

(A free translation of the original in Portuguese)

**WRI Brasil**  
**Financial statements at**  
**December 31, 2015**  
**and independent auditor's report**

(A free translation of the original in Portuguese)

## **Independent auditor's report**

To the Management and Board Members  
WRI Brasil

We have audited the accompanying financial statements of WRI Brasil (the "Entity"), which are comprised of the balance sheet as at December 31, 2015 and the statements of deficit/surplus, changes in equity and cash flows for the year then ended December 31, 2015, 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.

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

WRI Brasil

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WRI Brasil as at December 31, 2015, and its financial performance and its cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil.

São Paulo, April 14, 2016

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

Adriano Formosinho Correia  
Contador CRC 1BA029904/O-5 "S" SP

## WRI Brasil

### Balance sheet at December 31

All amounts in Reais

(A free translation of the original in Portuguese)

<b>Assets</b>	<b>2015</b>	<b>2014</b>	<b>Liabilities and equity</b>	<b>2015</b>	<b>2014</b>
Current assets			Current liabilities		
Cash and cash equivalents (Note 3)	3,050,351	461,170	Accounts payable	12,372	39,088
Other accounts receivable (Note 4)	405,807	14,475	Taxes payables (Note 6)	86,788	23,301
	<u>3,456,158</u>	<u>475,645</u>	Social charges (Note 7)	216,753	50,946
Non-current assets			Advance donations (Note 8)	3,421,957	387,755
Collateral deposit	66,724	-		<u>3,737,870</u>	<u>501,090</u>
Property and equipment (Note 5)	222,709	16,505	Equity		
	<u>289,433</u>	<u>16,505</u>	Equity (Note 9)	7,721	(8,940)
Total assets	<b><u>3,745,591</u></b>	<b><u>492,150</u></b>	Total liabilities and equity	<b><u>3,745,591</u></b>	<b><u>492,150</u></b>

The accompanying notes are an integral part of these financial statements

## WRI Brasil

### Statement of surplus/deficit Year ended December 31, 2015 and period from June, 1 to December 31, 2014

All amounts in Reais

(A free translation of the original in Portuguese)

	<u>2015</u>	<u>2014</u>
<b>Income from activities</b>		
Donations (Note 8)	6,698,977	1,002,414
Voluntary work (Note 11)	5,034	54,011
Foreign donations (Note 5)	-	18,100
<b>Expenses with activities</b>		
General and administrative expenses (Note 10)	(6,550,140)	(978,265)
Tax expenses	(256,943)	(61,386)
Finance result (Note 12)	124,767	10,197
Voluntary work (Note 11)	(5,034)	(54,011)
<b>Surplus (deficit) for the year/period</b>	<b><u>16,661</u></b>	<b><u>(8,940)</u></b>

There were no comprehensive results in the reporting periods. Therefore a statement of comprehensive result is not presented.

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



WORLD  
RESOURCES  
INSTITUTE

## WRI Brasil

### Statement of Changes in Equity

All amounts in Reais

(A free translation of the original in Portuguese)

#### At June 1, 2014

Deficit for the period	<u>(8,940)</u>
------------------------	----------------

#### At December 31, 2014

	<u>(8,940)</u>
--	----------------

Surplus for the year	<u>16,661</u>
----------------------	---------------

#### At December 31, 2015

	<u>7,721</u>
--	--------------

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

## WRI Brasil

**Statement of cash flows**  
**Year ended December 31, 2015 and**  
**period from June 1 to December 31, 2014**  
All amounts in Reais

(A free translation of the original in Portuguese)

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
<b>Surplus (deficit) for the year/period</b>	<u>16,661</u>	<u>(8,940)</u>
<b>Expense adjustment not involving cash</b>		
Depreciation	26,694	1,595
Adjusted surplus (deficit) for the year/period	43,355	(7,345)
Increase in other accounts receivable	(391,332)	(14,475)
Increase in collateral deposit	(66,724)	-
Increase (decrease) in accounts payable	(26,716)	39,088
Increase in social charges	165,807	-
Increase in taxes payable	63,487	23,301
Increase in advance donations	<u>3,034,202</u>	<u>387,755</u>
<b>Net cash provided by operating activities</b>	<u>2,822,079</u>	<u>479,270</u>
<b>Cash flow from investing activities</b>		
Acquisition of property and equipment	<u>(232,898)</u>	<u>(18,100)</u>
<b>Net cash used in investing activities</b>	<u>(232,898)</u>	<u>(18,100)</u>
<b>Net increase in cash and cash equivalent</b>	<u>2,589,181</u>	<u>461,170</u>
<b>Cash and cash equivalents at the end of the year/period (Note 3)</b>	3,050,351	461,170
<b>Cash and cash equivalents at the beginning of the period (Note 3)</b>	<u>461,170</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>2,589,181</u>	<u>461,170</u>

