

Financial Statements

**ASSOCIAÇÃO BRAZIL FOUNDATION
(‘BRAZIL FOUNDATION ASSOCIATION’)**

December 31st 2017 and 2016

With the Report of the Independent Auditors

SÃO PAULO

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São Paulo-SP, March 19th, 2018

To the members of the board and management of

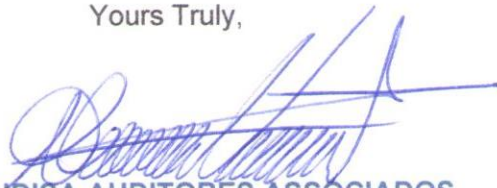
ASSOCIAÇÃO BRAZIL FOUNDATION
('BRAZIL FOUNDATION ASSOCIATION')
Av. Calógeras, n° 15 – 13th floor
City Center – Rio de Janeiro
Postcode: 20.030-070

Re.: Report of the Independent Auditors on the Financial Statements

Dear Sirs and Madams,

We hereby submit to your care the Report of the Independent Auditors for the Financial Statements for the years ended on December 31st 2017 and 2016 of ASSOCIAÇÃO BRAZIL FOUNDATION.

Yours Truly,



AUDISA AUDITORES ASSOCIADOS
('AUDISA ASSOCIATED AUDITORS')

(Regional Accountanting Board No) CRC/SP 2SP "S" "RJ" 024298/O-3

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(‘BRAZIL FOUNDATION ASSOCIATION’)**

Financial Statements

December 31st 2017 and 2016

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**ASSOCIAÇÃO BRAZIL FOUNDATION
(‘BRAZIL FOUNDATION ASSOCIATION’)****CNPJ (Legal Entity Registration No.) : 04.839.572/0001-10****“INDEPENDENT AUDITORS’ REPORT ON THE FINANCIAL STATEMENTS”****Opinion on Financial Statements**

We have examined the financial statements of **ASSOCIAÇÃO BRAZIL FOUNDATION**, comprised of the balance sheet on 31st December 2017 and the corresponding statements of income, of changes in net assets, and of cash flows, for the financial year then ended, as well as the accompanying notes, including the summary of the main accounting practices.

In our opinion, the aforementioned Financial Statements present fairly, in all material respects, the Entity’s financial position of December 31st 2017, the performance of its operations, and its cash flows for the year then ended in accordance with accounting practices accepted in Brazil.

Basis for Opinion on Financial Statements

Our audit was conducted in accordance with Brazilian and International audit standards. Our responsibilities, under such standards, are described in the section “Auditors’ responsibilities for the audit of the financial statements”, below. We are independent with relation to the Entity, in accordance with the applicable ethical principles of the Accountant’s Professional Code of Ethics (‘Código de Ética Profissional do Contador’) and professional standards issued by the Federal Accounting Board (‘Conselho Federal de Contabilidade’), and we comply with the other ethical requirements of these standards. We believe that the audit evidence that has been obtained is a sufficient and appropriate basis for our opinion.

Management’s responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with accounting practices accepted in Brazil, and for such internal controls it has deemed necessary to enable the preparation of Financial Statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s capacity to continue operating, disclosing, when appropriate, issues related to its operational continuity and the use of that assumption as an accounting basis for the preparation of the financial statements, unless management intends to liquidate the Entity or to cease its operations, or does not have any realistic alternative to avoid the end of operations.

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The individuals responsible for the Entity's management are those with responsibility for the supervision of the preparation of financial statements.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable confidence that the financial statements, taken as a group, are free of material distortion, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable confidence is a high degree of confidence, but not a guarantee that an audit carried out in line with Brazilian and International audit standards always detects material distortions that may exist. Distortions may result from fraud or error, and are deemed material when, individually or as a group, they may reasonably influence economic decisions based on the financial statements.

As part of the audit that was carried out, in line with Brazilian and international audit standards, we exercised professional judgement and maintained professional skepticism throughout the audit. In addition to this:

- We identified and assessed risks of material distortion in the financial statements, whether caused by fraud or error; planned and executed audit procedures in response to such risks; and obtained appropriate and sufficient audit evidence on which to base our opinion. The risk of not detecting material distortion resulting from fraud is greater than that resulting from error, as fraud can involve deliberate circumvention of internal controls, collusion, forgery, omission or intentionally false representation.
- We obtained an understanding of the internal controls that were relevant to the audit, to plan audit procedures that were appropriate in the circumstances, but not with the objective of expressing an opinion on the efficacy of the Entity's internal controls.
- We assessed the adequacy of the accounting policies used and the reasonableness of the accounting estimates and the corresponding disclosures made by management.
- We reached a conclusion on the adequacy of management's use of the accounting basis of operational continuity and, based on audit evidence obtained, whether there is material uncertainty with relation to events or conditions that may raise significant doubts regarding the Entity's capacity to continue operating as a going concern. If we conclude that there is material uncertainty, we must draw attention in our audit report to the corresponding disclosures in the financial statements, or, if the disclosures are inadequate, qualify our opinion. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Entity to cease operating.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures and whether the financial statements represent the corresponding transactions and events in a manner consistent with the objective of adequate presentation.



