

WWF-Brazil

Financial Statements

December 31, 2013

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**Financial Statements**

**WWF-Brazil**

December 31, 2013  
with Independent Auditor's Report

# WWF-Brasil

## Financial Statements

December 31, 2013

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements  
Contents in Brazilian currency in accordance with accounting standard ITG 2002 - Nonprofit Entities

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### Management's responsibility for the financial statements

Entity management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with accounting practices adopted in Brazil applicable to nonprofit entities (ITG 2002), and for such internal controls 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 in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the Entity's 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 controls. 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.



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## **Independent auditor's report on financial statements**

The Board of Trustees  
**WWF-Brasil**  
Brasília - DF

We have audited the accompanying financial statements of WWF - Brasil ("Entity"), which comprise the balance sheet as of December 31, 2013 and the related statements of surplus, statements of comprehensive income, of changes in net worth and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Entity management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with accounting practices adopted in Brazil applicable to nonprofit entities (ITG 2002), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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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.

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



Building a better  
working world

Translation from Portuguese into English of Financial Statements prepared in Brazilian currency in accordance with accounting standard ITG 2002 - Nonprofit Entities

### Opinion *Brasil*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WWF - Brasil as at December 31, 2013, its operating performance and its cash flows for the year then ended in accordance with standard ITG 2002 – Nonprofit Entities.

Brasília, March 17, 2014.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC - 2SP 015.199/O-6-F-DF

Wagner dos Santos Junior  
Accountant CRC-1SP216386/O-1-S-DF

Note	2013	2012
3	16,904	16,321
4	-	1,057
5	5,478	2,992
6	704	696
	154	151
	<u>22,240</u>	<u>21,216</u>
7	1,167	1,121
	195	38
	<u>1,362</u>	<u>1,157</u>
	<u>23,602</u>	<u>22,373</u>

See accompanying notes

A free translation from Portuguese into English of Financial Statements prepared in Brazilian currency in accordance with accounting standard ITG 2002 - Nonprofit Entities

## WWF-Brasil

Balance sheets 2013 and 2012  
December 31, 2013 and 2012  
(In thousands of reais)

Assets	Note	2013	2012
<b>Current assets</b>			
Cash and cash equivalents	3	15,904	16,321
Marketable securities	4	-	1,057
Receivables from third parties	5	5,478	2,992
Other receivables	6	704	695
Inventories		154	151
		<u>22,240</u>	<u>21,216</u>
<b>Noncurrent assets</b>			
Property and equipment	7	1,167	1,121
Intangible assets	9	195	36
		<u>1,362</u>	<u>1,157</u>
<b>Total assets</b>		<u><u>23,602</u></u>	<u><u>22,373</u></u>
Net worth	18d	7,800	7,747
Surplus for the year		27	138
		<u>7,827</u>	<u>7,885</u>
		<u>23,602</u>	<u>22,373</u>

See accompanying notes.

See accompanying notes

WWF-Brasil

Statements of surplus

**WWF-Brasil** December 31, 2013 and 2012

(In thousands of reais)

Balance sheets

December 31, 2013 and 2012

(In thousands of reais)

	Note	2013	2012
Revenues from donation linked to projects	12	35,171	32,151
Contributions from WWF family		23,711	19,897
Liabilities from companies/foundations		13	57
Current liabilities			
Third-party commitments to be realized	8	506	734
Advances for projects to be executed	10	10,404	8,397
Labor obligations	11	2,427	2,272
Other accounts payable		563	565
		<u>13,900</u>	<u>11,968</u>
Noncurrent liabilities			
Obligation with WWF network – Network Service		141	438
Provision for contingencies	15b	112	218
Obligations – (Global Management Initiative) GMI	9	1,522	1,864
		<u>1,775</u>	<u>2,520</u>
Net worth		39,370	35,181
Net worth	15d	7,900	7,747
Surplus for the year		(39,27)	(35,138)
		<u>7,927</u>	<u>7,885</u>
Total liabilities and net worth	14.2	<u>23,602</u>	<u>22,373</u>
Costs of programs and projects with third parties	14.3	(1,000)	(1,000)
General and administrative expenses	14.4	(5,502)	(5,071)
Other expenses		(283)	(290)
Financial income, net	14.5	(388)	(154)
Surplus for the year		27	135

See accompanying notes.

See accompanying notes.

