

INSTITUTO CENTRO DE VIDA

Financial Statements

Years ended December 31, 2021 and 2020

(A translation of the original report in Portuguese containing the financial statements prepared in accordance with accounting practices adopted in Brazil)



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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Instituto Centro de Vida
Cuiabá - MT**

Opinion

We have examined the financial statements of Instituto Centro de Vida (Entity) which comprise the balance sheet, as of December 31, 2021, and the respective statements of income, changes in equity, and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including a summary of the main accounting policies.

In our opinion, the aforementioned financial statements adequately present, in all material respects, the Entity's equity and financial position, as of December 31, 2021, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil.

Basis for opinion

Our audit was conducted in accordance with Brazilian and International Auditing Standards. Our responsibilities, in accordance with these standards, are described in the following section, entitled "Auditor's responsibilities for auditing the financial statements". We are independent in relation to the Entity, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Responsibility of management for the financial statements

The management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil and the internal controls it deemed necessary to enable the preparation of financial statements free of material misstatement, regardless whether caused by fraud or error.

In preparing the financial statements, Management is responsible for evaluating the entity's ability to continue operating, and disclosing - where applicable - matters related to its going concern and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the entity or cease its operations, or has no realistic alternative to avoid closing down operations.



Those responsible for the management of the Entity are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor regarding the audit of financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of assurance, but no, a guarantee that the audit conducted pursuant to Brazilian and International Auditing Standards will always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or jointly, they may – from a reasonable perspective - influence the economic decision of users made based on the respective financial statements.

As part of the audit conducted, in accordance with Brazilian and International Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient and appropriate audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentation.
- We obtain an understanding of the internal controls relevant to the audit to design auditing procedures suitable to the circumstances, but not with the objective of expressing an opinion on the effectiveness of the Entity's internal controls.
- We assess the suitability of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by Management.
- We reach a conclusion as to the suitability of management's use of the accounting basis for going concern and, based on the audit evidence obtained, as to whether there is a material uncertainty regarding events or conditions that could raise a significant doubt regarding the Entity's capacity for going concern. If we conclude that there is material uncertainty, we must draw attention in our audit report to the respective disclosures in the financial statements or include change in our opinion if the disclosures are inappropriate. Our findings are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity's to no longer remain in going concern.

We assess the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that is consistent with the objective of proper reporting.



We communicate with Management regarding, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our work.

São Paulo, April 30, 2022.



Deul J. Pereira
Accountant CRC - 1SP 102.800/O-0



Balance sheets
Years ended December 31, 2021 and 2020
(In Reais - R\$)

Assets	Note	2021	2020
Current assets			
Cash and cash equivalents	4	11.508.058	9.336.366
Receivables from projects	5	1.173.122	1.194.114
Other receivables	6	309.369	113.687
		12.990.549	10.644.167
Noncurrent assets			
Receivables fom projects	7	252.256	252.256
Other receivables	8	146.700	146.700
Property, plant and equipment	9	595.128	603.348
Intangible assets	9	14.387	3.587
Investments		22.636	1.893
		1.031.107	1.007.784
Total assets		14.021.656	11.651.951
Liabilities and equity			
Current liabilities			
Suppliers		4.362	137.619
Fiscal and social obligations	10	253.292	187.268
Liabilities from project funds	11	11.159.419	9.086.018
Vacation and social securities		614.699	489.325
Other payable accounts		5.201	3.532
		12.036.973	9.903.762
Noncurrent liabilities			
Deferred income	3g	453.642	457.078
Transfer to rural producer		8.740	-
		462.382	457.078
Total liabilities		12.499.355	10.360.840
Equity			
Social equity		1.416.946	1.072.929
Surplus for the year		105.355	218.182
		1.522.301	1.291.111
Total liabilities and equity		14.021.656	11.651.951

See the accompanying notes to the financial statements



Statements of income
Years ended December 31, 2021 and 2020
(In Reais - R\$)