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We communicated with management regarding, among other topics, the planned reach, the period of the audit and the significant audit findings, including possible significant deficiencies in internal controls identified during our work.

São Paulo - SP, March 19th, 2018

AUDISA AUDITORES ASSOCIADOS
("AUDISA ASSOCIATED AUDITORS")
(Regional Accounting Board No.) CRC/SP 2SP "S" "RJ" 024298/O-3



Alexandre Chiaratti do Nascimento
Accountant

(Regional Accounting Board No.) CRC/RS "S" "RJ" 058.252/O-1
CNAI/SP – 1620

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ASSOCIAÇÃO BRAZIL FOUNDATION (BRAZIL FOUNDATION ASSOCIATION)
CNPJ 04.839.572/0001-10

Balance Sheet

(Values in US\$)

For the financial year ended 31st of December 2017

	Note	2017	2016
ASSETS			
CURRENT ASSETS		1.713.093,10	1.496.848,16
CASH AND EQUIVALENTS	4a	1.624.878,85	1.495.082,17
ACCOUNTS RECEIVABLE	4c	84.643,29	-
OTHER CREDITS	4e	1.743,81	-
PREPAID EXPENSES	4f	1.827,15	1.765,99
NON-CURRENT ASSETS		2.050,23	4.036,08
PROPERTY & EQUIPMENT	5	25.745,23	26.033,33
(-) ACCUMULATED DEPRECIATION		(23.695,00)	(22.211,94)
INTANGIBLES	5	1.058,04	1.073,92
(-) ACCUMULATED AMORTIZATION		(1.058,04)	(859,22)
TOTAL ASSETS		1.715.143,33	1.500.884,24

The accompanying notes are an integral part of the financial statements

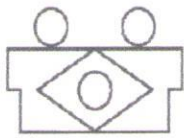
Rio de Janeiro, 31st of December 2017.



SALTANAT KURMANBAEVA DE SOUZA
 ACCOUNTANT CRC-RJ: 116.998/O
 CPF: 060.009.867-26



ASSOCIACAO BRAZIL FOUNDATION
MARIA CECÍLIA OSWALDO CRUZ
 EXECUTIVE DIRECTOR CPF: 884.775.337-68



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ASSOCIAÇÃO BRAZIL FOUNDATION (BRAZIL FOUNDATION ASSOCIATION)

CNPJ 04.839.572/0001-10

Balance Sheet

(Values in US\$)

For the financial year ended 31st of December 2017

LIABILITIES	Note	2017	2016
CURRENT LIABILITIES		689.860,04	566.844,17
SUPPLIERS AND CONTRACTORS	4i	2.266,49	-
PAYROLL AND RELATED CHARGES	4j	7.684,95	5.668,02
TAXES PAYABLE	4k	5.570,28	3.514,59
PROVISIONS FOR VACATIONS AND CHARGES	4m	17.285,54	21.972,93
PROJECTS TO UNDERTAKE	6	657.052,78	535.688,63
NET ASSETS	7	1.025.283,28	934.040,08
CONTRIBUTED CAPITAL		920.232,77	532.009,31
SURPLUS FOR THE PERIOD		105.050,51	402.030,76
TOTAL LIABILITIES AND NET ASSETS		1.715.143,32	1.500.884,24

The accompanying notes are an integral part of the financial statements

Rio de Janeiro, 31st of December 2017.

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ASSOCIAÇÃO BRAZIL FOUNDATION (BRAZIL FOUNDATION ASSOCIATION)

CNPJ 04.839.572/0001-10

Income Statement

(Values in US\$)