WWF-Brasil  
**WWF-Brasil**

Statements of comprehensive income  
 Statements of surplus for 2013 and 2012  
 Years ended December 31, 2013 and 2012  
 (In thousands of reais)

	Note	2013	2012
Revenues from donation linked to projects	12	35,171	32,151
Contributions from WWF family		23,711	19,697
Donations from companies/foundations		10,743	11,567
Government agencies		9	-
Bilateral and multilateral agencies		708	887
Revenue from institutional donations		1,098	1,314
Sales revenue, net		27	11
Revenue from royalties		-	3
Partnerships and corporate club		434	497
Other revenues	13	2,640	1,205
Total revenues		39,370	35,181
Operating expenses		(39,343)	(35,043)
Personnel expenses	14.2	(18,609)	(17,205)
Costs of programs and projects with third parties	14.3	(14,849)	(12,901)
General and administrative expenses	14.4	(5,502)	(5,071)
Other expenses		(263)	(280)
Tax expenses		(388)	(154)
Financial income, net	14.5	268	568
Surplus for the year		27	138

See accompanying notes.

## WWF-Brasil

WWF-Brasil

Statements of comprehensive income  
 Years ended December 31, 2013 and 2012  
 (In thousands of reais)

(In thousands of reais)

	Note	2013	2012
Surplus for the year		27	138
Other comprehensive income		(55)	-
Total comprehensive income for the year		27	138
Transfer from surplus to net worth		(153)	-
See accompanying notes.		27	27
Balance at December 31, 2013		27	7,927

See accompanying notes.

(1) Consulting Agreement entered into with Tellus Consultoria SS Ltda. for a case study on Acre State's REDD policy (compensation for Reducing Emissions from Deforestation and Forest Degradation) under the Climate Change Program 2010.



## WWF-Brasil

Statements of changes in net worth  
 Years ended December 31, 2013 and 2012  
 (In thousands of reais)

	Net worth	Accumulated surplus	2012 Total
Balances at December 31, 2011	7,689	27 58	7,747
Transfer from surplus to net worth	58	(58)	-
Surplus for the year	-	138	138
Balances at December 31, 2012	7,747	138	7,885
Prior-year adjustment (i)	-	15	15
Transfer from surplus to net worth	153	(153)	-
Surplus for the year	-	27	27
Exchange variation (GMI usage)	-	388	236
Balances at December 31, 2013	<b>7,900</b>	<b>(710) 27</b>	<b>7,927</b>

See accompanying notes.

- (i) Consulting Agreement entered into with Tellus Consultoria SS Ltda. for a case study on Acre State's REDD policy (compensation for Reducing Emissions from Deforestation and Forest Degradation) under the Climate Change Program 2010.

## WWF-Brasil

Notes to financial statements

### Cash flow statements

Years ended December 31, 2013 and 2012

(In thousands of reais)

#### 1. Operations

	2013	2012
Cash flows from operating activities:		
Surplus for the year	27	138
Prior-year adjustment	15	-
Adjustments to reconcile P&L to generated cash and cash equivalents:		
Allowance for loan losses	(70)	70
Provision for contingencies	(106)	218
Income from disposal of property and equipment and intangible assets	238	173
Exchange variation (GMI loans)	368	236
Waiver of debt – GMI 2013	(710)	
Amortization	43	33
Depreciation	357	372
	<u>162</u>	<u>1,240</u>
Changes in current and noncurrent assets and liabilities:		
Decrease/(increase) in assets:		
Receivables from third parties	(2,416)	(2,145)
Other assets	(12)	(325)
Decrease/(increase) in liabilities:		
Advances for projects to be executed	2,007	(1,236)
Third-party commitments to be realized	(228)	552
Labor obligations	155	241
Other liabilities	(299)	165
	<u>(793)</u>	<u>(2,748)</u>
Net cash (used in)/provided by operating activities	<u>(631)</u>	<u>(1,508)</u>
Cash flows from investing activities:		
Acquisition of property and equipment and intangible assets	(843)	(395)
Investments in marketable securities	1,057	(1,057)
Net cash used in investing activities	<u>214</u>	<u>(1,452)</u>
Net decrease in cash and cash equivalents	<u>(417)</u>	<u>(2,960)</u>
Cash and cash equivalents:		
At beginning of year	16,321	19,281
At end of year	15,904	16,321
Net decrease in cash and cash equivalents	<u>(417)</u>	<u>(2,960)</u>

See accompanying notes.

**WWF-Brasil 2013**

(In thousands of reais, unless otherwise stated)

Notes to financial statements

December 31, 2013 (Continued)

(In thousands of reais)

**1. Operations**

WWF is a nonprofit organization that started up in Brazil in July 1998 as an office of WWF-United States, and it is a part of one of the world's largest network for conservation of nature.

