Accounting Statements as at December 31, 2017 and report of the independent auditors1

1 The Explanatory Notes are available on the Instituto Acaia website: www.acaia.org.br

To the Managers
Instituto Acaia

Opinion

We have examined the accounting statements of Instituto Acaia (the "Institute"), comprising the balance sheet as at December 31, 2017, and the corresponding statements of income, of changes in equity capital and cash flows for the year then ended, together with the explanatory notes, including a summary of significant accounting policies.

In our opinion, the above-mentioned financial statements fairly represent, in all material aspects, the equity and financial position of Instituto Acaia as of December 31, 2017, its operating performance and its cash flow for the year ended on that date, in accordance with the accounting practices generally accepted in Brazil and applicable to small and medium companies, Technical Pronouncement CPC PME - "Accounting for Small and Medium Companies" and with ITG 2002 - "Not-for-Profit Entities".

Basis for our opinion

Our audit was carried out in accordance with Brazilian and international audit standards. Our responsibilities, according to these standards, are described in the following section, headed "Responsibilities of the auditor for the accounting statements". We are independent of the Institute, as required by the ethical principles contained in the Accountant's Code of Professional Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities described in these standards. We believe that the audit evidence obtained is sufficient and appropriate as a basis for our opinion.

Responsibility of management and governance for the accounting statements

The management of the Institute is responsible for the preparation and fair presentation of the accounting statements according to the accounting practices generally accepted in Brazil for small and medium companies - Technical Pronouncement CPC PME - "Accounting for Small and Medium Companies" and ITG 2002 - "Not-for-Profit Entities", and for the internal controls which it has determined as necessary to permit the preparation of the accounting statements free from material misstatement, whether caused by fraud or by error.

In preparing the accounting statements, management is responsible for assessing the Institute's capacity to continue as a going concern, and for disclosing, when appropriate, matters related to its business continuity and the use of this accounting base to prepared the accounting statements, unless management intends to liquidate the Institute or cease operations, or has no realistic way of avoiding closure.

The people responsible for the governance of the Institute are those who supervise the process of preparing the accounting statements.

Responsibilities of the auditor for the accounting statements

Our objectives are to obtain reasonable assurance that the accounting statements, taken as a whole, are free of material misstatement, whether caused by fraud or by error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit undertaken in accordance with Brazilian and international auditing standards will always detect any existing material misstatements. The misstatements may be due to fraud or to error, and are considered material when, individually or jointly, they may reasonably be expected to influence business decisions taken by users on the basis of the accounting statements in question.

In an audit carried out in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our professional reservations throughout the process. Moreover:

- We identify and assess the risks of material misstatement in the accounting statements, whether caused by fraud or by error; plan and execute audit procedures in response to such risks; and obtain appropriate and sufficient audit evidence on which to base our opinion. The risk of failure to detect material misstatement resulting from fraud is greater than for that resulting from error, since fraud can involve the evasion of internal controls, collusion, forgery, omission or intentionally false declarations.

- We obtain an understanding of the internal controls that are material for the audit, so that we can plan audit procedures that are appropriate under the circumstances, but not so as to be able to express an opinion on the efficacy of the Institute's internal controls.

- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and corresponding disclosures made by management;

- We reach a conclusion on management's correct use of the accounting base as a going concern and, on the basis of the audit evidence obtained, as to whether there is material uncertainty in respect of events or circumstances that might raise significant doubt as to the Institute's capacity to continue operating. If we conclude that such material uncertainty exists, we are bound to call attention in our audit report to the corresponding disclosures in the accounting statements, or include a modification if, in our opinion, the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. Future events or circumstances may, however, result in the Institute's being unable to continue as a going concern.

- We assess the overall presentation, the structure and the content of the accounting statements, including the disclosures, and consider whether the accounting statements represent the corresponding transactions and events in such a way as to fulfill the objective of fair presentation.

We talk to the people responsible for governance about various aspects, including the planned scope and the timing of the audit, and about its significant findings, including any material failings in internal controls which we identify during the engagement.

São Paulo, April 10, 2018.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Tatiana Fernandes Kagohara Gueorguiev
Accountant CRC 1SP245281/O-6

Accounting statements as at December 31, 2017*

* The notes to the Financial Statements are available at the Instituto Acaia website: www.acaia.org.br

Balance sheet as of December 31
In Reais

	2017	2016
Assets		
Current Assets		
Cash (Note 3)	1.484	1.470
Bank – checking account (Note 3)	560.858	1.185
Financial investment (Note 4)	1.583.613	492.778
Securities (Note 5)	259.776.203	10.538.217
Amounts receivable	16.093	17.396
Advance to suppliers	53.412	5.374
Advance on vacation pay	126.307	126.639
Other receivables	94.339	739.152
Other credits	23.621	29.637
Inventory of goods	22.996	16.874
	262.258.926	11.968.722
Non-current Assets		
Property and equipment (Note 6)	17.519.416	3.738.832
Total assets	279.778.342	15.707.554