REVENUES	Note	2021	2020
Domestic donations	18	8.159.397	5.597.611
Foreign donations	19	10.915.158	6.807.267
Services rendered to thirds		196.797	145.711
Financial income		176.475	110.227
Other operating revenues		255.861	232.994
		19.703.688	12.893.810
EXPENSES			
Salaries, benefits and social securities	20	5.473.605	3.987.729
Social securities	21	1.125.962	858.342
Services rendered by thirds	22	6.506.139	4.614.309
Transfer of funds	23	1.465.303	932.885
Travel, transportation, lodging and meal expenses		518.578	331.141
Donation food supplies		607.207	-
General and administrative	24	3.730.819	1.747.860
Depreciation and amortization		153.764	114.421
Other expenses		16.956	88.941
		19.598.333	12.675.628
Surplus for the year		105.355	218.182



Statements of changes in equity
Years ended December 31, 2021 and 2020
(In Reais - R\$)

	Social equity				Total	(Deficit) surplus for the year	Total
	Equity fund			Accumulated surplus			
	Institutional	Severance fund	Donations				
Balances at December 31, 2019	522.804	166.467	270.463	57.940	1.017.674	(23.935)	993.739
Transfer between accounts	-	-	-	(23.935)	(23.935)	23.935	-
Additions to severance fund	-	56.126	-	-	56.126	-	56.126
Financial income	23.064	-	-	-	23.064	-	23.064
Surplus for the year	-	-	-	-	-	218.182	218.182
Balances at December 31, 2020	545.868	222.593	270.463	34.005	1.072.929	218.182	1.291.111
Transfer between accounts	-	-	-	218.182	218.182	(218.182)	-
Additions to severance fund	-	117.243	-	-	117.243	-	117.243
Financial income	8.592	-	-	-	8.592	-	8.592
Surplus for the year	-	-	-	-	-	105.355	105.355
Balances at December 31, 2021	554.460	339.836	270.463	252.187	1.416.946	105.355	1.522.301

See the accompanying notes to the financial statements



Statements of cash flows – Indirect method
Years ended December 31, 2021 and 2020
(In Reais - R\$)

Cash flow from operating activities:	2021	2020
Surplus for the year	105.355	218.182
Adjustments to reconcile the surplus (deficit) for the year:		
Increase and use of severance fund	117.243	56.126
Net book value of disposal assets	-	900
Depreciation and amortization	153.764	114.421
Financial income	8.592	23.064
	384.954	412.693
(Increase) decrease of assets:		
Receivables from projects	20.992	(1.056.031)
Other receivables	(195.682)	34.442
Prepaid expenses	-	10.600
	(174.690)	(1.010.989)
Increase (decrease) of liabilities:		
Suppliers	(133.257)	(70.554)
Vacations and social securities	125.374	78.011
Fiscal and social obligations	66.024	23.812
Liabilities from project funds	2.073.401	542.555
Other payable accounts	1.669	(13.839)
Transfer to rural produce	8.740	-
Deferred income	(3.426)	183.194
	2.138.515	743.179
Net cash flow generated in operating activities	2.348.779	144.883
Cash flow used in investing activities		
Additions to property, plant and equipment and intangible	(156.344)	(287.815)
Additions to investments	(20.743)	-
	(177.087)	(287.815)
Increase (decrease) in cash and cash equivalents	2.171.692	(142.932)
Cash and cash equivalents at the beginning of the year	9.336.366	9.479.298
Cash and cash equivalents at the end of the year	11.508.058	9.336.366
Increase (decrease) in cash and cash equivalents	2.171.692	(142.932)

See the accompanying notes to the financial statements



Notes to financial statements December 31, 2021 and 2020

1. Institutional aspects

The Instituto Centro de Vida (ICV) was founded on April 14, 1991, as a civil society under private nonprofit law, in the form of a civil association of a scientific and cultural character, for the public interest, without distinction of religion, race, ethnicity and social class. It is directed by its permanent members and associates, with headquarters at Rua Estevão de Mendonça, 1 770 - Bairro Quilombo, Cuiabá - MT.

The Instituto Centro de Vida has the objective to promote and stimulate the development of actions that contribute to the protection of the environment, the sustainable use of natural resources, the improvement of the quality of life and the maintenance of biological and cultural diversity for the present and future generations, as well as developing actions of public interest, in order to achieve respect for life, liberties, human rights and the strengthening of citizenship.