According to the minutes of the Special General Meeting (SGM) held on August 30, 1996, Associação WWF-Brasil changed its name to WWF-Brasil, as an independent national organization.

WWF-Brasil ("Entity") adopts the following principles:

- i. Sustainable development combined with nature conservation;
- ii. Respect to interests of such traditional populations as provided for by law, eventually related to the areas where it operates;
- iii. Respect to the human rights;
- iv. Repudiating prejudice and discrimination of any nature, as provided for by law;
- v. Legality, impersonality, morality, publicity, cost-effectiveness and efficiency; and
- vi. Respect to the Brazilian Federal Constitution, unity and sovereignty of Brazil.

WWF-Brasil is also engaged in providing support to sustainable development and environmental conservation through:

- i. Conservation of genetic diversity of species and ecosystems;
- ii. Fostering sustainable use of natural resources to drive economic and social development;
- iii. Encouraging reduction of pollution and of waste of resources;
- iv. Raising, managing and disbursing funds by means of qualified entities or individuals for the natural environment conservation, including fauna, flora, landscape, water, soil, air and other natural resources, placing particular emphasis on maintenance of the essential ecological processes and life support systems, on preservation of genetics and on ensuring that the use of species or ecosystems is sustainable;

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 1. Operations (Continued)

- v. Carrying out conservation activities and projects, including research work and exchange of researchers, specialists, students among others, primarily from less developed areas;
- vi. Interacting with WWF network on programmatic and budgetary aspects and representation of Brazilian interests;
- vii. Fostering people's awareness as to the need to preserve nature;
- viii. Encouraging, recognizing and valuing initiatives aimed at sustainable development;
- ix. Carrying out activities toward environmental education and strengthening of institutional empowerment of non-governmental organizations that allow the Entity to manage sustainably the natural resources that support life; and
- x. Developing research activities and projects that support private or governmental initiatives aimed to preserve nature.

#### **WWF – World Wide Fund for Nature**

Founded in 1961, WWF (formerly World Wildlife Fund) is consolidated as one of the most respected independent nature conservation networks in recent decades. Headquartered in Switzerland, WWF network comprises organizations and offices in various countries. Through its global-to-local presence, WWF conducts dialogues with all those involved in environmental issues ranging from communities such as Baka pygmy tribes in Central Africa rainforests to international institutions as the World Bank and the European Community.

Relying on almost five million affiliate members spread over five continents, WWF network is the largest organization of its kind in the world, actively operating in more than one hundred countries, where it develops about 2,000 projects for environmental conservation. The Entity may currently state that they have played a crucial role in the development of the global environmental movement.

Since 1985, WWF has invested more than US\$1,165 million in over 11 thousand projects in 130 countries. Each of those projects plays an important part in the global campaign to stop the accelerated degradation process of the planet's natural environment and to help build a future in which humans live in harmony with nature.

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 1. Operations (Continued) *accounting practices (Continued)*

WWF-Brasil is a Brazilian non-governmental organization dedicated to the conservation of nature, engaged in harmonizing human activity with the conservation of biodiversity, and promotes the rational use of natural resources to benefit today's citizens and future generations. Accordingly, WWF-Brasil has multidisciplinary teams operating in areas such as, among others, conservation science, rain forests and fresh water. At December 31, 2013, WWF-Brasil had 4,116 active affiliate members (5,852 at December 31, 2012).

#### *Revenue recognition*

### 2. Summary of significant accounting practices

#### a) Basis of preparation and presentation of financial statements

The financial statements were prepared and are presented in accordance with the accounting practices adopted in Brazil, applicable to nonprofit entities (ITG 2002), issued by Brazil's National Association of State Boards of Accountancy (CFC).

These financial statements were approved by management at March 17, 2014.

The financial statements were prepared based on different valuation bases used in accounting estimates. Accounting estimates involved in the preparation of the financial statements are based on both objective and subjective factors, and in line with management's judgment to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include selection of useful lives of property and equipment and their recoverability in operations, provision for losses on disallowance, as well as the analysis of other risks to determine other provisions, including provision for contingencies.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimate process. The Entity periodically reviews its estimates and assumptions at least on an annual basis.

Nonfinancial data included in this financial statement such as number of associates and affiliate members and quantity of projects have not been audited.