	2017	2016
Liabilities and shareholders' equity		
Current Liabilities		
Accounts payable (Note 7(a))	665.447	457.059
Labor and social security obligations	386.337	1.063.607
Tax obligations	25.398	22.125
Other obligations (Note 7(b))	803.256	832.564
	1.880.438	2.375.355
Non-current liabilities		
Other obligations (Note 7(b))	5.651.611	3.081.771
Total liabilities	7.532.049	5.457.126
Capital stock		
Appropriation (Note 18)	259.611.679	10.000.000
Accumulated surplus	12.634.614	250.428
	272.246.293	10.250.428
Total liabilities and shareholders' equity	279.778.342	15.707.554

The explanatory notes form an integral part of the accounting statements.
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Statement of income for the year
Years ended December 31
In Reais

Revenues	**2017**	**2016**
Donations from individuals (Note 8)	3.129.823	10.677.409
Donations from legal entities (Note 8)	361.345	366.224
Donations for specific projects (Note 9)	160.867	4.224
Sale of merchandise	64.996	85.827
Volunteer work (Note 13(b))	74.750	72.570
Other operating revenues (Note 10)	502.447	772.326
	4.294.228	11.978.580
Expenses for social activities		
Personnel expenses (Note 14(a))	(5.285.706)	(5.456.228)
General and administrative expenses (Note 14(b))	(6.475.346)	(5.789.494)
IPTU	(580.436)	(102.402)
Expenses of voluntary work (Note 13(b))	(74.750)	(72.570)
Depreciation and amortization expenses	(608.175)	(610.616)
	(13.024.413)	(12.031.310)
Cost of social activities	(8.730.185)	(52.730)
Net financial income (Note 16)	21.114.371	274.684
Surplus for the year	12.384.186	221.954

The explanatory notes form an integral part of the accounting statements.
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Statement of changes in capital
In Reais

	Endowment	**Accumulated surplus**	**Total capital**
Balances as of December 31, 2015	**-**	**28.474**	**28.474**
Endowment (Note 18)	10.000.000	-	10.000.000
Surplus for the year 2016	-	221.954	221.954
Balances as of December 31, 2016	**10.000.000**	**250.428**	**10.250.428**
Endowment (Note 18)	249.611.679	-	249.611.679
Surplus for the year 2017	-	12.384.186	12.384.186
Balances as of December 31, 2017	**259.611.679**	**12.634.614**	**272.246.293**

The explanatory notes form an integral part of the accounting statements.
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Statement of cash flow
in Reais

Cash flows from operating activities	2017	2016
Surplus for the year	**12.384.186**	**221.954**
Revenues and Expenses Adjustments		
Depreciation and amortization	608.175	610.616
Provisions/(reversal of provision) for contingencies	(337.250)	676.395
Elimination of depreciation of properties donated	(78.945)	-
	191.980	1.287.211
Adjusted surplus for the year	**12.576.166**	**1.508.965**
Changes in Assets and Liabilities		
(Increase)/decrease in securities	(249.237.987)	(10.304.174)
(Increase)/decrease in bank deposits	(1.090.835)	(212.021)
(Increase)/decrease in accounts receivable	1.303	(6.020)
(Increase)/decrease in advances to suppliers	(48.038)	26.909
(Increase) decrease in advance on vacation pay	332	31.498
(Increase) decrease in inventories	(6.121)	(1.481)
(Increase)/decrease in other amounts receivable	644.813	(739.152)
(Increase)/decrease in other credits	6.015	(13.116)
AIncrease/(decrease) in accounts payable	208.388	136.444
Increase/(decrease) in labor and social security obligations	(340.020)	22.870
Increase/(decrease) in tax obligations	3.272	11.864
Increase/(decrease) in other obligations	(341.261)	245.085
Changes in Assets and Liabilities	(250.200.139)	(10.801.294)
Net cash from operations	**(237.623.973)**	**(9.292.329)**
Cash flows from investment activities		
Acquisition of property and equipment	(179.385)	(710.245)
Net cash used in investment activities	**(179.385)**	**(710.245)**
Cash flows from financing activities		
Endowment	238.363.044	10.000.000
Net cash used in financing activities	**238.363.044**	**10.000.000**
Net increase /(decrease) in cash and cash equivalents	**559.686**	**(2.574)**
Cash and cash equivalents at the beginning of the year	2.655	5.229
Cash and cash equivalents at the end of the year	562.341	2.655
	559.686	**(2.574)**

instituto acaia

ateliê acaia

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