and fixed-income funds. They earn interest at rates that range from 90% to 100% of the Interbank Deposit Certificate (CDI) rate.

	<u>2014</u>	<u>2013</u>
Bank Deposit Certificates	699	2,896
Savings account	<u>2</u>	<u>2</u>
	<u>701</u>	<u>2,898</u>

Management adopts a conservative cash management policy and invests available funds with leading Brazilian financial institutions, in financial investment funds linked to the Interbank Deposit Certificate (CDI) interest rate, in savings accounts and in Bank Deposit Certificates (CDBs) redeemable in the short term, whenever permitted by the donors. The income arising from these financial investments is reinvested by the Institute.

The income arising from financial investments related to projects is recorded in liabilities, together with the proceeds from the projects. The income arising from the Institute's funds is recorded in the statement of operations, as finance income.

6 Advances

These refer to advances to employees, suppliers and partners, as follows:

	<u>2014</u>	<u>2013</u>
Advances to employees	18	100
Advances to suppliers	167	139
Loans to employees	1	1
Reimbursements of other entities	87	67
Travel advances	<u>55</u>	<u>83</u>
	<u>328</u>	<u>390</u>

**Notes to the financial statements
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7 Property and equipment

		2013	Purchases	Transfers	Disposals	2014
Changes in cost						
Improvements and facilities		195	144	15	(208)	146
Vehicles		0		54	(54)	
Machinery and equipment		104		47	(22)	129
Communication equipment		17		91	(1)	107
IT equipment		655	1	616	(365)	907
Furniture and fittings		95	108	156	(82)	277
		<u>1,066</u>	<u>253</u>	<u>979</u>	<u>(732)</u>	<u>1,566</u>
Changes in depreciation						
	Rates (p.a.)					
Improvements and facilities	2.50%	(19)	(5)	(2)	24	(2)
Vehicles	10%		(5)	(21)	26	
Machinery and equipment	10%	(62)	(13)	(19)	13	(81)
Communication equipment	10%	(8)	(11)	(32)		(51)
IT equipment	20 to 50%	(580)	(56)	(549)	335	(850)
Furniture and fittings	20%	(73)	(47)	(110)	73	(157)
		<u>(742)</u>	<u>(137)</u>	<u>(733)</u>	<u>471</u>	<u>(1,141)</u>
		<u>324</u>	<u>116</u>	<u>246</u>	<u>(261)</u>	<u>425</u>
Restricted-use assets						
Changes in cost						
Improvements and facilities		105	104	(15)	(7)	187
Vehicles		172		(54)		118
Machinery and equipment		107	13	(47)		73
Communication equipment		130	10	(91)		49
IT equipment		1,233	77	(616)	(10)	684
Furniture and fittings		239		(156)	(1)	82
		<u>1,986</u>	<u>204</u>	<u>(979)</u>	<u>(18)</u>	<u>1,193</u>
Changes in depreciation						
	Rates (p.a.)					
Improvements and facilities	2.50%	(8)	(3)	2	1	(8)
Vehicles	10%	(47)	(12)	21		(38)
Machinery and equipment	10%	(28)	(9)	19		(18)
Communication equipment	10%	(42)	(4)	32		(14)
IT equipment	20 to 50%	(829)	(124)	549	7	(397)
Furniture and fittings	20%	(149)	(15)	110	1	(54)
		<u>(1,104)</u>	<u>(168)</u>	<u>733</u>	<u>9</u>	<u>(530)</u>
		<u>882</u>	<u>36</u>	<u>(246)</u>	<u>(9)</u>	<u>663</u>
Restricted-use and unrestricted-use property and equipment		1,206	152		(270)	1,088
Provision for restricted-use property and equipment		(882)	(36)	246	9	(663)
		<u>324</u>	<u>116</u>	<u>246</u>	<u>(261)</u>	<u>425</u>

**Notes to the financial statements
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In 2014, the Institute moved its administrative office, which resulted in property and equipment write-offs that basically refer to leasehold improvements and equipment used in the previous office.

Useful life and depreciation rates

Restricted-use assets have as their estimated useful life the length of life of the asset. This is due to the fact that, despite being purchased only for use in the projects and not for the purpose of maintaining the Institute's activities, at the end of the projects, these assets are historically donated to the Institute and used for administration purposes.