## WWF-Brasil

Notes to financial statements (Continued)  
December 31, 2013  
(In thousands of reais, unless otherwise stated)

### 2. Summary of significant accounting practices (Continued)

#### b) Summary of significant accounting practices (Continued)

##### Surplus calculation

Surplus (deficit) is calculated on an accrual basis and complies with the following aspects:

##### Revenue recognition

Revenue from contributions from donors is recognized upon investment of funds in the projects. Donations received and not yet invested in projects are recorded under "Advances for projects to be executed". Revenues from institutional donations, as well as sales revenues, are not linked to projects and the accounting recognition occurs upon recognition (receipt).

##### Recognition of administrative and project expenses

Expenditures arising from contracts with third parties in projects are recognized in compliance with the budgetary schedule provided for in contract or by management in expense matched against "Third-party commitments to be realized" under liabilities. Financial disbursement is monitored to attend the budgetary schedule. Administrative expenses are recognized on an accrual basis.

##### Translation of foreign currency denominated balances

The Entity's functional currency is the Brazilian Real, which is its reporting currency as well. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency (Real) by using the exchange rate prevailing at the balance sheet date. Gains and losses arising from the restatements of these assets and liabilities determined between current exchange rate at transaction date and closing balance sheet date are recognized as financial income or expenses in the statement of surplus for the year.

Whether there is indication that there was a material change in the depreciation rate, useful life or net book value of an asset, the depreciation of this asset is prospectively reviewed to reflect the new expectations.

## WWF-Brasil

Notes to financial statements (Continued)  
December 31, 2013  
(In thousands of reais, unless otherwise stated)

### 2. Summary of significant accounting practices (Continued)

#### b) Summary of significant accounting practices (Continued)

##### Cash and cash equivalents

Cash and cash equivalents include cash, bank accounts and highly liquid short-term investments, redeemable in 90 (ninety) days, posing low risk of any change in market value, which are kept in order to meet the Entity's short-term commitments, and not for investments intended for other purposes.

##### Marketable securities

These include short-term investments recorded at cost or issuance value, as restated according to legal or contractual provisions, and adjusted to probable realization value, whenever this is lower. Financial investments considered in this group are classified by category and held to maturity.

##### Receivables from third parties

These include receivables from WWF network deriving from international refunds due to travels or other credits of interest of the donor and not funded by the projects. Receivables from employees, partners and suppliers are also recorded. The allowance for doubtful accounts is recorded in an amount considered sufficient by management to cover any losses on realization of accounts receivable.

##### Property and equipment

These are stated at acquisition cost, net of accumulated depreciation calculated based on the straight-line method, at the depreciation rates mentioned in Note 7.

A property and equipment item is written off when it is sold or when no future economic benefit is expected from its use or sale. Any gains or losses arising from derecognition of an asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) are recognized in the statement of surplus in the year when the asset is derecognized.

Whether there is indication that there was a material change in the depreciation rate, useful life or net book value of an asset, the depreciation of this asset is prospectively reviewed to reflect the new expectations.

## WWF-Brasil

Notes to financial statements (Continued)  
December 31, 2013  
(In thousands of reais, unless otherwise stated)

### 2. Summary of significant accounting practices (Continued)

#### b) Summary of significant accounting practices (Continued)

##### Impairment of assets

Management annually tests the net book value of the assets with a view to determine whether there are any events or changes in economic, operating, or technological circumstances that may indicate deterioration or impairment loss. When such evidence is found and the net book value exceeds the recoverable amount, a provision for impairment is set up to adjust the net book value to the recoverable amount.

##### Taxes and contributions

Since WWF-Brasil is a nonprofit Entity, it benefits from exemption of taxes and contributions levied on its surplus (deficit) and revenues. After analyzing the wording of Provisional and Executive Order No. 627 (MP 627), and in view of this exemption, WWF Brazil's management concluded that there is no impact on the Entity in this regard.

##### Other (current and noncurrent) assets and liabilities

Assets are recognized in the balance sheet when their future economic benefits are likely to flow to the Entity, and their cost or value can be reliably measured. Liabilities are recognized in the balance sheet when the Entity has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. When applicable, the corresponding charges and monetary restatements or exchange gains or losses incurred are added thereto. Provisions are recorded reflecting the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the subsequent twelve months. Otherwise, they are stated as noncurrent.

##### Post-employment benefits

The Entity does not maintain any private pension or retirement plans, or any other benefits for employees and management after they leave the Entity.