For the financial year ended 31st of December 2017

	Note	2017	2016
Gross Operating Revenue		1.301.084,48	2.034.026,72
Operating and Program Revenue - BF Rio		183.288,32	258.832,71
Operating and Program Revenue - BF NY		0,00	387.033,22
Revenue for Donations - BF Rio		74.201,64	-
Operational Maintainer Contribution		64.591,99	-
Contribution of Maintainer for Donations		183.936,13	-
Revenue for Donations		515.069,23	1.104.938,31
Partnership Revenue		168.985,67	138.598,01
Financial Revenue		111.011,50	144.624,47
Other Operating Revenue		10.425,66	10.052,74
Revenue from Voluntary Services Rendered		10.425,66	10.052,74
Net Operating Revenue		1.311.510,14	2.044.079,46
Expenses		(639.220,37)	(1.824.824,66)
Expenses - BF Rio		(147.436,62)	(161.506,08)
Program Expenses		(136.885,72)	(140.676,83)
Personnel and Related		(110.670,60)	(107.133,06)
Annual Project Selection		(4.780,12)	(10.033,23)
BF Manager Training		(21.407,79)	(23.308,68)
Project Monitoring		(27,21)	(201,86)
Institutional Development Expenses		(10.550,90)	(20.829,26)
Institutional Visits and Events		(3.165,32)	(11.994,92)
Printed Material - Institutional Development		-	(2.943,14)
Technology/Website		(7.385,58)	(5.891,20)
Gala Expenses		(168.328,68)	(186.734,19)
NY Gala		(1.209,19)	(2.409,16)
Miami Gala		(2.396,79)	(9.370,64)
SP Gala		(131.021,59)	(117.708,63)
Other Expenses - BF NY		(15.484,15)	(47.965,24)
Minas Dinner - Expenses		(18.216,96)	(9.280,52)
Operating Expenses		(323.455,07)	(337.487,99)
Personnel		(118.019,80)	(55.975,85)
Benefits		(43.804,15)	(40.380,52)
Payroll Taxes and Charges		(71.375,54)	(58.064,89)
Service Providers		(40.774,51)	(127.414,04)
Expenses with Voluntary Services		(10.425,66)	(10.052,74)
Functioning Expenses		(32.364,10)	(37.475,80)
Depreciation/Amortization		(1.811,41)	(1.509,66)
Financial Expenses		(4.879,91)	(6.614,49)
Fundo Carioca (Rio Fund) - Expenses		-	(929,17)
Fundo Carioca - Tyco Project		-	(929,17)
Expenses - Partnerships		(52.170,04)	(33.228,92)
Others Partnership		(42.400,54)	-
CSP Project		-	(15.143,61)
Votorantim Project		-	(12.027,86)
BOVESPA Partnership		(84,28)	(1.444,04)
Open House and Talks		(6.306,49)	(1.188,32)
Exchange Fund - Travel		(2.535,50)	(3.425,09)
Partnership Fundação Itaú Social		(843,23)	-
Expenses with Donations		(515.069,23)	(1.104.938,31)
Expenses with Donations		(515.069,23)	(1.104.938,31)
Surplus for the Period		672.289,77	219.254,80

The accompanying notes are an integral part of the financial statements

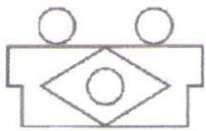
Rio de Janeiro, 31st of December 2017.



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STATEMENT OF CHANGES TO NET ASSETS

ASSOCIAÇÃO BRAZIL FOUNDATION (BRAZIL FOUNDATION ASSOCIATION) -

CNPJ: 04.839.572/0001-10 - On the 31st of December 2017

(Values in US\$)

	Contributed Capital	Accumulated Suprluses (Deficits)	Net Assets
On 31/12/2015	444.035,94	152.552,03	596.587,97
Surplus for the period	-	219.254,80	219.254,80
Translation Difference	87.973,37	30.223,93	118.197,30
On 31/12/2016	532.009,31	402.030,76	934.040,07
Surplus for the period	-	105.050,51	105.050,51
Incorporation of the Result of the Previous Period	402.030,76	(402.030,76)	-
Translation Difference	(13.807,30)	-	(13.807,30)
On 31/12/2017	920.232,77	105.050,51	1.025.283,28

The accompanying notes are an integral part of the financial statements

Rio de Janeiro, 31st December 2017.

SALTANAT KURMANBAEVA DE SOUZA

ACCOUNTANT CRC-RJ: 116.998/O

CPF: 060.009.867-26

ASSOCIAÇÃO BRAZIL FOUNDATION

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EXECUTIVE DIRECTOR CPF: 884.775.337-68

ASSOCIAÇÃO BRAZIL FOUNDATION (BRAZIL FOUNDATION ASSOCIATION)
CNPJ 04.839.572/0001-10

Statement of Cashflows

(Values in US\$)

For the financial year ended 31st of December 2017

Note 11

	2017	2016
Surplus for the period	105.050,51	219.254,80
Exchange rate variations		
Non-monetary items depreciation and amortization	15,88	(4.482,47)
Non-monetary items net equity	(13.807,30)	118.197,30
Depreciation and Ammortization	(1.681,87)	5.075,08
Provisions for Vacations and Charges	(4.687,39)	5.033,22
Adjusted Result for the Period	84.889,83	343.077,93
Cashflow from Operating Activities		
Changes in Current Assets		
(Increase)/Reduction in Accounts Receivable	(84.643,29)	18.834,69
(Increase)/Reduction in Other Credits	(1.743,81)	1.981,15
(Increase)/Reduction in Prepaid Expenses	(61,16)	630,99
Changes in Current Liabilities		
Increase/(Reduction) in Accounts Payable to Suppliers and Contractors	2.266,49	(76,76)
Increase/(Reduction) in Payroll and Related Charges Payable	2.016,13	1.260,79
Increase/(Reduction) in Labor and Pension Obligations	-	-
Increase/(Reduction) in Tax Obligations	2.055,69	(309,15)
(Increase)/Reduction in Accounts Payable - Projects	121.364,15	(90.102,68)
CASH FROM OPERATING ACTIVITIES	126.144,03	275.296,96
Cashflow from Investing Activities		
(Increase)/Reduction in Property & Equipment	288,10	-
Cash generated/(used) in investing activities	288,10	-
Increase (Reduction) in Cash and Equivalents	211.321,96	275.296,96
Cash and Equivalents at the beginning of the period	1.495.082,17	1.219.785,21
Cash and Equivalents at the end of the period	1.624.878,85	1.495.082,17
Increase/(Reduction) in Cash and Equivalents	129.796,68	275.296,96

The accompanying notes are an integral part of the financial statements

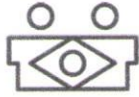
Rio de Janeiro, 31st December 2017.