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

(A free translation of the original in Portuguese)

## **WRI Brasil**

### **Notes to the Financial Statements**

**At December 31, 2015**

**All amounts in Reais, except when otherwise indicated**

---

#### **1 Operations**

WRI Brasil ("WRI Brasil" or "Entity") is a non-profit and non-governmental organization with international activities, established in February 2014 in São Paulo, Brazil and started operations in June 2014. Its objective is to influence the human society to live in a manner to protect the environment of the Earth and its capacity to attend the needs and aspirations of actual and future generations. In order to achieve its objective WRI Brasil works jointly with other sister organizations of the World Resources Institute, partners in Brazil and all over the World through research and analyses.

WRI Brasil has the status of a Public Interest Non-profit Entity (OSCIP), through an order by the National Secretary of Justice, published in the Official Gazette (DOU) of September 19, 2014, Certificate of Recognition as an Environmental Entity on March 31, 2015 and a tax exemption ITCMD from the Treasury Department of São Paulo on October 6, 2015.

The Board of the Entity approved the financial statements for the year ended December 31, 2015 on April 14, 2016.

#### **2 Financial statement presentation and significant accounting practices**

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the provisions of the Resolution of the Federal Accounting Council N. 1409 of September 21, 2012, which approved Technical Interpretation ITC 2002 - "Non-profit Entities", combined with NBC TG 1000 (CPC PME) accounting for small and medium-sized entities.

In accordance with ITG standard 2002, the fair value of voluntary and donated services is recorded (Note 11).

Financial reporting requires the use of estimates to account for certain assets, liabilities and other transactions, including the determination of useful lives of property and equipment, the valuation of financial assets at fair value, necessary provisions for liabilities and other evaluations. The actual results may differ from those estimated.

##### **2.1 Functional and presentation currency**

The financial statements are presented in Brazilian Reais, which is the Organization's functional and presentation currency.

##### **2.2 Cash and cash equivalents**

Cash and cash equivalents include funds in local currency and financial investments with insignificant risk of change in fair value and which are used by the Organization to meet its short and long-term commitments.



## **WRI Brasil**

### **Notes to the Financial Statements**

**At December 31, 2015**

**All amounts in Reais, except when otherwise indicated**

---

#### **2.3 Financial assets**

Management classifies its financial assets in the following categories: (a) at fair value through profit or loss and (b) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at the time they are initially recorded.

##### **(a) Financial assets at fair value through profit or loss**

These are financial assets held for active and frequent trading. All financial assets in this category are classified as current assets. Gains or losses arising from the changes in the fair value of financial assets measured at fair value through profit or loss are recorded in the statement of surplus (deficit) as "Finance result" in the period they occur.

##### **(b) Loans and receivables**

These comprise loans granted and non-derivative receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for those that fall due after 12 months from the balance sheet date. Loans and receivables comprise other receivables and are subsequently carried at amortized cost using the effective interest rate method, when applicable.

#### **2.4 Property and equipment**

Property and equipment are stated at historical acquisition cost. Depreciation is calculated on the straight-line method at rates that take into account the useful lives of the assets, as stated in Note 5.

#### **2.5 Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of the Entity's activities, being recognized at the invoice or corresponding contract amount. These payables are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities.

#### **2.6 Taxes on operations**

WRI Brasil is a non-profit organization, exempted from the payment of income tax and social contribution on the net income (Note 13). The status of the other taxes on operating activities is as follows: (a) Social Integration Program (PIS) - contribution of 1% levied on the payroll amount; (b) National Institute of Social Security (INSS) contribution - full payment of the employer's and employees' contribution; (c) Withholding Income Tax (IRRF) on revenues from financial investments - carried out regularly by the financial institutions.