# WWF-Brasil

Notes to financial statements (Continued)  
December 31, 2013  
(In thousands of reais, unless otherwise stated)

## 2. Summary of significant accounting practices (Continued)

### b) Summary of significant accounting practices (Continued)

#### Advances for projects to be executed

These represent the Entity's obligation to apply funds received in projects sponsored by donors. Accountability is prepared on a quarterly basis to evidence that the funds are invested in their respective projects. In the event of fund surplus, such amount may be allocated to another project or refunded to the donor. Management establishes an agreement with foreign donators referring to accountability criteria and definition of exchange rates to be used in the translation of the expenses incurred and in the closing of the project.

#### Contingencies and other provisions

Accounting practices for recognition and disclosure of contingent assets and liabilities and legal obligations are as follows: (i) Contingent assets are recognized only when there is real security or favorable unappealable court decisions. Contingent assets with probable chances of success are only disclosed in an accompanying note; (ii) Contingent liabilities are provisioned when losses are assessed as probable and the amounts involved can be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in an explanatory note and contingent liabilities assessed as remote losses are neither provisioned nor disclosed; (iii) Legal obligations are recorded as liabilities, irrespective of any assessment on the likelihood of success.

#### Financial instruments

Financial instruments are recognized as from the date when the Entity becomes party to contractual terms of the financial instruments. Upon recognition, they are initially recorded at fair value plus transaction costs directly attributable to their acquisition or issue, when applicable. Their subsequent measurement takes place at each balance sheet date according to the rules established for each type of classification of financial assets and liabilities into: (i) Assets and liabilities measured at fair value through profit or loss, (ii) Held-to-maturity, (iii) Loans and receivables and (iv) Available-for-sale.

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 3. Cash and cash equivalents

These refer to amounts receivable from donors with contracts entered into due to expenses incurred in projects, whose amounts were not yet received, as follows:

	2013	2012
Cash and banks (unrestricted funds)	2,912	1,014
Cash and banks (restricted funds)	4,410	1,412
	<b>7,322</b>	<b>2,426</b>
Cash equivalents		
Itaú (i)	5,371	7,867
HSBC (i)		1,738
Citibank (i)		1,305
Citibank Washington B&P (ii)	260	227
Banrisul (i)	28	
Banco Bradesco (i)		375
<b>Unrestricted funds</b>	<b>5,659</b>	<b>11,512</b>
Citibank (i)	1,101	
HSBC (i)	1,003	
Banco do Brasil (i)	819	2,383
<b>Restricted funds</b>	<b>2,923</b>	<b>2,383</b>
	<b>15,904</b>	<b>16,321</b>

(i) Short-term investments in Bank Deposit Certificates – CDBs have paid on average around 92% to 102.5% of Interbank Deposit Certificate – CDI and immediate liquidity.

(ii) Funds invested abroad are subject to Exchange rate (US\$), plus annual average interest of 0.25% in 2013 and 2012.

Financial assets are highly liquid and pose low risk of change in value. Income earned through the balance sheet date is recognized in the P&L for the year. Restricted funds are subject to investment restricted and/or earmarked by the donor.

### 4. Marketable securities

	2013	2012
HSBC (investment funds)	-	1,057

	Annual depreciation rate	2013		2012	
		Cost	Accumulated depreciation	Net property and equipment	Net property and equipment
Machinery and equipment	10%	810	(370)	440	354
Furniture and fixtures	10%	526	(338)	187	236
Computers and peripherals	20%	1,732	(1,317)	415	462
Vehicles	20%	205	(110)	95	33
Boats	10%	68	(38)	30	36
		<b>3,341</b>	<b>(2,174)</b>	<b>1,167</b>	<b>1,121</b>

## WWF-Brasil

Notes to financial statements (Continued)  
December 31, 2013  
(In thousands of reais, unless otherwise stated)

### 5. Receivables from third parties

These refer to amounts receivable from donors with contracts entered into due to expenses incurred in projects, whose amounts were not yet received, as follows:

	2013	2012	Net
<i>Fundação Banco do Brasil</i>	2,875	1,161	
<i>WWF-United States</i>	1,077	477	23
<i>WWF-Holland</i>	583	1,067	(171)
<i>WWF-England</i>	574	100	
<i>WWF-France</i>	3,389	(2,183)	1,121
<i>Ambev</i>	73	-	
<i>WWF-Switzerland</i>	61	(357)	226
<i>WWF-International</i>	60	358	(130)
<i>WWF-Germany</i>	56	-	
<i>Solidaridad</i>	26	-	
<i>SEMA</i>	4	(2,174)	1,167
<i>HSBC Seguros</i>	-	252	
<i>WWF-Guyana</i>	-	4	
<i>AGETOP</i>	-	1	
(-) Provision for losses (disallowance)	-	(70)	
	<b>5,478</b>	<b>2,992</b>	

The Entity sets up a provision for losses of amounts disallowed by sponsors whose projects were completed.

