To the Management
Instituto Acaia

Opinion

We have audited the accompanying financial statements of Instituto Acaia (the "Institute"), which comprise the balance sheet as at December 31, 2016 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Instituto Acaia as at December 31, 2016, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil for small and medium-sized entities - CPC Technical Pronouncement PME - Accounting for Small and Medium-sized Entities and ITG 2002 – “Non-Profit Entity”.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

instituto acaia

Responsibilities of management and those charged with governance 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 for small and medium-sized entities (CPC - Technical Pronouncement PME - Accounting for Small and Medium-sized Entities) and ITG 2002 – "Non-Profit Entity", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

São Paulo, Mach 30, 2017

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Paulo Rodrigo Pecht
Contador CRC 1SP213429/O-7

Financial Statements as of December 31, 2016*

* The explanatory notes are available on the website of Instituto Acaia: www.acaia.org.br.

Balance sheet as of December 31

All amounts in reais

Assets	**2016**	**2015**
Current assets		
Cash	1,470	4,142
Bank – checking account **(Note 4)**	1,185	1,088
Financial investment **(Note 5)**	10,980,995	464,800
Amounts receivable	17,396	11,376
Advance to suppliers	5,374	32,283
Advance on vacation pay	126,639	158,137
Other receivables **(Note 10)**	739,152	-
Other credits	29,637	16,520
Inventory of goods	16,874	15,393
	11,918,722	**703,739**
Non-current Assets		
Investments	50,000	50,000
Property and equipment **(Note 6)**	3,738,832	3,639,203
	3,788,832	**3,689,203**
Total assets	**15,707,554**	**4,392,942**

Liabilities and shareholders' equity	**2016**	**2015**
Current Liabilities		
Accounts payable **(Note 7a)**	457,059	320,615
Labor and social security obligations	1,063,607	364,340
Tax obligations	22,125	10,262
Other obligations **(Note 7b)**	832,564	696,837
Non-current liabilities		
Other obligations **(Note 7b)**	3,081,771	2,972,414
Total liabilities	**5,457,126**	**4,364,468**
Capital stock		
Appropriation **(Note 15)**	10,000,000	-
Accumulated surplus	28,474	62,120
Surplus/(Deficit) for the year	221,954	(33,646)
	10,250,429	**28,474**
Total liabilities and shareholders' equity	**15,707,554**	**4,392,942**

Statement of income for the year

Years ended December 31

In *Reais*

	2016	2015
Revenues		
Donations from individuals **(Note 8)**	10,677,409	9,287,208
Donations from legal entities **(Note 8)**	425,908	550,502
Donations for specific projects **(Note 9(b))**	4,224	254,882
Financial revenues	301,082	134,046
Revenues from artisans project	85,827	38,360
Volunteer work **(Note 12(b))**	12,886	2,598
Other operating revenues **(Note 10)**	772,326	225,475
	12,279,662	10,493,071
Expenses for social activities		
Personnel expenses **(Note 13(b))**	(5,469,114)	(4,501,420)
General and administrative expenses **(Note 13(a))**	(5,988,706)	(5,482,906)
Financial expenses	(26,398)	(22,276)
Depreciation and amortization expenses	(573,490)	(520,116)
	(12,057,708)	(10,526,717)
Surplus/(Deficit) for the year	221,954	(33,646)

Statement of changes in shareholders' equity

Years ended December 31

In *Reais*

	Capital stock	Accumulated surplus/ (déficit)	Total
Balances as of December 31, 2014	**62,120**	-	**92,199**
Deficit for the year 2015	-	(33,646)	(33,646)
Incorporation to Capital Stock	(33,646)	33,646	-
Balances as of December 31, 2015	**28,474**	-	**28,474**
Appropriation **(Note 15)**	10,000,000	-	10,000,000
Surplus for the year		221,954	221,954
Incorporation to Capital Stock	221,954	(221,954)	-
Balances as of December 31, 2016	**10,250,429**	-	**10,250,429**

Statement of cash flows

Years ended December 31

In *Reais*

Cash flows from operating activities	2016	2015
Surplus/(Deficit) for the year	221,954	(33,646)
Revenues and Expenses Adjustments		
Depreciation and amortization	573,490	520,116
Provisions for contingencies	676,395	-
Adjusted income for the year	1,471,839	486,470
(Increase)/decrease in other amounts	(6,020)	5,923
(Increase)/decrease in advances to suppliers	26,909	54,824
(Increase) decrease in advance on vacation pay	31,498	(6,047)
(Increase) decrease in inventories	(1,481)	1,675
(Increase)/other amounts receivable	(739,152)	-
(Increase)/decrease in other credits	(13,116)	629
Increase/(decrease) in accounts payable	136,444	118,214
Increase/(decrease) in labor and social security obligations	22,870	51,672
Increase/(decrease) in tax obligations	11,864	(2,979)
Increase/(decrease) in other obligations	245,084	(43,689)
Changes in Assets and Liabilities	(285,100)	180,222
Net cash from operations	**1,186,739**	**666,692**
Cash flows from investment activities		
Acquisition of property and equipment	(703,506)	(448,461)
Write-off of property and equipment	30,387	-
Investment – Savings Bonds	-	(50,000)
Net cash used in investment activities	**(673,119)**	**(498,461)**
Cash flows from financing activities		
Appropriation	10,000,000	-
Net cash used in financing activities	**10,000,000**	-
Net increase /(decrease) in cash and cash equivalents	**10,513,620**	**168,231**
Cash and cash equivalents at the beginning of the year	470,030	301,799
Cash and cash equivalents at the end of the year	10,983,650	470,030
Net increase (decrease) in cash and cash equivalents	**10,513,620**	**168,231**