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(‘BRAZIL FOUNDATION ASSOCIATION’)
CNPJ (Legal entity registration no.) – 04.839.572/0001-10
ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
For the year ended 31st December 2017

NOTE 01 – OPERATING CONTEXT

Associação Brazil Foundation (‘Brazil Foundation Association’) a non-profit educational and social assistance institution, qualified as Civil Society Organization of Public Interest (OSCIP), headquartered at Avenida Calógeras, 15/13th floor – City Center – Rio de Janeiro. The objective of Associação Brazil Foundation is to sponsor and/or promote projects in the fields of education, healthcare, human rights, citizenship and culture. Additionally, it organizes meetings and seminars and finances research with objective of developing, within the various sectors of Brazilian society, initiatives to promote philanthropy and volunteer work for projects seeking to improve the Brazilian social situation. Finally, it supports and offers technical assistance to organizations that are interested in carrying out projects that are compatible with the Association’s objectives. Associação Brazil Foundation finances its activities by raising funds, in the form of contributions, donations and subsidies, made both in Brazil and abroad, from the public and private sectors, as well as from multilateral or non-governmental organizations

NOTE 02 – PRESENTATION OF THE FINANCIAL STATEMENTS

The Entity bases its preparation of the 2017 Financial Statements on Law no. 11.638/2007 and Law no. 11.941/09, which amend articles of Law no. 6.404/76 with relation to the preparation and publication of Financial Statements.

The Financial Statements were prepared in accordance with accounting standards accepted in Brazil, qualitative characteristics of the accounting information, Federal Accounting Board (‘Conselho Federal de Contabilidade’, or ‘CFC’) Resolution no. 1.374/11 (NBC TG, which refers to the Conceptual Framework for the Preparation and Presentation of Financial Statements), CFC Resolution no. 1.376/11 (NBC TG 26, which refers to the Presentation of Financial Statements), Decisions of the Securities Commission (‘Comissão de Valores Mobiliários’, or ‘CVM’), and the Standards published by the Federal Accounting Board, especially Resolution no. 1409/12. This resolution approves ITG 2002 for Not-For-Profit Entities; establishes specific criteria and procedures for valuation, for recording items and variations in assets, and for organizing the financial statements; and lays out minimum requirements for information to be included in the accompanying notes of the financial statements of not-for-profit entities.

NOTE 03 – FORMAL BOOKKEEPING COMPLIANCE – CFC RESOLUTION NO. 1.330/11 (ITG 2000)

The entity has a consistent digital bookkeeping system for its administrative acts and facts.

The accounting record contains the identification number of the entries and refers to the relevant internal or external documentation of (or, in its absence, to elements that prove or provide evidence for) facts and administrative acts. The accounting statements (including the accompanying notes), having been prepared in accordance with legal and statutory requirements, will be transcribed into the Entity’s daily ledger and later registered at the Notary Office for Legal Entities Records (‘Cartório de Registros de Pessoas Jurídicas’).

The Entity’s accounting documentation is comprised of all documents, books, papers, records and other items that support, or are a part of, the accounting bookkeeping.

The accounting documentation is appropriate and has internal and external characteristics that are required by legislation, accounting procedure, or accepted by “general practice”. The Entity keeps its accounting documentation in good order.

#1015



NOTE 04 – MAIN ACCOUNTING PRACTICES

a) **Cash and Cash Equivalents:** As required by CFC Resolution no. 1.296/10 (NBC –TG 03, which refers to the Statement of Cashflows) and CFC Resolution no. 1.376/11 (NBC TG 26, which refers to the Presentation of Accounting Statements), amounts included in this sub-group represent cash and current accounts at banks, as well as funds that have the same liquidity characteristics as cash and are available immediately or in up to 90 (ninety) days, and which are subject to an insignificant risk of change in value;

Description	2017	2016
Cash	458,84	2,89
Bank Accounts	220.427,19	49.703,48
Financial Investments	1.403.992,83	1.445.375,80
Total	1.624.878,85	1.495.082,17

At the end of the financial year – 31st December 2017 – BrazilFoundation has \$ 1.403.992,83 (one million, four hundred and three thousand, nine hundred and ninety-two dollars and eighty-three cents) invested for donations to provisioned projects, as well as for program and institutional operating costs and expenses relating to partnership projects, for the 2018 financial year.

b) **Investments with Immediate Liquidity:** Financial investments are stated at their original invested amounts, plus pro-rata interest up to the date of the balance sheet;

c) **Current Assets – Client Receivables** are stated at the amount invoiced. The amount on 31/12/2017 refer to provisions of the SP Gala that will be received in 2018.