### 6. Other receivables

	2013	2012
Receivables from WWF network	141	194
Securities receivable	19	18
Advances – travel and events	45	86
Advances to employees	205	231
Taxes recoverable	30	3
Annual conference	123	-
Receivables – third parties and suppliers	141	163
	<b>704</b>	<b>695</b>

### 7. Property and equipment

#### 7.1 Composition of property and equipment

	Annual depreciation rate	2013		2012
		Cost	Accumulated depreciation	Net property and equipment
Machinery and equipment	10%	810	(370)	354
Furniture and fixtures	10%	526	(339)	236
Computers and peripherals	20%	1,732	(1,317)	462
Vehicles	20%	205	(110)	33
Airships	10%	68	(38)	36
		<b>3,341</b>	<b>(2,174)</b>	<b>1,167</b>

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 7.2. Change in property and equipment

	Cost	Depreciation	Net
Balances at December 31, 2011	3,584	(2,315)	1,269
Additions	395	(372)	23
Write-offs	(675)	504	(171)
Balances at December 31, 2012	3,304	(2,183)	1,121
Additions	583	(357)	226
Write-offs	(546)	366	(180)
Balances at December 31, 2013	3,341	(2,174)	1,167

### 8. Advances for projects to be executed

These refer to amounts received from donors that had not been invested in their respective projects until December 31, 2013 and are expected to be applied throughout 2014, as follows:

Description	2013	2012
WWF-Holland	2,002	1,548
WWF-England	1,527	1,478
Banco do Brasil	1,345	62
WWF-International	1,365	1,568
Other	986	688
WWF-Germany	970	399
European Commission	725	227
WWF-United States	541	1,138
Instituto HSBC	417	-
Arcadis	163	-
KPMG	82	92
HSBC Seguros	66	-
Santander	46	46
WWF-Switzerland (INSS) payable	42	66
WWF - France Compensation Fund (FGTS)	35	43
Credit Suisse (Income Tax (IRRF))	32	-
Fundação Banco do Brasil Revenue for Social Integration Program	19	525
Cenibra	14	15
Natura	10	115
Gradual	7	7
Jari Celulose	5	10
IUCN	4	7
Wall Mart	1	4
WWF-Belgium	-	198
Ambev	-	132
Nokia	-	10
Solidaridad	-	9
Unimed	-	8
Klabin	-	2
	10,404	8,397

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 11. Other accounts payable

## 9. Obligations – global initiative for fundraising

For purposes of expanding fundraising with donations and affiliations, in year 2007 WWF-Brasil entered into a financial partnership agreement with WWF-International for allocation of funds in membership campaigns to expand the support base to the environmental cause, called "Global Membership Initiative".

This agreement establishes goals to increase the number of affiliate members/donors (individuals), whose expected result is the increase in unrestricted revenue arising from affiliations/donations, which are established jointly with WWF-International every fiscal year. The annual amount granted as loans derives from activity planning, with later approval of activity plans and annual budgets by the donor.

The amount received up to December 31, 2013 was R\$2,920, and in 2010, the Entity was granted a debt waiver in the amount of R\$1,110 (€\$500 thousand), resulting in a balance of R\$1,864 at the end of 2012, of which R\$710 (220 thousand euros) were waived in year 2013. In 2013, funds were not received and/or payments were not made. The foreign exchange loss for the year was R\$368 pursuant to the changes shown below:

Description	R\$ (Reais)	€\$ - (In thousands of euros)
Balance at December 31, 2012	1,864	692
Waiver of debt – GMI 2013	(710)	(220)
Foreign exchange loss for the year	368	-
Balance at December 31, 2013	1,522	472

## 10. Labor obligations

	2013	2012
Social Security Tax (INSS) payable	395	376
Unemployment Compensation Fund (FGTS)	107	97
Withholding Income Tax (IRRF)	252	231
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	18	16
Vacation pay and related charges	1,615	1,524
Health care and dental care plans	6	3
Life insurance	5	2
INSS on third parties	29	23
	<b>2,427</b>	<b>2,272</b>

### Bilateral and multilateral agencies:

European Community

World Bank

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 11. Other accounts payable

	2013	2012
Trade accounts payable	193	361
WWF network obligations	276	171
Tax obligations	46	33
Other	48	-
	<b>563</b>	<b>565</b>