## WRI Brasil

### Notes to the Financial Statements

At December 31, 2015

All amounts in Reais, except when otherwise indicated

---

#### 2.7 Other current assets and liabilities

Assets are stated at their acquisition cost, plus the income and foreign currency variations incurred, net of the provision for adjustment to the realizable amount, when applicable. Liabilities recorded are stated at known or estimated amounts including, when applicable, the related charges and monetary variations incurred up to the balance sheet date.

#### 2.8 Equity

Equity includes donations received from third parties, increased or decreased by the surplus or deficit computed each year/period.

#### 2.9 Determination of surplus (deficit)

Income from donations is recorded upon receipt. Other revenue and expenses are recorded on the accrual basis of accounting. Funds that were not used and that are committed to future operation are reclassified in liabilities as "Advance donations".

#### 2.10 Critical accounting estimates and judgments

Information about critical judgments relating to accounting policies adopted that have effects on the amounts recognized in the financial statements are as follows:

##### Impairment of non-financial assets

Non-financial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired the carrying value of the asset is tested for impairment. An impairment loss is recognized for the excess of the carrying amount of the asset over its recoverable amount. This amount is the higher of fair value (Cash Generating Units - CGU) less costs to sell and value in use. Non-financial assets that have been reduced are assessed in order to determine a possible loss provision reversal for impairment at the date of the balance sheet.

##### Provisions

Provisions are recognized when: (i) the Entity has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

## WRI Brasil

### Notes to the Financial Statements

At December 31, 2015

All amounts in Reais, except when otherwise indicated

#### 3 Cash and cash equivalents

	<u>2015</u>	<u>2014</u>
Petty cash	1,000	-
Current account	10	10
Financial investments (*)	<u>3,049,341</u>	<u>461,160</u>
	<u>3,050,351</u>	<u>461,170</u>

(\*) Financial investments are comprised of Investment Fund Itaú Premium DI FICFI, with daily liquidity, used for the management of short and long-term commitments of the Entity.

#### 4 Other accounts receivable

At December 31, 2015, these refer, mainly, to reimbursement of expenses incurred on a project of the Entity which were received in February, 2016.

#### 5 Property and equipment

	<u>2015</u>			<u>2014</u>	
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Cost</u>	<u>Annual depreciation rates - %</u>
Furniture and fittings	80,266	(6,187)	74,079	4,239	10
IT equipment	46,162	(7,831)	38,331	10,872	20
Softwares	1,706	(622)	1,084	1,394	20
Improvements in third party property installations	88,902	(11,143)	77,759		20
Softwares	<u>33,962</u>	<u>(2,506)</u>	<u>31,456</u>		20
	<u>250,998</u>	<u>(28,289)</u>	<u>222,709</u>	<u>16,505</u>	

## WRI Brasil

### Notes to the Financial Statements

At December 31, 2015

All amounts in Reais, except when otherwise indicated

The change in property and equipment was as follows:

	<u>2015</u>	<u>2014</u>
At the beginning of the year/period	16,505	
Acquisition of assets	232,898	18,100
Depreciation	<u>(26,694)</u>	<u>(1,595)</u>
At the end of the year/period	<u><u>222,709</u></u>	<u><u>16,505</u></u>

#### 6 Taxes payables

At December 31, 2015, these refer mainly to CRF and ISS withheld on invoices for professional services.

#### 7 Social charges

	<u>2015</u>	<u>2014</u>
Vacation provision	158,578	37,878
Social charges	<u>58,175</u>	<u>13,068</u>
	<u><u>216,753</u></u>	<u><u>50,946</u></u>

#### 8 Donations and advance donations

The Entity received donations with the purpose of implementing and maintaining its operational structure and the program of the projects under its responsibility.

Of the total funds received from abroad in 2014 and 2015, R\$ 6.698.977 were used in the present period (R\$ 1.002.414 in 2014) and R\$ 593.961 will be used in 2016 in the continuity of the operations and projects.

The Entity received in 2015, an amount of R\$ 2,827,996 from WRI DC for the WRI Brasil Porto Alegre branch. This value was transferred to the branch in January 2016.