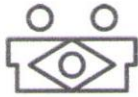
d) **Allowance for Doubtful Accounts:** This provision was not constituted, since there is still no estimate of loss of receipts.

e) **Other Credits –** This group is comprised of travel and salary advance payments, measured until the end of the financial year.

Description	2017	2016
Travel advances	0.00	0.00
Vacation advances	1.743,81	0.00
Total	1.743,81	0.00

f) **Prepaid expenses –** This group is comprised of insurance (for the following financial year), and amounts related to employee meal and transport vouchers (which are valid for the following financial year and are stated at nominal value).

Description	2017	2016
Transport Vouchers	633,08	589,43
Meal Vouchers	1.194,07	1.176,56
Total	1.827,15	1.765,99



g) **Fixed Assets** – Fixed Assets are stated at acquisition cost, minus depreciation calculated according to the linear method at the rates stated in Note 05. Other outlays are capitalized only when they increase the economic benefits of a fixed asset item. Any other kind of outlay is recognized as an expense when incurred.

h) **Current Liabilities:** Current Liabilities are stated at known or calculable values plus, when applicable, interest incurred up to the date of the balance sheet. When applicable, the current liabilities are recorded based on interest rates that reflect the maturity, currency and risk of each transaction. **Provisions** – A provision is recognized as a result of a past event which led to a liability which will probably require economic resources to liquidate. Provisions are recorded when deemed probable, and based on the best estimates of risk involved.

i) **Suppliers and Contractors** - Represents the credit balance of suppliers of services or purchases and which will have maturities as of the subsequent fiscal year.

Description	2017	2016
Suppliers and Contractors	2.266,49	0.00
Total	2.266,49	0.00

j) **Labor Obligations** – These represent the balance of payroll tax obligations due, and are stated at nominal value.

Description	2017	2016
FGTS (Severance Fund) contributions payable	1.897,43	1.483,54
INSS (Social Security) contributions payable	5.787,52	4.184,48
Total	7.684,95	5.668,02

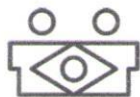
k) **Tax Obligations** – These represent the balance of tax obligations due, and are stated at nominal value.

Description	2017	2016
IRRF (Income tax retained at source) payable	3.231,32	2.588,49
PIS/COFINS/CSLL 5952 (Federal taxes) payable	201,12	164,47
INSS (Social Security) payable	1.776,57	474,87
IRRF PJ/PJ 1708 (Income tax) payable	63,35	48,46
PIS (Federal tax) payable	297,32	238,30
Total	5.569,68	3.514,79

l) **Maturities:** Assets that are receivable and liabilities that are payable up to the end of the following financial year are classified as current.

m) **Provisions for Vacations and Payroll Taxes:** These were provisioned based on the rights acquired by employees up to the date of the balance sheet, and include the corresponding payroll taxes.

Description	2017	2016
Vacation Provision	12.851,71	16.240,15
INSS (Social Security) due on Vacation Provision	3.277,18	4.271,16
FGTS (Severance Fund) due on Vacation Provision	1.028,13	1.299,22
PIS (Federal Tax) due on Vacation Provision	128,51	162,39
Total	17.285,53	21.972,93



n) **Revenues and Expenses:** are recognized on an accrual basis.

o) **Measurement of Income:** Income was measured on an accrual basis. Revenues relating to services provided are measured at fair value (as contracted – amounts received or receivable) and recognized when it is probable that future economic benefits will flow to the entity, and thus may be reliably measured. Income and expenses accrued by the Assets and Liabilities, and their realization, are recognized in income.

NOTE 05 – NON-CURRENT ASSETS (FIXED AND INTANGIBLE)

Fixed and Intangible Assets are stated at acquisition or construction cost, minus depreciation/amortization at legally defined rates, resulting in the net accounting value.

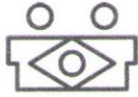
TABLE OF FIXED AND INTANGIBLE ASSETS

Fixed	Rate	Depreciation	2017	2016
Furniture and Utensils	0%	12.603,19	7.291,01	7.302,22
Machinery and Equipment	10%	6.597,91	12.603,19	12.792,29
IT Equipment	20%	4.493,90	5.851,03	5.938,81
Total fixed assets		23.695,00	25.745,23	26.033,33
Intangible	Rate	Amortization	2017	2016
Software	20%	1.058,04	1.058,04	1.073,92
The intangible assets		1.058,04	1.058,04	1.073,92

NOTE 06 – PROJECTS TO BE COMPLETED (CURRENT LIABILITIES)

This group is stated at nominal, original, amounts and represents the credit balance for projects to be completed. These amounts are obligations that the Association has to Institutions with relation to Donation transfers, as contracted between them. Thus, these amounts represent the recognition of obligations provisioned for donations received in 2013, 2014, 2015, 2016 and 2017, as well as amounts received as donations for allocation to Projects, which the Association has not yet selected because their proposals are being analyzed by BrazilFoundation's technical team.