### 12. Revenues from donation linked to projects

	2013	2012
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#### WWF network contributions:

WWF-Holland	8,212	7,814
WWF-England	6,423	5,877
WWF-United States	5,091	3,220
WWF-Germany	2,107	1,580
WWF-International	1,506	950
WWF-Switzerland	33	145
WWF-France	97	81
WWF-Australia	-	16
WWF-Sweden	61	-
WWF-Belgium	181	14
	<b>23,711</b>	<b>19,697</b>

#### Donations from companies:

Fundação Banco do Brasil	4,598	4,648
Banco do Brasil	4,043	4,354
HSBC Seguros	486	1,035
JRM	885	638
AMBEV	404	478
KPMG	13	148
Natura	105	69
Klabir	2	55
Cenibra	-	43
Jari	5	41
Solidaridad	98	28
Gradual	-	12
Wall Mart	4	9
IUCN	3	9
Ferrero Rocher	29	-
Credit Suisse	68	-
	<b>10,743</b>	<b>11,567</b>

#### Government agencies:

Sema Bahia	5	-
Arcadis	4	-
	9	-

#### Bilateral and multilateral agencies:

European Community	708	883
World Bank	-	4
	<b>708</b>	<b>887</b>
	<b>35,171</b>	<b>32,151</b>

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 13. Other revenues

#### 13.1 Characteristics of personnel expenses

	2013	2012
Develop (Organizational development)	1,346	904
Waiver of debt – GMI	710	-
Donation of fixed asset	251	19
Disposal of property and equipment	37	-
Reimbursements and returns	296	52
Earth hour	-	230
	<b>2,640</b>	<b>1,205</b>

### 14. Expenses allocated by project

#### 14.1 Breakdown by project

	2013		2012		
Projects	Personnel	Administrative expenses (*)	Costs of programs and projects with third parties	Total	Total 2012
Amazônia	(3,445)	(2,722)	(6,270)	(12,437)	(8,397)
Água Brasil	(3,509)	(1,865)	(3,252)	(8,626)	(8,960)
Cerrado/Pantanal	(1,359)	(791)	(854)	(3,004)	(2,930)
Iniciativa Amazônica	(1,526)	(639)	(298)	(2,463)	(2,508)
Agricultura	(730)	(629)	(810)	(2,169)	(1,315)
Iniciativa Água e Clima	(753)	(545)	(825)	(2,123)	(2,985)
Mudanças Climáticas	(1,121)	(664)	(227)	(2,012)	(1,295)
Administrative/Operational (***)	(132)	(317)	(428)	(877)	(693)
Mata Atlântica	(257)	(208)	(404)	(869)	(377)
Políticas Públicas	(223)	(186)	(160)	(569)	-
Laboratório Ecologia da Paisagem	(128)	(74)	(29)	(231)	-
Desenho e Impacto	(109)	(34)	(3)	(146)	(256)
Campanhas	-	(13)	(49)	(62)	(17)
Educação para Sociedade Sustentável	1	(10)	(3)	(12)	(165)
Pegada Ecológica	-	-	-	-	(249)
Código Florestal	-	-	-	-	(250)
Floresta	-	-	-	-	(2,137)
	<b>(13,291)</b>	<b>(8,697)</b>	<b>(13,612)</b>	<b>(35,600)</b>	<b>(32,534)</b>
Administrative/operational (**)	(5,318)	3,195	(1,237)	(3,360)	(2,643)
	<b>(18,609)</b>	<b>(5,502)</b>	<b>(14,849)</b>	<b>(38,960)</b>	<b>(35,177)</b>

(\*) These refer to expenses with occupation and conservation of properties and general and tax expenses

(\*\*) The negative amount of R\$3,195 (R\$3,140 in 2012) derives from transfers between expenses, as a result of accounting for recovery of costs of WWF-Brasil to cover indirect and administrative costs of projects

(\*\*\*) Funds from WWF International Network to develop and enhance institutional operations.

## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 14. Expenses allocated by project (Continued)

#### 14.2 Characteristics of personnel expenses

	2013	2012
Salaries and wages	10,206	9,516
INSS	2,628	2,422
Accrued vacation pay and related charges	1,625	1,473
Provisions for 13 <sup>th</sup> monthly salary and charges	1,223	1,099
Meal allowance	959	919
Unemployment Compensation Fund (FGTS)	995	965
Health care and dental care plans	788	642
Other	185	169
	<u>18,609</u>	<u>17,205</u>

#### 14.3 Allocation of program cost and projects with third parties

	2013	2012
Service agreement (consulting)	7,533	6,287
Administrative agreements	798	460
Technical support agreement	97	151
Technical partnership agreement	2,238	1,942
Technical publications	141	507
Airfare and lodging	1,063	1,012
Consulting and services	1,350	844
Meals	354	344
Transportation	141	211
Other	1,134	1,143
	<u>14,849</u>	<u>12,901</u>

This statement presents the transfers made by WWF-Brasil to third parties for implementation of programs/projects. All transfers are made in Brazilian reais through nominal bank deposits to the contracted third party, in compliance with the parameters established in WWF-Brasil internal procedures and also requirements established in agreements entered into by and between WWF-Brasil and its respective sponsors/donors. The contracted party prepares technical and financial accountability also to meet the sponsor's requirements. At the end of each annual agreement, final accountability is prepared to evidence the investment of funds in their respective activities. In the event of fund surplus, such amount must be refunded to WWF-Brasil or may be allocated as an advance for future agreement, so long as continuity of the work contracted by WWF-Brasil has been contractually provided for. Any amount considered not acceptable according to the contractual clauses and budget or technical development ring (TDR) may also be disallowed.



## WWF-Brasil

Notes to financial statements (Continued)

December 31, 2013

(In thousands of reais, unless otherwise stated)

### 14. Expenses allocated by project (Continued)

#### 14.4 General and administrative expenses

	2013	2012
Travel expenses	2,782	2,084
Promotion and marketing	92	103
Depreciation and amortization	399	405
Third-party services	324	435
General expenses	473	462
Asset maintenance and upkeeping	276	364
Rent, water and power	704	701
Communication expenses	315	282
Royalties	65	197
Printed graphics	72	38
	<u>5,502</u>	<u>5,071</u>

#### 14.5 Financial income (expenses), net

	2013	2012
Exchange losses	(638)	(434)
Exchange gains	258	219
Investment yields	825	972
Discounts obtained	26	20
Bank fees	(137)	(146)
Fine and interest charges	(13)	(6)
Income tax on short-term investment yields	(53)	(57)
	<u>268</u>	<u>568</u>

### 15. Other information

- Derivatives** - The Entity has no positions related to derivatives.
- Insurance** - The Entity's policy is to take out insurance on assets subject to risks at amounts deemed sufficient to cover any losses, considering the nature of its activity. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements; accordingly, they were not audited by our independent auditors.
- Provision for contingencies** - At December 31, 2013, WWF-Brasil was a defendant in labor claims whose likelihood of loss was possible, in the amount of R\$112 (R\$218 in 2012), which generated provision. There are other labor claims whose likelihood of loss is possible in the amount of R\$754 (R\$692 in 2012), for which no provisions were recognized.

## WWF-Brasil

Notes to financial statements (Continued)  
December 31, 2013  
(In thousands of reais, unless otherwise stated)

### 15. Other information (Continued)

- d) Net worth - According to its Charter dated April 16, 2012, the Entity's net worth is made up of tangible and intangible assets incorporated into it. Pursuant to the Charter, article 39, in case of dissolution of WWF-Brasil, its remaining net worth will be destined to nonprofit entities, preferably, which have the same purpose of WWF-Brasil, to be appropriately appointed by resolution of its members.
- e) Partnerships and Corporate Club – The Corporate Club is an association of companies that support the WWF-Brazil's mission. The companies join this initiative by making an annual financial contribution. Therefore, they adopt activities developed by WWF-Brasil for mobilizing the society and raising awareness for conservation of nature.
- The Club is also aimed at offering a favorable environment so that member companies share their experience and innovative ideas in social responsibility and sustainability areas. The initiative also intends to meet the demands for internal marketing activities from our partners, focused on raising environmental awareness among member companies' employees.
- f) Tax exemptions - WWF-Brasil is a nonprofit Entity and benefits from exemption of income tax and social contribution tax on net profit, under the terms of article 15 of Law No. 9532/97.
- g) Obligations to WWF - WWF–Brasil annually collects royalties on collections of restricted and unrestricted funds raised directly by WWF–Brasil. This provision is set up in the short and long term, and annual payment corresponds to the provision of the prior eighteen months.
- h) Related parties. There are no related-party transactions to be disclosed at December 31, 2013, pursuant to Accounting Pronouncements Committee (CPC) 5 (R1). The remuneration and benefits of WWF-Brasil management total R\$1,837 as at December, 2013 (R\$1,430 in 2012).