2. Basis for preparation

2.1 Statement of compliance

The financial statements have been prepared and presented in accordance with accounting practices adopted in Brazil.

The issuance of the financial statements was authorized by Management on April 30, 2022.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except for non-derivative financial instruments measured at fair value through profit or loss.

2.3 Functional and presentation currency

The financial statements are presented in Real, which is the functional currency of the entity. All financial information are also presented in Real and has been rounded to the elimination of cents.

2.4 Use of estimates and judgments

The preparation of financial statements in accordance with the 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, revenues and expenses. The effective results may differ from those estimates.



Notes to financial statements

Estimates and assumptions are revised on a continuous basis. The revisions with respect to accounting estimates are recognized in the period such estimates are revised and in any future periods affected. Significant assets and liabilities subject to such estimates and assumptions include, among others, the net value of fixed assets (note 9).

3. Significant accounting policies

The accounting policies described below have been consistently applied by the Entity.

a) Foreign currency

Transactions in foreign currencies are translated into functional currency of the entity using the exchange rates at the transaction dates.

b) Financial instruments

Non-derivative financial assets

The Entity initially recognizes loans and receivables on their dates of origin. The Entity's non-derivative financial assets are those recorded at fair value through profit or loss and loans and receivables.

Recorded at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading and is designated as such at the time of initial recognition. Financial assets are designated at fair value through profit or loss if the Entity manages such investments and makes trading decisions based on their fair values in accordance with risk management and investment strategy. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in the income for the year.

Loans and receivables

Loans and receivables are financial assets with fixed payments that are not quoted in the active market, and such assets are initially recognized at fair value. After the initial recognition, if applicable, the assets are reduced by any impairment.

Loans and receivables cover cash and cash equivalents, short-term investments and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and banks without restriction for use and financial investments with a high level of liquidity which are subject to an insignificant risk of changes in values and are used in the management of short-term commitments.

Notes to financial statements

Financial investments

Financial investments refer to funds invested in prime financial institutions, which are recorded at fair value through profit or loss.

Non-derivative financial liabilities

The Entity recognizes non-derivative financial liabilities initially on the date they are originated. A liability is written off when its obligations have been satisfied through cancellation or payment. As non-derivative financial liabilities, the Entity has suppliers and other obligations. Such liabilities are recognized initially at fair value increased by any transaction costs and charges due to any delay in payment.

c) Property, plant and equipment

Recognition and measurement

Fixed assets are valued at historical cost of acquisition, less accumulated depreciation and accumulated impairment, when necessary. The assets received as donations, are measured at fair value. Cost includes expenditures that are directly attributable to the acquisition of an asset.

Gains and losses on disposal of an item of property, plant and equipment, by sale/donation, are determined by comparing the proceeds from disposal with the net book value and are recognized as other operating revenue/expense in the statement of surplus (deficit).

The acquired software, which is an integral part of the equipment's functionality, is capitalized as part of that asset.

Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the expenditures will accrue to the Institute.

Normal expenses for the maintenance of property, plant and equipment are recognized in the income statement as soon as they are incurred.

Depreciation

Accumulated depreciation is calculated on the depreciable value. Depreciation is recognized in the statement of surplus (deficit) based on the straight-line method with respect to the estimated useful lives of each fixed asset item. This method is the closest to the entity's reality regarding the consumption of assets.

Annual rates equivalent to the estimated average life of assets for the current and comparative period, are the following:



Notes to financial statements

Buildings	4 %
Vehicles and computers and peripherals	20 %
Machinery and equipment, furniture and fixtures and installations	10 %

The depreciation criteria and the estimated useful life are reviewed at the end of each financial year, and any adjustment is recognized as a change in the accounting estimate.

d) Impairment

A financial asset not measured at fair value through profit or loss is valued at each year-end period to determine whether there are objective indications that impairment has occurred. An asset has a loss in its recoverable value if evidence indicates that a loss event occurred after the initial recognition of the asset, and that loss event had a negative effect on future cash flows that can be reliably estimated.