Projects	2017	2016
Projects to Distribute	638.355,69	448.900,86
Donations – 2013 Annual Selection	0,00	22.091,99
Donations – 2014 Annual Selection	559,25	7.624,80
'Women's' Fund	0,00	1.841,00
Donations - 2015-2016 Selection	0,00	1.841,00
Donations – 'Minas' Fund	0,00	3.375,16
Donations – Annual Selection	18.137,85	50.013,81
Total	657.052,79	535.688,63



NOTE 07 – NET ASSETS

Net Assets are comprised of contributed capital plus income for the financial year of US\$ 105.050,51, asset valuation adjustments, reserves and retained earnings.

NOTE 08 – REVENUES

Revenues are derived from donations for operational costs and programmatic funding, strategic partnerships, income from financial investments and directed and not directed donations for the annual selection of projects. The amount of revenue is shown below according to the categories presented.

	<u>2017</u>	<u>2016</u>
Gross Operating Revenue	<u>1.301.084,48</u>	<u>2.034.026,72</u>
Operating and Program Revenue - BF Rio	183.288,32	258.832,71
Operating and Program Revenue - BF NY	0.00	387.033,22
Revenue for Grants - BF Rio	74.201,64	0.00
Operational Maintenance Contribution	64.591,99	0.00
Contribution for Maintenance for Grants	183.936,13	0.00
Revenue for Grants	515.069,23	1.104.938,31
Partnership Revenue	168.985,67	138.598,01
Financial Revenue	111.011,50	144.624,47
Other Operating Revenue	<u>10.425,66</u>	<u>10.052,74</u>
Revenue from Voluntary Services Rendered	10.425,66	10.052,74
Net Operating Revenue	<u>1.311.510,14</u>	<u>2.044.079,46</u>

The amounts presented in Revenues for Donations refer to amounts received to cover project costs and subsequently transferred for the execution of the projects.

NOTE 09 – INVESTMENT OF RESOURCES

The Entity invested all its resources in line with its institutional objectives, in compliance with its bylaws, and as demonstrated by its expenses and capital investments.

NOTE 10 – INCOME FOR THE FINANCIAL YEAR

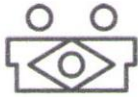
The 2017 Surplus will be incorporated to Contributed Capital, in compliance with legal and statutory requirements and CFC Resolution no. 1.409/12, which approved ITG 2002, which refers to Not-For-Profit Entities.

NOTE 11 – STATEMENT OF CASHFLOWS

The Statement of Cashflows was prepared in compliance with CFC Resolution no. 1.152/2009, which approved NBC TG 13, as well as with CFC Resolution no. 1.296/10, which approved NBC TG 03, which refers to Statements of Cashflows.

The Entity opted to prepare its Statement of Cashflows using the INDIRECT method.





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NOTE 12 – INSURANCE COVERAGE

In accordance with permanent precautionary measures, the Entity contracts insurance in an amount deemed sufficient to cover possible losses, thus complying with the Accounting Principle of Continuity.

Amounts insured are defined by the Entity's Management in light of a market good or replacement value, as appropriate, and are defined in Insurance Policy 0118.91.15.573-8.

NOTE 13 – MANAGERIAL INFORMATION

In line with statutory objectives, we highlight the main activities of 2017:

A) 2013 to 2016 ANNUAL PROJECT SELECTION

The institutions selected by **BrazilFoundation** via the Annual Project Selection (2013 to 2016) received the donation installments throughout the year, as the Programs team approved the technical and financial reports.

B) 2017/2018 ANNUAL PROJECT SELECTION

The institutions selected by **BrazilFoundation** via the Annual Project Selection (2017/2018) received the donation installments throughout the year, as the work plans and technical and financial reports were approved by the Programs team.

The Training Event for the leadership of the selected projects in the 2017 Annual Projects Selection was held from May 17 to 20 in São Paulo, in partnership with ABCR (Brazilian Association of Captors of Resources). During the days of training, the leaders had the opportunity to broaden their knowledge and participated in official capacity-building, storytelling and social impact, communication and social marketing, among others.

C) FINANCING OF NEW INITIATIVES

In 2017, **BrazilFoundation** continued its financial support through the "Community Innovation Award (OPS-Other Stops)" modalities, allowing organizations to act as lenders for small initiatives in their territories, "Collaborative Arrangements" and the "Exchange Program" that made possible the exchange of knowledge and the improvement of methodologies between organizations that work in the same field of action.

In September 2017, in another innovative action, **BrazilFoundation** launched the "Embrace Brazil" campaign with the aim of encouraging the donation culture and helping NGOs continue to carry out their missions of promotion and social inclusion throughout the country. Through the Campaign **BrazilFoundation** mobilized its international network of supporters and raised funds for 100 Social Organizations from all over Brazil.

D) EVENTS ORGANIZED

BrazilFoundation held the following events to capture and invest resources in social projects.