The receipt of corporate donations is as follows:

## WRI Brasil

### Notes to the Financial Statements

At December 31, 2015

All amounts in Reais, except when otherwise indicated

	<u>2015</u>	<u>2014</u>
Receipt of donations from legal entities	6,563,555	1,376,370
"Cause Mortis" Transfer and Donations Tax (ITCMD)	<u>(196,017)</u>	<u>(53,298)</u>
Net receipt from voluntary donations	<u>6,367,538</u>	<u>1,323,072</u>

## 9 Equity

Equity is comprised of the surplus of the year/period.

In the event the Entity is terminated, its net assets must be transferred to a non-profit entity or entities with similar purposes, qualified under the terms of Law 9,790/99.

If the Entity loses the qualification established in Law 9,790/99, the respective net assets available, obtained with public funds during the period of the qualification, will be transferred to another entity qualified, preferably with the same purpose.

## 10 Administrative and general expenses

	<u>2015</u>	<u>2014</u>
Services provided by legal entities	(3,381,991)	(200,324)
Personnel	(2,283,916)	(663,977)
Travel	(580,526)	(104,047)
Project costs	(217,852)	(5,116)
Other expenses (i)	<u>(85,855)</u>	<u>(4,801)</u>
	<u>(6,550,140)</u>	<u>(978,265)</u>

(i) Other expenses are comprised of depreciation, utilities and other general expenses.

## WRI Brasil

### Notes to the Financial Statements

At December 31, 2015

All amounts in Reais, except when otherwise indicated

#### 11 Voluntary work

Voluntary work and services that were not represented by an outflow of resources for the Entity refer to the time dedicated by the members of the WRI Brasil Board. Had the entity paid to obtain these voluntary services, it estimates that it would have paid approximately R\$ 5,034 in 2015.

	<u>2015</u>	<u>2014</u>
Administrative Council	5,034	6,061
Rent expenses	<u>-</u>	<u>47,950</u>
	<u>5,034</u>	<u>54,011</u>

The fair value of the voluntary work described above is presented in accordance with ITG Interpretation 2002 approved by CFC Resolution 1409/12.

#### 12 Finance result

	<u>2015</u>	<u>2014</u>
Income from financial investments	128,507	11,480
Bank expenses	<u>(3,740)</u>	<u>(1,283)</u>
	<u>124,767</u>	<u>10,197</u>

#### 13 Tax aspects

Non-profit organizations are entities that do not present surplus in their accounts, or, if they present a surplus in a certain fiscal year, appropriate it fully to the maintenance and development of the social objectives of the organization, as long as other legal conditions are met.

The Organization meets the requirements of the legislation, and is therefore immune from income tax (based on Article 150 of the Brazilian Federal Constitution) and exempted from social contribution on surplus and Social Contribution on Revenues (COFINS). In accordance with the disclosures required by NBC ITG - 2002 - "Non-profit entities", if the organization were not exempted, the rate in effect would be 9% (social contribution), 7.6% (COFINS), 1.65% (PIS/Invoicing) and 15% (income tax).

## WRI Brasil

### Notes to the Financial Statements

At December 31, 2015

All amounts in Reais, except when otherwise indicated

The estimated taxes that would have been incurred if the immunity and exemption were not in effect are as follows:

	<b>2015</b>
	(Unaudited)
IRPJ	2,499
CSLL	1,450
COFINS	509,122
PIS	110,533
	<u>623,604</u>

#### 14 Legal proceedings

The Entity has no labor, legal or non-judicial proceedings against it.

#### 15 Other information

- (a) In the year ended December 31, 2015 the Entity did not utilize derivative financial instruments.
- (b) The Entity does not maintain pension plans or any other retirement benefit plans for the employees and officers after their termination or a bonus or profit sharing plan for the officers and employees.

#### 16 Insurance

The entity has purchased D&O (Civil responsibility for administrators and directors) insurance with a limit of R\$ 5,000,000 and a term from November 18, 2015 to November 18, 2016.

\* \* \*

**RACHEL BIDERMAN FURRIELA**  
Executive director

**ANA PAULA SALVADOR DE AGUIAR DA COSTA**  
Accountant CRC-1-SP228.935-O-8