If there is an indication of impairment, non-financial assets have their recoverable value verified at least annually. Management has not identified any indications that would justify the provision for impairment of its assets for the year ended December 31, 2021.

e) Benefits to employees

Liabilities to employees for short-term benefits are incurred as expenses when the related service is provided. Among the benefits offered by the entity there is no post-employment benefit that the employee may generate a future obligation.

f) Provisions

A provision is recognized in the balance sheet when the entity has a legal obligation as a result of a past event and it is probable that an economic resource will be required to pay the obligation.

g) Deferred income

The resources arising from projects that are applied to the acquisition of property, plant and equipment are recognized as deferred income in non-current liabilities and are transferred to the income for the year, on an accrual basis method within the same period and for the same amounts of depreciation expenses or write-off of property, plant and equipment.

h) Recognition of revenues and expenses

The result for the year is determined according to the accrual basis of accounting. The Institute has three main types of income (income from national donations, income from international donations and income from services).

Notes to financial statements

The project revenues provided by financiers that require the presentation of financial reports are recognized in an amount equivalent to the expenses of such projects, so that the result of the comparison between the expenses and the appropriate revenues is zero.

i) Financial income

Financial income includes, basically, interest income on financial investments. Financial income is recognized through the effective method. Financial investments of short-term, with high liquidity are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

j) Loans between projects

In order to have best and adequate control of temporary loans operations between projects, the values are simultaneously booked, in asset and liability accounts, not affecting the entity's equity. As of December 31, 2021, the balance of this account was R\$ 2.136.767 (R\$ 1.435.500 in 2020). Because the amounts are recorded in an asset and liability account and have the same nature, they were offset against each other.

The basic characteristic of these loans is that they are made to cover temporarily the lack of working capital for certain projects, represented by the mismatch between the execution of the activities and the receipt of funds.

4. Cash and cash equivalents

		<u>2021</u>	<u>2020</u>
Banks		2.671.186	7.296.833
Financial investment	(*)	<u>8.836.872</u>	<u>2.039.533</u>
		<u>11.508.058</u>	<u>9.336.366</u>

(*) Financial investments in a Fixed income fund and Interbank deposit certificate

5. Receivables from projects

The balance refers to expenditures spent on projects in the mentioned years for which the funds were not yet received and will be reimbursed in the next year.



Notes to financial statements

Project	2021	2020
OCF/NORAD / IPAM Instituto de Pesquisa Ambiental	-	10.115
BNDES - Project Valuing Amazonian Socio-Productive Chains	-	697.960
Decarbonise 2050 / OAK Foundation	6.422	6.422
Anticipation Pecuária Project / Solidaridad - Norad	210.325	-
Consulting / WWF	-	1.195
Destruction Teles Pires / CASA - Fundo Casa	1.800	1.800
Institutional Strengthening - FEPOIMT / FUNBIO	-	189.455
Information Security / CASA Fundo Casa	-	1.800
Analysis ADS Amazônia and Matopiba / WWF - Brasil	-	31.502
Forest Transparency / IMAZON - Instituto Meio Ambiente Amazônia	-	18.550
Validation Car / GBMF - Gordon and Betty Moore Foundation	-	240
Restoration Dicaprio / GWC - Global Wildlife Conservation	-	36.927
Social and Environmental Law Tapajós / Porticus Foundation	-	158.309
REM Assessment / EDF - Environmental Defense Fund	-	30.900
Soy and Deforestation / Foundation Global Canopy	-	8.939
Institutional Strengthening Fase 2 / ICS	440.283	-
Transparency - WWF	3.910	-
Conectagro / FUNBIO - REM	18.534	-
Vale do Guaporé / FUNBIO - REM	82.770	-
Economic incentives to preserve the forest	175.951	-
Consolidating GFW / WRI	40.010	-
Transparency and forest exploration / EIA	52.499	-
People of the Waters / GBMF	139.988	-
Simex network / IMAZON	630	-
	1.173.122	1.194.114

6. Other receivables

Advance to suppliers	156.848	85.488
Advance to travel	32.674	22.157
Advance to vacations	16.262	6.040
Advance to expenses	99.880	-
Other credits	3.705	2
	309.369	113.687

7. Receivables from projects

The amount of R\$ 252.256 refers to expenses arising from the contribution made by the Institute for the generation of credits for carbon sequestration under the Xingu/Natura Carbon Environmental Project, whose amount will be received throughout its implementation by the year 2030.



