

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, 2023

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, 2023.

In our opinion, financial statements of the Project for the year ended December 31, 2023 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.

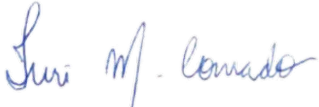
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 24, 2024

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



Iuri Conrado
Contador - CRC-RJ 123.182/O-7

Financial Statement - Project PlanaFlor
Year ended December 31,2023

DIRECT PROJECT COSTS (Based on cost-categories)	Carry on year 2	Original budget year 3	Original budget year 3 + Carry on year 2	Budget implemented Year 3	Remaining balance Year 3	Deviation	Deviations description
	Amt (BRL)	Amt (BRL)	Amt (BRL)	Amt (BRL)	Amt (BRL)	%	
DIRECT PROJECT COSTS (HQ) - FBDS	239.491	1.846.534	2.086.025	1.539.250	546.775	- 26,2	
Salaries	35.000	1.248.000	1.283.000	1.170.000	113.000	- 8,8	The value not implemented in the PlanaFlor project in 2023 by FBDS has one main reason. the amount available in the bank account that was insufficient to carry out completely the budget lines Salaries and 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 execution of activities with this decision.
Consultants and other external services	181.733	342.700	524.433	285.018	239.415	- 45,7	
Travels	5.258	60.100	65.358	55.958	9.400	- 14,4	
Materials, equipment, vehicles etc.			-	-	-	-	The remaining amount of this budget line will be implemented in 2024 when FBDS team will continue to engage government and intitutions about PlanaFlor implementation.
Audits and external evaluations	17.500	195.734	213.234	28.273	184.961	- 86,7	The midterm review auditors were hired in November 2023, so the most significant part of the payment for this review will be made in 2024. And the audit of 2023 is being paid in 2024.
DIRECT PROJECT COSTS (Local 1 - BVRio Institute)	648.270	1.928.361	2.576.631	1.546.311	1.030.320	- 40,0	
Salaries	220.532	1.413.561	1.634.093	1.272.531	361.562	- 22,1	This amount will be implemented throughout year 4 as the need for new professionals is verified.
Operating costs	46.878	224.000	270.878	180.405	90.473	- 33,4	This amount has implemented during year 4.
Travels	58.159	143.800	201.959	65.183	136.775	- 67,7	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 in 2024
Consultants and other external services	283.000	67.000	350.000		350.000	- 100,0	This amount will be implemented throughout year 4 as the need for new professionals is verified.
Materials, equipment, vehicles etc.	5.248		5.248	4.071	1.177	- 22,4	BVRio will buy the equipment according to the project's demand.
Other direct activity costs	18.147	70.000	88.147	18.246	69.901	- 79,3	This amount will be implemented throughout year 4 according to project's demand is verified.
Audits and external evaluations	16.305	10.000	26.305	5.875	20.430	- 77,7	BVRio pays a quarter of audit expenses. The 2023 audit is being paid in 2024.
DIRECT PROJECT COSTS (Local 2 - Getulio Vargas Foundation)	53.034	368.960	421.994	317.665	104.329	- 24,7	
Salaries	53.008	322.000	375.008	270.913	104.096	- 27,8	The amount was not fully executed due to a lack of financial resources according to exchange rate conversion. We inform NICIFI that FGV left the PlanaFlor project in December 2023, as agreed upon at the beginning of the contract. There are no funds in the bank account anymore.
Travels	18	12.960	12.978	12.752	226	- 1,7	
Consultants and other external services		34.000	34.000	34.000	-	-	
Other direct activity costs	8		8		8	- 100,0	
DIRECT PROJECT COSTS (Local 3 - Conservation Strategy Fund Brazil)	15.809	50.000	65.809	40.733	25.076	- 38,1	
Salaries	9.184	50.000	59.184	34.233	24.951	- 42,2	The amount was not fully executed due to a lack of financial resources according to exchange rate conversion. We inform NICIFI that CSF left the PlanaFlor project in December 2023, as agreed upon at the beginning of the contract. There are no funds in the bank account anymore.
Travels			-		-	-	
Consultants and other external services	6.625		6.625	6.500	125	- 1,9	
TOTAL DIRECT PROJECT COSTS	956.604	4.193.855	5.150.459	3.443.958	1.706.500	- 33,1	

Financial Statement - Project PlanaFlor
Year ended December 31,2023

GRANT APPLICATION/AGREED AMOUNT	Original budget year 3 + Carry on year 2	Budget implemented Year 3	Remaining balance Year 3	Deviation	Deviations description
	Amt (NOK)*	Amt NOK**	Amt NOK	%	
Norad contribution direct project cost	8.534.314	6.467.527	2.066.787	- 24,2	The value not implemented in the PlanaFlor project in 2023 has two main reasons. First, the plan is to use the resource more productively in 2024, when the PlanaFlor team will continue to travel to Brasília and state capitals of the country 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. As agreed upon at the beginning of the proposal, FGV and CSF will no longer participate in the project in 2024.
Norad indirect cost contribution	414.868	326.030	88.838	- 21,4	The remaining indirect costs happened due to FBDS's decision to prioritize using the financial resources available with the project's direct costs. Therefore, it used only some of the resources allocated for indirect costs in 2023.
TOTAL YEAR 3	8.949.182	6.793.557	2.155.625	-24,1	

APPLICATIONS IN FUNDS AND BANK FEES	Bank incomes	Bank fees	Total	Total
	Amt (BRL)	Amt (BRL)	Amt (BRL)	Amt NOK***
FBDS	7.283	1.756	5.527	11.612
BVRIO	18.123	1.478	16.645	34.969
FGV	8.787	1.322	7.466	15.684
CSF	114	1.642	-1.528	-3.210
TOTAL YEAR 3	34.307	6.197	28.110	59.056

Financial Statement - Project PlanaFlor

Year ended December 31,2023

BANK BALANCE IN 12/31/2023	Total	Total
	Amt (BRL)	Amt NOK***
FBDS	23.643	49.671
BVRIO	475.150	998.214
FGV	-	-
CSF	-	-
TOTAL YEAR 3	498.793	1.047.885

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

** Applied average of exchange rates in the disbursements (0,5680, 0,6171,0,5190, 0,4850 and 0,4735) in the direct costs = 0,5325

*** Applied the exchange rate of December 31th, 2023 = 0,476