The Institute has control over the assets until the conclusion of the project, when the net book value of the asset, recorded in a deduction account in non-current assets, is transferred to revenue from donations.

The accountability of the Institute to its sponsors normally requires proof of the purchase and effective use of the assets established for each project which receives a specific allowance.

8 Intangible assets

	Amortization rate % - p.a.	2013	Additions	Transfers	2014
Software	20%	564		953	1,517
Patents and trademarks	Indefinite	1			1
Amortization		(522)	(180)	(597)	(1,299)
		<u>43</u>	<u>(180)</u>	<u>356</u>	<u>219</u>
	Amortization rate % - p.a.	2013	Additions	Transfers	2014
Restricted-use assets					
Software	20%	2,109	11	(953)	1,167
Amortization		(1,068)	(213)	597	(684)
		<u>1,041</u>	<u>(202)</u>	<u>(356)</u>	<u>483</u>
Restricted and unrestricted-use intangible assets		1,084	(382)		702
Provision for restricted-use intangible assets		(1,041)	202		(483)
		<u>43</u>	<u>(180)</u>		<u>219</u>

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9 Social security and labor charges

	<u>2014</u>	<u>2013</u>
Provision for vacation pay and social charges	709	784
Other	2	28
	<u>711</u>	<u>812</u>

10 Advances received

These refer to amounts received in advance, before conclusion of the events or services.

	<u>Company</u>	<u>2014</u>	<u>2013</u>
Advances received	Fundação Vale	98	98
	Sol Informática Ltda.		15
	Clark University		45
	Golf e Ebata	3	7
		<u>101</u>	<u>165</u>

11 Obligations with project funds

The funds arising from partnerships, contracts and agreements linked to specific projects are recorded upon receipt in the "Obligations with project funds" account, in current liabilities. The actual expenditure incurred is recorded in the same group, as a deduction account of the liabilities. The Institute's indirect costs are apportioned between the projects, based on the budget of each partnership, contract and agreement, in accordance with their significance. All expenditure is segregated by donor, based on the utilization of human and material resources for each donor. No cost transfers are made between donors.

Notes to the financial statements
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	<u>2014</u>	<u>2013</u>
Opening balance	4,615	7,095
Receipts	13,062	11,578
(-) Salaries, charges and benefits of the projects	<u>(9,114)</u>	<u>(8,746)</u>
	8,563	9,927
Consultancy and services	(2,856)	(2,214)
Property and equipment	(331)	(491)
Travel expenses	(1,268)	(1,049)
Publication, advertising and events	(532)	(208)
Rental expenses	(717)	(438)
Utilities and services	(340)	(342)
Taxes and fees	(13)	(13)
Communication expenses	(340)	(279)
Expenses with materials	(63)	(86)
Finance income - income from investments	204	325
Finance income - discounts obtained	1	1
Finance costs	(126)	(126)
Insurance	(53)	(47)
Maintenance expenses	(90)	(65)
Other expenditure - cafeteria	4	(54)
Other operating expenses	(116)	(1)
Costs with training services - Imazon Geotechnology Center	<u>(105)</u>	<u>(225)</u>
Total expenditure on projects	<u>(6,509)</u>	<u>(5,312)</u>
Closing balance	<u><u>2,054</u></u>	<u><u>4,615</u></u>

12 Litigation and contingencies

The Institute does not have outstanding judicial and administrative proceedings in court or with government entities involving labor, civil or other matters.

13 Related parties

The remuneration of the key management personnel including salaries, fees and variable short-term benefits totaled R\$ 640 in the year ended December 31, 2014 (R\$ 618 in 2013).

14 Equity

(a) Equity

The Institute's equity is increased or decreased based on the incorporation of the surplus or absorption of the deficit for each year, after the approval of the Board.

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(b) Accumulated surplus (deficit)

This account records the deficit for the current year. After the approval by the Board, the amount is incorporated into the Institute's equity to be reinvested in social actions, as prescribed in its Charter.