Notes to financial statements

8. Other receivables

Corresponds to a loan agreement with PECSA - Pecúária da Amazônia S.A. signed on July 19, 2019 in the amount of R\$ 146.700. The return is expected after 24 months and without interest.

9. Property, plant and equipment and intangible asset

The movements in cost, depreciation and amortization in the year ended December 31, 2021 are shown below:

Property, plant and equipment

<u>Acquisition cost</u>	<u>01.01.2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>31.12.2021</u>
Land	58.278	-	-	58.278
Buildings	209.515	-	-	209.515
Vehicles	446.960	35.800	-	482.760
Machinery and equipments	93.852	-	-	93.852
Furniture and fixtures	56.893	-	-	56.893
Installations	30.342	-	-	30.342
Computers and peripherals	522.398	109.744	-	632.142
	<u>1.418.238</u>	<u>145.544</u>	<u>-</u>	<u>1.563.782</u>
<u>Accumulated depreciation</u>	<u>01.01.2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>31.12.2021</u>
Buildings	131.826	8.380	-	140.206
Vehicles	125.436	89.844	-	215.280
Machinery and equipments	77.358	4.040	-	81.398
Furniture and fixtures	43.535	4.298	-	47.833
Installations	24.082	2.383	-	26.465
Computers and peripherals	412.653	44.819	-	457.472
	<u>814.890</u>	<u>153.764</u>	<u>-</u>	<u>968.654</u>
Net value	<u>603.348</u>	<u>(8.220)</u>	<u>-</u>	<u>595.128</u>

Intangible assets

<u>Acquisition cost</u>	<u>01.01.2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>31.12.2021</u>
Softwares	56.506	10.800	-	67.306
Trademark and patents	3.587	-	-	3.587
	<u>60.093</u>	<u>10.800</u>	<u>-</u>	<u>70.893</u>
<u>Accumulated amortization</u>				
Softwares	56.506	-	-	56.506
	<u>56.506</u>	<u>-</u>	<u>-</u>	<u>56.506</u>
Net value	<u>3.587</u>	<u>10.800</u>	<u>-</u>	<u>14.387</u>

Notes to financial statements

10. Fiscal and social obligations

Description	2021	2020
Social security on salaries	95.078	75.952
Social security on services rendered	19.022	7.662
Withholding income tax on salaries	79.707	63.370
Withholding income tax on services rendered	13.934	5.308
FGTS	33.690	25.500
Other taxes	11.861	9.476
	253.292	187.268

11. Liabilities from project funds

Funds received from financiers for use in projects are initially recorded as liabilities in the balance sheet in the account "Liabilities from project funds". At the end of the year is transferred to the statement of surplus an amount corresponding to the expenses of the project during the year, having no influence in determining the surplus or deficit. With this accounting procedure, the balance of the account "Liabilities from project funds" represents value to be used for paying expenditures in the following year and shall correspond to existing funds in the bank account, financial investments or loans made to other projects.

The amounts to be received during the year 2022 related to approved projects is R\$ 17.353.685 (R\$ 19.602.641 during the year 2021). On December 31, 2021, the account linked to national and foreign projects amounted to R\$ 11.159.419 (R\$ 9.086.018 in 2020), as detailed below:



