



PlanaFlor: Green New Deal for nature-based economic recovery

Financial Statement prepared in accordance with special Purpose frameworks and Independent auditor's report

December 31, 2022

SUMMARY

Independent Auditor's Report

Financial Report

INDEPENDENT AUDITOR'S REPORT

To Management of
Fundação Brasileira para o Desenvolvimento Sustentável - FBDS

Rio de Janeiro - RJ

Project PlanaFlor: Green New Deal for nature-based economic recovery (*Ref.:* BRA-2056 BRA-21/0006)

Opinion

We have audited the financial statements of the **Project PlanaFlor: Green New Deal for nature-based economic recovery** ("project"), executed by Fundação Brasileira para o Desenvolvimento Sustentável – FBDS and financed by the funds received from The Norwegian Agency for Development Cooperation (Norad), which comprise the financial report covering the year ended December 31, 2022.

In our opinion, financial statements of the Project for the year ended December 31, 2022 are prepared, in all material respects, in accordance with the financial reporting provision of Section 6 of the Grant Agreement dated May 11, 2021 between the FBDS and Norad ("the agreement").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Brazil, 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 opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

The financial statements are prepared to assist the Project in complying with the financial reporting provisions of the agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the FBDS and Norad and should not be distributed to or used by parties other than the FBDS or Norad. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 6 of the agreement 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 Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project'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 ISAs 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 ISAs, 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 Project's ~~entity'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 Project'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 Project to cease to continue as a going concern.

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.

Rio de Janeiro, May 11, 2023

Baker Tilly Brasil RJ Auditores Independentes
CRC-RJ 005.333/O-0



Sheila Conrado
Contadora - CRC-RJ 086.265/O-4

Financial Statement - Project PlanaFlor
 Period from May 1 to December 31,2021

DIRECT PROJECT COSTS (Based on cost-categories)	Carry on year 1	Original budget year 2	Original budget year 2 + Carry on year 1	Budget implemented Year 2	Remaining balance Year 2	Deviation	Deviations description
	Amt (BRL)	Amt (BRL)	Amt (BRL)	Amt (BRL)	Amt (BRL)	%	
DIRECT PROJECT COSTS (HQ) - FBDS	281.584	1.829.411	2.110.995	1.871.504	239.491	- 11,3	
Salaries	118.000	1.248.000	1.366.000	1.331.000	35.000	- 2,6	The value not implemented in the PlanaFlor project in 2022 by FBDS has two main reasons. First, the plan is to use the resource more productively in 2023, when the PlanaFlor team will have to travel more frequently to Brasília and São Paulo for PlanaFlor engagement and implementation activities. The other was the amount available in the bank account that was insufficient to carry out completely the budget line Consultants, for example, due to the exchange rate value that reduced the financial resource available. Thus, there was the precaution of waiting and verifying the main future demands of the project to use the financial resource productively. It should be noted that there was no commitment to the remaining amount of this budget line will be implemented in 2023 when FBDS team will go to Brasília and São Paulo to engage government and intitutions about PlanaFlor implementation.
Consultants and other external services	152.500	529.800	682.300	500.567	181.733	- 26,6	
Travels		34.111	34.111	28.853	5.258	- 15,4	
Materials, equipment, vehicles etc.			-	-	-	-	
Audits and external evaluations	11.084	17.500	28.584	11.084	17.500	- 61,2	
DIRECT PROJECT COSTS (Local 1 - BVRio Institute)	380.868	1.745.082	2.125.950	1.477.680	648.270	- 30,5	
Salaries	202.462	1.216.877	1.419.339	1.198.807	220.532	- 15,5	This amount will be implemented throughout year 3 as the need for new professionals is verified.
Operating costs	10.711	170.000	180.711	133.833	46.878	- 25,9	This amount has implemented during year 3.
Travels		71.900	71.900	13.741	58.159	- 80,9	The BVRio team at PlanaFlor is one of the leaders in the engagement stage of key actors for the implementation of PlanaFlor. Therefore, this resource will be used in travels to meetings with federal and state governments and institutions
Consultants and other external services	133.000	200.000	333.000	50.000	283.000	- 85,0	This amount will be implemented throughout year 3 as the need for new professionals is verified.
Materials, equipment, vehicles etc.	31.000	10.805	41.805	25.752	16.053	- 38,4	BVRio will buy the equipment according to the project's demand.
Other direct activity costs		70.000	70.000	51.853	18.147	- 25,9	This amount will be implemented throughout year 3 according to project's demand is verified.
Audits and external evaluations	3.695	5.500	9.195	3.695	5.500	- 59,8	The Year 1 Audit has been paid over the first half of 2022 (Year 2). And the Year 2 audit has been paid in the first half of 2023
DIRECT PROJECT COSTS (Local 2 - Getulio Vargas Foundation)	222.939	417.400	640.339	587.305	53.034	- 8,3	
Salaries	114.939	350.602	465.541	412.533	53.008	- 11,4	The resources of this item are references to the services provided by FGV's team, which payment will be in 2023
Travels		10.335	10.335	10.317	18	- 0,2	
Consultants and other external services	108.000	42.000	150.000	150.000	-	-	
Other direct activity costs		14.463	14.463	14.455	8	- 0,1	
DIRECT PROJECT COSTS (Local 3 - Conservation Strategy Fund Brazil)	69.598	50.000	119.598	103.790	15.809	- 13,2	
Salaries	38.723	46.400	85.123	75.966	9.157	- 10,8	The resources of this item are references to the services provided by CSF's team and consultant, which payment will be in 2023. The amount available in the bank account that was insufficient to carry out the budget lines, due to the exchange rate value that reduced the financial resource available. It should be noted that there was no commitment to the execution of activities with this decision.
Travels		3.600	3.600	3.574	26	- 0,7	
Consultants and other external services	30.875		30.875	24.250	6.625	- 21,5	
TOTAL DIRECT PROJECT COSTS	954.990	4.041.893	4.996.882	4.040.279	956.604	-19,1	