- Jantar Minas, held on 06/20/17 at the Inimá de Paula Museum, Belo Horizonte / MG.
- Gala São Paulo, held on 11/29/17 at Casa Fasano, São Paulo / SP.
- **BrazilFoundation** also held several US events, such as the Women's Fund, Gala Miami, Gala NY, among others, to raise funds for the Foundation's various support programs in Brazil.



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E) PARTNERSHIPS

During the year 2017, Strategic Partnership activities were developed with LATAM Linhas Aéreas, BM & FBovespa Institute, Affonso Brandão Hannel Foundation, Embraer Institute, C&A Institute, Avon Institute and Itaú Social Foundation.

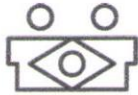
F) REVENUES 2017

In 2017, the Brazil Foundation Association obtained the following resources:

Note: For the conversion of revenue to dollars, the rate of R\$ 3,312408 (X-Rates) on 12/31/17 was used, except for the revenues received from BrazilFoundation NY, where the exchange rates of the date conclusion of the actual international transaction day were used.

Public Support and Revenue / Receitas 2017			
Categorias da auditoria USA	Categorias no "Resultado" no Brasil	Valor em Reais	Valor em Dólar
Contributions	Doações Operacionais e Programáticas		
Foundations	Fundacao	-	-
Corporations	Corporacao	R\$ 6.853,74	\$2.069,11
Individuals	Individuais	R\$ 971,00	\$293,14
Other income	Outras receitas	R\$ 3.506,50	\$1.058,60
Total Contributions/Doações Operacionais e Programáticas		R\$ 11.331,24	\$3.420,85
Investment income	Receitas sobre aplicações financeiras	367.226,05	110.863,77
Fundraising Gala income	Receitas de Galas		
	Receitas Gala NY	R\$ 102.403,90	\$30.915,24
	Receitas Jantar Minas	R\$ 430.908,91	\$130.089,32
	Receitas Gala SP	R\$ 1.011.902,99	\$305.488,63
Total Fundraising Gala income / Receitas Galas		R\$ 1.545.215,80	\$466.493,20
Donor advised fund income	Receitas Doações Recomendadas	-	-
Partnership income	Receitas Parcerias	751.604,58	226.905,80
Events income and other income	Receitas de outros eventos		
	Receitas Fundo de Mulheres	R\$ 2.383,50	\$719,57
	Receitas Fundo Primeira Infância	R\$ 339,85	\$102,60
	Receitas Evento Vivo à Beira	R\$ 50.361,70	\$15.203,95
	Doações para projetos	R\$ 43.037,50	\$12.992,81
Total Events income and other income / Receitas de outros eventos		R\$ 96.122,55	\$29.018,93
Contributed services	Receita com Servicos Prestados	-	-
Contributions from Brazil Foundation	Receitas Operacional e Programatica BF	1.680.155,04	532.434,00
Total Public Support and Revenue	Total Receitas no Brasil	R\$ 4.451.655,26	\$1.369.136,55

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G) DONATIONS FOR PROJECTS IN 2017 AND PROVISIONS FOR 2018

NOTE: For conversion of donations for projects to US\$, the rate of R\$ 3.312408 (X-Rates) on 12/31/17 was used.

DONATIONS FOR BRAZILFOUNDATION PROJECTS	TOTAL ALLOTTED FOR DONATIONS ON 12/31/16	REVENUE TRANSFERED TO PROJECT PAYMENT ACCOUNT IN 2017	TOTAL GRANTS MADE IN 2017	CLOSED PROJECTS (*)	TOTAL ALLOTTED FOR DONATIONS ON 12/31/17
Annual Selection Donations 2013 (Early Childhood Project)	\$21.736,45	-	\$21.736,45	-	-
Annual Selection Donations 2014/2015	\$7.502,10	-	\$5.736,01	\$1.207,58	\$558,51
Donations to Women's Fund	\$1.811,37	\$12.679,60	\$14.490,97	-	-
Annual Selection Donations 2015/2016	\$1.811,37	-	-	\$1.811,37	-
Donations to Minas Fund	\$3.320,85	-	\$3.320,85	-	-
Donations to Community Innovation Prize	-	\$105.965,21	\$105.965,21	-	-
Donations to Annual Selection	\$49.208,91	\$278.951,14	\$301.140,44	\$8.905,91	\$18.113,71
Donations to Colaborative Partnerships	-	\$43.397,13	\$43.397,13	-	-
Donor Advised / Bank of Projects	-	\$17.389,16	\$17.389,16	-	-
Donations to Oportunities Fund	-	\$1.207,58	\$1.207,58	-	-
Total 2017	\$85.391,05	\$459.589,82	\$514.383,80	\$11.924,86	\$18.672,22
Revenue to be distributed in 2018	-	-	-	-	\$637.506,19
Final Balance –Project Payment Account to be distributed	-	-	-	-	\$656.178,41

H) EXPENSES 2017

NOTE: For conversion of expenses to US\$, the rate of R\$ 3.312408 (X-Rates) on 12/31/17 was used.