Notes to financial statements

Domestic project

Protection of Wetlands of Mato Grosso / Fundação Grupo Boticário Proteção à Natureza	18.337
Forest Restoration / Ministério da Justiça	278.147
Institutional Strengthening / FEPOIMT FUNBIO	70.389
COVID 19 - FEPOIMT / Morning Rooster / Candido Botelho Bracher	32.158
SOS - Daughters of the Swamp and Savanna / WWF - Brazil	273
Waters for the Future / Ministério Publico do Estado de Mato Grosso	434.731
Network Agroecology / FUNBIO - Fundo Brasileiro para a Biodiversidade	10.499
XV Congress MP Environment / Ministério Público	24.000
Valuing Amazonian Social Productive Chains / BNDES	1.699.627
Mapbiomes / ICS	132.361
Jurisdictional approach - WWF - Brazil	187
Savanna Swamp / FUNBIO - REM	11.304
Water for the Future Chapada / MP	40.000
SOS - Daughters of the Swamp and Savanna / FAS - DELL	21.695
	<hr/>
	2.773.708

Foreign projects

Infrastructure in the Amazon / OTT - Fundação MOTT	271.175
Tapajós Platform / GBMF - Gordon and Betty Moore Foundation	2.028.633
Valuing forests in the state of Mato Grosso / Fundação GCF	1.945
Socioenvironmental Tapajos Law/Porticus	320.146
Dialogue Brazil / CLUA - Climate and Land Use Alliance	9.195
Socio-productive arrangements / Walmart Foundation	2.046.464
Exposing and Tackling Illegalities / Open Society	86.065
REM Evaluation / EDF	5.448
Natural Regeneration / WRI - Norad	21.150
Giving Foundation	23.949
ISEAL / Alliance	61.849
Forest code observatory / ADT - Norad	49.180
Terramaz / ONF -AFD	287.898
Forest Exploration / Imazon - Norad	5.757
EU Food Systems / EU	532.024
Observalmt / CLUA	1.106.040
Sustainable jurisdiction / Good Energies	1.348.217
Indigenous Amazon / WWF - Usaid	86.904
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	8.292.039

Services rendered

Consultancy to Page	72.268
Consultancy to The Planet Brazil	21.404
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	93.672

Total domestic and foreign projects and services rendered **11.159.419**



Notes to financial statements

12. Tax exemption

Considering that the Institute does not distribute portion of its equity or income as profit, applies all funds to maintain its institutional objectives and has regular accounting register of revenues and expenses, it is not subject to the payment of Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on surpluses.

13. Equity

Represents the initial endowment, increased by surplus, equity donations and reduced by deficit from the date of its inception, and addition of the severance fund and institutional reserve fund.

According to the bylaws, in the event of the dissolution of the Institute, after all debts are settled, any remaining assets will be transferred to another legal entity qualified as a civil society organization of public interest that has the same social purpose.

14. Institutional reserve fund

The Institutional Reserve Fund was created by the approval of the ICV Board of Directors at a regular meeting on April 17, 2012 and which, according to the regulation, has the purpose of guaranteeing financial funds to meet the expenses payment needs of the entity whose values not foreseen in the project budgets, as well as making the institution's long-term investments feasible.

15. Severance fund

The severance fund is constituted with resources from certain projects to cover the cost of the FGTS fine in case of employee dismissal, without cause. The balance of said fund on December 31, 2021 was R\$ 339.836 (R\$ 222.593 in 2020). The severance fund balance should be represented by an equivalent amount held in financial investments. However, due to the momentary lack of institutional resources, the amount of the severance fund was used in full. Thus, for its recomposition, the ICV must contribute the amount of R\$ 339.836.

16. Financial risk management

Risk financial factors

The entity activities are exposed to various risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the entity's exposure to each of the above risks.

Notes to financial statements

Credit risk

Credit risk is the risk of a financial loss, if a counterparty or depository financial institutions of resources for investments does not meet its contractual obligations, which arise mainly from receivables and investments. To minimize these risks, the entity adopts the procedure of analyzing the financial and equity situation of their counterparts. The entity provides operations only with those financial institutions with low risk.

Exposure to credit risk

The accounting value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial statements date is:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	11.508.058	9.336.366
Receivables from projects:		
Current asset	1.173.122	1.194.114
Noncurrent asset	252.256	252.256
	<u>1.425.378</u>	<u>1.446.370</u>
Other receivables	309.369	113.687
	<u>1.734.747</u>	<u>1.560.057</u>
	<u>13.242.805</u>	<u>10.896.423</u>

Liquidity risk

Liquidity risk is the risk that the entity has difficulties to provide the payment of its obligations associated with its financial liabilities that are settled with cash payments. The focus on liquidity management is to ensure that it is always sufficient to meet its obligations, under normal conditions, without causing loss.

