

Financial Statements

Associação Brazil Foundation

December 31st 2018 and 2017

with a Report from the Independent Auditors

SÃO PAULO

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São Paulo-SP, February 25th, 2019.

To the members of the board and management of

ASSOCIAÇÃO BRAZIL FOUNDATION
México street, 31, room 1003
City Center – Rio de Janeiro
Postcode: 20.510-060

Re.: Independent Auditors Report on the Financial Statements

Dear Sirs and Madams,

We hereby submit to your care Independent Auditors Report of the Financial Statements for the years ended on December 31st 2018 and 2017 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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ASSOCIAÇÃO BRAZIL FOUNDATION

Financial Statements

December 31st 2018 and 2017

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ASSOCIAÇÃO BRAZIL FOUNDATION

CNPJ (Legal Entity Registration No.) : 04.839.572/0001-10

“ INDEPENDENT AUDITORS’ REPORT OF THE FINANCIAL STATEMENTS ”**Opinion on Financial Statements**

We have examined the financial statements of **ASSOCIAÇÃO BRAZIL FOUNDATION**, comprised of the balance sheet for 31st December 2018 and the corresponding statements of income, 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, 2018, 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.

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- 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.

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, February 25th, 2019

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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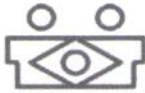
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O(s) nome(s) indicado(s) para assinatura, bem como seu(s) status em 15/05/2019 é(são) :

- Alexandre Chiaratti Do Nascimento (Signatário) - 147.823.488-19
em 15/05/2019 07:48 UTC-03:00

Tipo: Certificado Digital





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ASSOCIAÇÃO BRAZIL FOUNDATION
CNPJ 04.839.572/0001-10

Balance Sheet

(Amounts shown in Dollars)


Year concluded on December 31, 2018

	Note	2018	2017
ASSET			
CURRENT		1.535.882,88	1.713.093,10
CASH AND CASH EQUIVALENTS	4a	1.521.789,29	1.624.878,85
OTHER RECEIVABLES	4c	11.359,29	84.643,29
OTHER CREDIT	4e	1.271,26	1.743,81
ADVANCED EXPENSES	4f	1.463,04	1.827,15
NONCURRENT		948,68	2.050,22
FIXED ASSETS	5	21.944,31	25.745,23
(-) ACCUMULATED DEPRECIATION		(20.995,64)	(23.695,00)
INTANGIBLE	5	903,27	1.058,04
(-) ACCUMULATED AMMORTIZATION		(903,27)	(1.058,04)
TOTAL - ASSET		1.536.831,56	1.715.143,32

Explanatory notes are part of the Accounting Statements.

Rio de Janeiro, December 31, 2018.


GRACILANE DA SILVA RODRIGUES
ACCOUNTANT CRC RJ 109.635/0-4
CPF.: 072.550.767-50


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

SOMAT CONTABILIDADE E GESTÃO LTDA.
CNPJ: 09.420.095/0001-77



ASSOCIAÇÃO BRAZIL FOUNDATION
CNPJ 04.839.572/0001-10


Balance Sheet


(Amounts shown in Dollars)
 Year concluded on December 31, 2018

	Note	2018	2017
LIABILITIES			
CURRENT			
SUPPLIERS	4i	1.362,70	2.266,49
LABOR CHARGES	4j	7.355,75	7.684,95
TAX CHARGES	4k	3.908,30	5.570,28
SOCIAL PROVISIONS	4m	18.969,62	17.285,54
PROJECTS TO BE EXECUTED	6	635.448,19	657.052,78
NET EQUITY			
SOCIAL EQUITY	7	632.960,77	207.471,91
EQUITY EVALUATION ADJUSTMENT		862,36	5.126,31
ACCUMULATED SURPLUS / DEFICIT		-	410.518,18
CONSTITUTED RESERVES		241.483,11	287.103,48
ADJUSTMENTS FROM PREVIOUS YEARS		-	10.012,89
YEAR'S DEFICIT / SURPLUS		(5.519,25)	105.050,51
TOTAL LIABILITY AND NET EQUITY		1.536.831,56	1.715.143,32

Explanatory notes are part of the Accounting Statements.