DETAIL OF OPERATIONAL/ADMINISTRATIVE EXPENSES IN 2017

OPERATIONAL AND ADMINISTRATIVE EXPENSES	TOTAL IN REAIS	TOTAL IN DOLLARS
Salaries and related Expenses	R\$ 701.819,65	\$211.875,97
Social Security and Taxes	R\$ 181.836,06	\$54.895,43
Labor Law Obligations (13th month, vacation, expenses)	R\$ 54.688,17	\$16.510,09
Benefits	R\$ 144.904,13	\$43.745,86
Rent and Maintenance Fees	R\$ 53.130,82	\$16.039,94
Office Expenses	R\$ 60.258,84	\$18.191,85
Services Rendered - Individuals	R\$ 6.238,10	\$1.883,25
Services Rendered – Companies	R\$ 152.738,39	\$46.110,98
Institutional Development	R\$ 10.470,89	\$3.161,11
Bank Fees	R\$ 16.142,75	\$4.873,42
Income tax on Investments	R\$ 54.274,21	\$16.385,12
Total Operational/Programmatic Expenses	R\$ 1.436.502,01	\$433.673,03



DETAIL OF EXPENSES FOR GALAS AND OTHER FUNDRAISING EVENTS IN 2017

EXPENSES FOR GALAS/OTHER FUNDRAISING EXPENSES	TOTAL IN REAIS	TOTAL IN DOLLARS
Gala Miami - Expenses	R\$ 7.928,59	\$2.393,60
Gala NY - Expenses	R\$ 4.000,00	\$1.207,58
Minas Dinner - Expenses	R\$ 60.261,69	\$18.192,71
Gala SP - Expenses	R\$ 433.419,42	\$130.847,23
Vivo à Beira Event- Expenses	R\$ 20.861,86	\$6.298,09
Campanha Abrece - Expenses	R\$ 40.929,25	\$12.356,34
Other Expenses NY	R\$ 10.292,33	\$3.107,20
Total Expenses Galas/Fundraising Expenses	R\$ 577.693,14	\$174.402,77

DETAILS OF PROGRAMMATIC AND PARTNERSHIP EXPENSES IN 2017

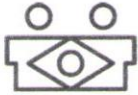
PROGRAMMATIC AND PARTNERSHIP EXPENSES	TOTAL IN REAIS	TOTAL IN DOLLARS
Annual Selection of Projects	R\$ 15.812,65	\$4.773,76
Management Training	R\$ 70.816,97	\$21.379,30
Project Monitoring	R\$ 90,00	\$27,17
Open House and Lectures	-	-
Exchange Fund	R\$ 8.387,42	\$2.532,12
Partnership BM&FBovespa Institute	R\$ 278,80	\$84,17
Partnership C&A Institute	R\$ 140.260,97	\$42.344,11
Partnership Itaú Social Foundation	R\$ 2.789,40	\$842,11
Total Programmatic and Partnership Expenses	R\$ 238.436,21	\$71.982,74

EXPENSES WITH GRANTS MADE IN 2017

EXPENSES RELATED TO GRANTS MADE IN 2017	TOTAL IN REAIS	TOTAL IN DOLLARS
Expenses with grants made in 2017	R\$ 1.703.849,00	\$514.383,80
Total Grants	R\$ 1.703.849,00	\$514.383,80

EXPENSE SUMMARY 2017

SUMMARY OF 2017 EXPENSES	TOTAL IN REAIS	TOTAL IN DOLLARS
TOTAL EXPENSES OPERATIONAL/ADMINISTRATIVE	R\$ 1.436.502,01	\$433.673,03
TOTAL EXPENSES GALAS/EVENTS	R\$ 577.693,14	\$174.402,77
TOTAL EXPENSES PROGRAMMATIC AND PARTNERSHIPS	R\$ 238.436,21	\$71.982,74
TOTAL EXPENSES WITH GRANTS	R\$ 1.703.849,00	\$514.383,80
TOTAL EXPENSES	R\$ 3.956.480,36	\$1.194.442,34



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I) ENDOWMENT FUND ON 12/31/2017.

NOTE: For conversion to Dollars, the rate of R\$ 3,312408 (X-Rates) on 12/31/17was used.

ENDOWMENT FUND	TOTAL IN REAIS	TOTAL IN DOLLARS
Balance in checking account	R\$ 212,61	US\$ 64,19
Balance in interest bearing account	R\$ 1.620.834,83	US\$ 489.322,22
TOTAL BALANCE	R\$ 1.621.047,44	US\$ 489.386,41

Rio de Janeiro, December 31st 2017.

SALTANAT KURMANBAEVA DE SOUZA
SOMAT CONTABILIDADE E GESTÃO
(‘SOMAT ACCOUNTING AND MANAGEMENT’)
ACCOUNTANT - CRC (Regional Accounting Board
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MARIA CECÍLIA OSWALDO CRUZ
ASSOCIACAO BRAZIL FOUNDATION
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EXECUTIVE DIRECTOR
CPF (ID No.): 884.775.337-68