At December 31, 2021, the entity had current assets of R\$ 12.990.549 (R\$ 10.644.167 in 2020) for current liabilities of R\$ 12.036.973 (R\$ 9.903.762 in 2020), which represents a liquidity of R\$ 953.576 (R\$ 740.405 as liquidity in 2020).

The contractual maturities of financial liabilities do not exceed the period of 180 (one hundred and eighty) days.

Market risk

Market risk is the risk that changes in market prices such as exchange rates for the funds received from foreign lenders, receivables from customers and interest rates for gains in value of its participation in



Notes to financial statements

financial instruments or the possibility fluctuation in market prices of items used in the implementation of projects. These fluctuations in prices and rates may cause changes in the amount of funds received and the financial income of the entity.

This risk is reduced by the fact that one of the relevant components of spending (34% in 2021 and 38% in 2020) is that of personnel whose remuneration is established through a collective agreement with the professional category of its employees and is paid in national currency.

The market risk management has the purpose to manage and control market risk exposures within acceptable parameters. With respect to interest rates, when investments are made the objective is to have immediate liquidity and adequate financial income. This risk is reduced as the main component of the cost of the projects refers to personnel expenses fixed in national currency and in accordance with the professional category agreement.

17. Insurance coverage

The insurance coverage on December 31, 2021 was engaged in amounts that management considers sufficient to cover the risks associated with the respective assets. The risk assumptions adopted, given their nature, are not part of the scope of the audit of the financial statements, therefore, they were not examined by our independent auditors.



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18. Domestic donations

Donor/Project	2021	2020
BRF S.A. - Swamp	607.207	-
BNDES / Valuing Amazonian Socio-Productive Chains	2.129.574	3.712.937
ICS - Instituto Clima e Sociedade / Independent Monitoring	2.787	-
Ministério Público do Estado de Mato Grosso /Waters for the future	910.542	139.777
Ministério Público do Estado de Mato Grosso /Latin american network	7.473	-
FUNBIO - Fundo Brasileiro para a Biodiversidade / Institutional Strengthening FEPOIMT	753.237	615.330
FUNBIO - Fundo Brasileiro para a Biodiversidade / Agroecology in network	369.497	444
FUNBIO - Fundo Brasileiro para a Biodiversidade / Conectagro	877.910	-
FUNBIO - Fundo Brasileiro para a Biodiversidade / Swamp and Savanna	386.743	-
FUNBIO - Fundo Brasileiro para a Biodiversidade / Guaporé Valley	402.256	-
João Moreira Salles - ICS / Institutional Strengthening	622.210	149.119
ICS - MapBiomias	337.639	-
WWF - Brasil - Indigenous Amazon	-	517.934
WWF - Brasil -Transparency	145.583	81.866
WWF - Brasil -Amazon and Matopiba ADS Analysis	-	90.002
WWF - Brasil -SOS Daughters of the Pantanal and Cerrado	358.714	100.405
WWF - Brasil - Jurisdictional Approach	180.109	-
CASA - Fundo Casa /Information security	-	28.684
Fundação Grupo Boticário de Proteção a Natureza - Protection of Wetlands of Mato Grosso	97	23.604
Fundação Amazona Sustentável /FAZ-DELL - SOS Daughters of the Pantanal and Cerrado	24.188	-
MJ - Ministério da Justiça / Forest Restoration	1.077	12.174
Cândido Botelho Bracher - Covid 19 FEPOIMT - Rooster in the Morning	42.554	125.289
Other donors	-	46
	8.159.397	5.597.611