Financial Statement - Project PlanaFlor
 Period from May 1 to December 31,2021

GRANT APPLICATION/AGREED AMOUNT	Original budget year 2 + Carry on year 1	Budget implemented Year 2	Remaining balance Year 2	Deviation	Deviations description
	Amt (NOK)*	Amt NOK**	Amt NOK	%	
Norad contribution direct project cost	8.279.838	7.113.167	1.166.671	- 14,1	The value not implemented in the PlanaFlor project in 2022 has two main reasons. First, the plan is to use the resource more productively in 2023, when the PlanaFlor team will have to travel more frequently to Brasília and São Paulo for PlanaFlor engagement and implementation activities. The other was the amount available in the bank account of some partners that was insufficient to carry out some activity or salary, for instance, due to the value of the exchange rate that reduced the financial resource available. Thus, there was the precaution of waiting and verifying the main future demands of the project to use the financial resource productively. It should be noted that there was no commitment to the execution of activities with this decision.
Norad indirect cost contribution***	524.229	524.228	1	- 0,0	The remaining amount of indirect costs was a small difference in the implemented value of FGV.
TOTAL YEAR 2	8.804.068	7.637.395	1.166.673	-13,3	

APPLICATIONS IN FUNDS AND BANK FEES	Bank incomes	Bank fees	Total	Total
	Amt (BRL)	Amt (BRL)	Amt (BRL)	Amt NOK****
FBDS	10.174	2.475	7.699	14.554
BVRIO	14.672	1.260	13.412	25.354
FGV	18.082	880	17.202	32.518
CSF	109	1.435	-1.326	-2.507
TOTAL YEAR 2	43.037	6.050	36.987	69.919

BANK BALANCE IN 12/31/2022	✓	y
	Total Amt (BRL)	Total Amt NOK**
FBDS	61.984	117.171
BVRIO	473.471	895.030
FGV	17.202	32.518
CSF	2.568	4.855
TOTAL YEAR 1	555.225	1.049.574

* Applied exchange rate of the project conception = 0,6035

** Applied average of exchange rates in the disbursements (0,5680 and 0,6171) = 0,5926

***Norad indirect cost contribution implemented followed the exchange rate received 0,5680 because this amount was implemented before the 2o disbursement

**** Applied the exchange rate of December 30th, 2022 = 0,5290