15 Revenue and costs

	<u>2014</u>	<u>2013</u>
Revenue		
Administrative fees on projects and programs (i)	3,632	3,066
Donations	602	
Sundry revenue	4	
Services rendered	387	422
Deductions		
Social Contribution on Revenues (COFINS)	(12)	(13)
Services Tax (ISS)	(19)	(21)
Net revenues	<u>4,594</u>	<u>3,454</u>
Costs		
Cost of services rendered	(237)	(364)
Salaries and social charges (Note 16)	(1,826)	(1,658)
	<u>(2,063)</u>	<u>(2,022)</u>
	<u>2,531</u>	<u>1,432</u>

(i) The administrative fees have the following characteristics:

- Fees not established - in this case, the donor permits the allocation of certain expenses, which are recorded as "Other direct and indirect costs".
- Mixed fees - these fees are established in the contracts together with the specification of certain expenses recorded as "Other direct and indirect costs".
- Established fees - administrative costs charged only through the "Overhead" rate.

Within each project, the sponsors accept a fee even if the utilization of funds exceeds the amount established for the individual categories by approximately 10%, provided that the total budget for the project is not exceeded. The time schedules for the projects differ from the fiscal year and, consequently, there may be situations in which a fiscal year includes two financing periods of the same project.

Notes on administrative fees:

(a) Gordon and Betty Moore Foundation

Several actions were carried out: 1 - consolidating the management and conservation plans for three forests in the State of Pará and providing funds for an additional year of slowing down the activities relating to the result; 2 - supporting the implementation of the conservation area plan, in accordance with the goals established by state and federal agencies for these areas; 3 - public policy instruments and obstacles for the sustainable purchase of meat in the State of Pará, Brazil; 4 - supporting the interdisciplinary analysis and the mapping of the extension of the conservation area, deforestation area, forest degradation area, development and infrastructure, agriculture, and other dynamics relating to the

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use of land in the Amazon; 5 - assessing potential environmental policies and instruments created by the national policy for climate changes and related to the new forest code, to be implemented by the cities (Green Cities Program), for the purpose of reducing deforestation in the State of Pará.

(b) Climate and Land Use Alliance

1 - Helping the State of Pará to implement the illegal deforestation embargo list; 2 - making the sustainable development of the Brazilian Amazon an issue for candidates for presidential and State government elections to approach during their electoral campaigns in 2014; 3 - Deforestation Alert System, for the purpose of monitoring the main cities in the State of Pará, as well as estimating the carbon emissions and land degradation in the Brazilian Amazon; 4 - ensuring that the Green Cities Program (PMV) is properly managed and that it has a governance structure to implement the Amazônia Fund Project and to support the implementation of the new Forest Code in the State of Pará.

(c) National Bank for Economic and Social Development (BNDES)

Amazônia Fund - (i) contribute to the mobilization of local entities in 11 municipalities of the State of Pará, with the objective of surveying environmental and land data of rural properties and speeding up the adhesion of owners to the Rural Environmental Register; (ii) monitor deforestation in these municipalities, through satellite images; (iii) provide support in rural planning and restoration of the deforested areas of the Uraim Basin in Paragominas - State of Pará.

(d) Mercy Corps

Reducing the deforestation in the Eastern Brazilian Amazon, through Environmental Management and Control at Municipal Level.

(e) Skoll Foundation

1 - Guiding, tracing and monitoring markets; 2 - providing support for the State of Pará to create its own governance structures under the Green Cities Program on a state and municipal level, as well as expanding Imazon's deforestation monitoring system, so as to include the individual land and rural settlement record in the State of Pará.

(f) World Resources Institute (WRI)

Instituto Centro de Vida (ICV) entered into an agreement with WRI on July 6, 2012 and subcontracted Imazon to jointly perform the GFI Brasil Project - Phase 6.

Imazon was awarded a contract of US\$ 63,370 thousand in the fiscal year of 2014 by Instituto Centro de Vida, as a support to the GFI activities. Imazon received R\$ 145,276.06, which was used in 2014.