Notes to financial statements

19. Foreign donations

Donor/Project	2021	2020
GBMF - Gordon and Betty Moore Foundation / Tapajos Platform	861.221	531.355
Amigos da Terra-Amazônia Brasileira/ADT-NORAD Forest Code Observatory	160.379	-
PORTICUS - Porticus Foundation / Social and Environmental Law Tapajos	675.233	861.465
EIA - Environmental Investigation Agency / Transparency - Forestry Exploration	136.500	-
MOTT - Fundação Mott / Amazon Infrastructure	445.125	354.928
Fundação OAK /Decarbonize 2050	-	249.378
EDF - Environmental Defense Fund Incorporated /REM Evaluation	2.576	66.263
GCF - Fundação GCF / Projeto Valuing Mato Grosso Forests	-	245.496
IMAZON - Instituto Homem Meio Ambiente Amazônia /Forest Transparency	-	466.070
EIA - Environmental Investigation Agency / Projeto Timber Monitoring	32.766	130.831
Walmart Foundation /Socio-productive Arrangements	993.431	124.998
Good Energies Foundation /Sustainable Jurisdiction	1.867.689	-
EDF - NORAD - Environmental Defense Fund /ZDZ / EDF - Norad	-	460.733
WRI - World Resources Institute /Natural regeneration - Norad	1.381.518	-
Solidaridad - Fundo Ação Integrada América Latina / Cattle raising Norad - Solidaridad	563.542	604.491
IPAM - Instituto de Pesquisa Ambiental Amazônia / OCF/IPAM/Norad	27.459	368.558
Good Energies Foundation /Economic Incentives to Preserve Forests	394.323	1.826.497
Inst Homem Meio Ambiente Amazonia/Forest Transparency/IMAZON Norad	119.262	-
GWC - Global Wildlife Conservation / Dicaprio Restoration	226.448	438.313
WRI - World Resources Institute /Consolidating GFW	125.200	67.236
Foundation to Promote Open Society - Exposing and Tackling Illegalities	327.064	420
Foundation Global Canopy /Soy and Deforestation	211.010	8.940
The Climate and Land Use Alliance /Dialogue Brazil - CLUA	112.618	609
GBMF - Gordon and Betty Moore Foundation /People of the Waters	139.987	0
PORTICUS - Porticus Foundation /Social Control Infrastructure	3.507	0
Instituto Homem Meio Ambiente Amazonia/ Forestry / IMAZON Norad	248.754	0
Instituto Homem Meio Ambiente Amazonia - IMAZON / Simex Network	117.085	0
Terramaz / ONF - AFD	261.372	0
Comissão Europeia - Food Systems / UE	561.361	0
WWF - Brasil - The Indigenous Amazon Year 3 / WWF - USAID	796.967	0
Other donations	122.761	686
	10.915.158	6.807.267



Notes to financial statements

20. Salaries and benefits

	<u>2021</u>	<u>2020</u>
Salaries	3.256.561	2.459.186
Vacations	600.383	426.527
Thirteenth salary	394.955	297.263
Food aid	914.161	631.117
Health plan	100.861	67.495
Staff training	40.696	31.893
Trainee	35.520	8.375
Life insurance	10.702	7.356
PCMSA	2.523	2.390
Severance pay	117.243	56.126
	<u>5.473.605</u>	<u>3.987.728</u>

21. Social charges

National social security institute - Payroll	828.183	631.556
FGTS	265.248	201.848
Social Integration Program	32.531	24.938
	<u>1.125.962</u>	<u>858.342</u>

22. Services rendered by thirds

Services of individuals	377.440	152.032
Services by legal entity	6.128.699	4.462.277
	<u>6.506.139</u>	<u>4.614.309</u>

23. Transfer of funds

EDF - Environmental Defense Fund	255.492	-
Operação Amazônia Nativa - OPAN	356.950	471.545
Instituto de Energia e Meio Ambiente - IEMA	-	186.000
International Rivers Network	-	275.340
Uma Gota no Oceano	292.050	-
FLD - Fundação Luterana de Diaconia	375.924	-
IEMA - Instituto de Energia e Meio Ambiente	184.887	-
	<u>1.465.303</u>	<u>932.885</u>



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24. General and administrative

Consumables	3.572.622	1.658.213
Taxes and tariffs	158.197	89.647
	<u>3.730.819</u>	<u>1.747.860</u>