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16 Salaries and social charges

	<u>2014</u>	<u>2013</u>
Salaries	711	675
National Institute of Social Security (INSS)	267	268
Meal vouchers	289	182
Medical assistance	122	113
Vacation pay	79	97
Bonuses	99	91
Government Severance Indemnity Fund for Employees (FGTS)	85	83
13th month salary	78	74
Life insurance	27	20
Internship remuneration	10	12
Social Integration Program (PIS)	11	11
Termination fine	19	
Medical exams and medicines	17	3
Other expenses	12	29
	<u>1,826</u>	<u>1,658</u>

17 Administrative expenses

	<u>2014</u>	<u>2013</u>
Travel	55	45
Events	6	2
Maintenance	67	44
Rent	691	424
Utilities and services	222	213
Taxes and fees	14	8
Depreciation and amortization	317	101
Insurance	81	59
Communication	179	160
Materials	125	73
Services	243	266
Other administrative expenses	386	92
	<u>2,386</u>	<u>1,487</u>

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18 Finance income and costs

	<u>2014</u>	<u>2013</u>
Finance income		
Interest on financial investments	42	48
	42	48
Finance costs		
Interest and bank fees	(80)	(65)
Withholding Income Tax (IRRF) - financial investment	(2)	(24)
Tax on Financial Transactions (IOF)	(3)	(3)
	(86)	(92)
Finance costs, net	<u>(44)</u>	<u>(44)</u>

19 Exemptions and tax benefits

As the Institute is a Public Interest Non-profit Entity (OSCIP), it is exempt from paying certain taxes and has tax benefits such as:

- Corporate Income Tax (IRPJ);
- Social Contribution on Net Income (CSLL);
- Social Contribution on Revenues (COFINS) on its own revenues;
- Service Tax (ISSQN) on its own revenues.

20 Donation contracts

The Institute has already signed donation contracts with partners that ensure remittances subsequent to December 31, 2014, as shown in the table below:

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Donors/contracting parties	Donors - 2014	Contracting parties - 2014	Income - 2014	Remittances after 2014 (unaudited)	Total
Gordon and Betty Moore Foundation	2,733		42	1,067	3,842
Climate Works Monitoramento	2,294		45		2,339
National Bank for Economic and Social Development (BNDES)	1,422		38		1,460
Mercy Corps	1,457			3,946	5,403
Skoll Foundation	1,321		59		1,380
Vale Association for Sustainable Development	1,173			515	1,688
World Resources Institute (WRI)	814			1,490	2,304
Good Energies Foundation	590		4	902	1,496
Mineração Paragominas S.A.	289			32	321
Avina Americas	275				275
Porticus Latin America	240		8		248
José Roberto Marinho	240				240
Fundación Avina	69	115		84	268
Instituto Centro De Vida (ICV)	145			140	285
Municipal Government of Paragominas		80		120	200
Clark University		45			45
Norsk Hydro Brasil Ltda.		40			40
Martins Agropecuária S.A.		38		38	76
MB Capital Investimentos E Participações Ltda.		30			30
Sol Informática Ltda.		25			25
IEB - Inst. Internacional de Educação do Brasil (International Institute of Education of Brazil)		9			9
Ebata Produtos Florestais		8			8
Golf Indústria e Comércio de Madeira Ltda.		8			8
	<u>13,062</u>	<u>398</u>	<u>196</u>	<u>8,334</u>	<u>21,990</u>

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21 Financial instruments

Credit risk

Credit risk is managed by the Institute and relates to cash and cash equivalents, deposits with banks and other financial institutions, as well as credit exposure on contracts and cooperation agreements. Transactions with banks and other financial institutions are limited to large and low-risk entities. Individual risk limits of creditors are established based on internal ratings in accordance with historical relationships.

Liquidity risk

Liquidity is managed through monitoring of the funds and obligations as follows:

	<u>2014</u>	<u>2013</u>
Funds related to projects	2,437	5,431
Obligations with project funds	(2,054)	(4,612)
Net exposure	<u>383</u>	<u>819</u>

22 Insurance

The Institute contracts insurance for assets subject to risks at amounts considered sufficient to cover eventual damages, considering the nature of its activity.

At December 31, 2014, the insurance cover of the Institute comprised R\$ 9,500 for fire, lightning, explosion, smoke and aircraft accidents in the main office and branch; R\$ 218 for portable equipment (notebooks, tablets, geodetic GPS and photographic cameras) and R\$ 138 for vehicles.

Ana Cláudia F. Rodrigues
Accountant CRC/PA 9444

Verônica Oki Igacihalaguti
Administrative Officer

Andréia Cristina Brito Pinto
Executive Officer