Rio de Janeiro, December 31, 2018.


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**ASSOCIAÇÃO BRAZIL FOUNDATION**
CNPJ 04.839.572/0001-10**Net Equity Mutation Statement**
(Amounts shown in Dollars)
Year concluded on December 31, 2018

	Social Equity	Equity Evaluation Adjustments	Accumulated Surplus / Deficit Acumulados	Constituted Reserves	Adjustments from Previous Years	Year's Surplus / Deficit	Net Equity
Balance on December 31, 2016	221.279,21	5.126,31	191.263,36	287.103,48	10.012,89	219.254,82	934.040,07
Incorporation of the 2016 Income			219.254,82			(219.254,82)	-
Year's Surplus						105.050,51	105.050,51
Adjustment from previous years							-
Translation Difference	(13.807,30)						(13.807,30)
Balance on December 31, 2017	207.471,91	5.126,31	410.518,18	287.103,48	10.012,89	105.050,51	1.025.283,28
Incorporation of the 2017 Income	515.568,69		(410.518,18)			(105.050,51)	-
Net Evaluation Adjustment	3.449,45	(3.449,45)					0,00
Year's Deficit						(5.519,25)	(5.519,25)
Adjustment from previous years	10.012,89				(10.012,89)		-
Translation Difference	(149.977,04)						(149.977,04)
Balance on December 31, 2018	586.525,90	1.676,86	-	287.103,48	-	(5.519,25)	869.786,99

Explanatory notes are part of the Accounting Statements.

Rio de Janeiro, December 31, 2018.


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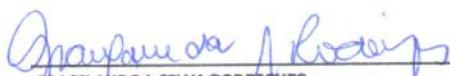
ASSOCIAÇÃO BRAZIL FOUNDATION
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Year's Income Statement
(Amounts shown in Dollars)
Year concluded on December 31, 2018

	Note	2018	2017
Operational Gross Income	8	1.655.038,00	1.311.510,14
Operational and Programmatic Income – BF Rio		173.205,85	183.288,32
Income - Donations BF Rio		163.481,47	74.201,64
Contribution – Operational Sponsors		34.478,30	64.591,99
Contribution – Project Sponsors		-	183.936,13
Income for Donations		1.013.401,25	515.069,23
Income - Partnerships		191.484,31	168.985,67
Financial Revenues		69.870,53	111.011,50
Other Operational Revenues		9.116,29	10.425,66
Income from the Provision of Voluntary Services		9.116,29	10.425,66
Operating Net Income		1.655.038,00	1.311.510,14
Expenses		(1.660.557,25)	(1.206.459,63)
Expenses BF Rio		(142.986,35)	(147.436,62)
Programmatic expenses		(130.424,23)	(136.885,72)
Personnel		(101.938,00)	(110.670,60)
Annual Project Selection		(896,60)	(4.780,12)
Training – BF Managers		(27.589,63)	(21.407,79)
Project Monitoring		-	(27,21)
Expenses – Institutional Development		(12.562,13)	(10.550,90)
Institutional Visits/Events		(4.215,12)	(3.165,32)
Graphic Material- Institutional Development		(1.843,45)	-
Technology/Website		(6.503,56)	(7.385,58)
Expenses - Gala		(183.564,94)	(168.328,68)
Gala NY		(6.227,64)	(1.209,19)
Gala Miami		(5.135,26)	(2.396,79)
Gala SP		(134.709,47)	(131.021,59)
Other expenses - BF NY		(8.461,11)	(15.484,15)
Dinner Minas - Expenses		(29.031,47)	(18.216,96)
Operating expenses		(281.407,31)	(323.455,07)
Operating expenses		(281.407,31)	(323.455,07)
Personnel		(105.280,93)	(118.019,80)
Benefits		(36.130,30)	(43.804,15)
Charges/Taxes		(63.469,59)	(71.375,54)
Service suppliers		(30.896,00)	(40.774,50)
Expenses with Voluntary Services		(9.116,29)	(10.425,66)
Functioning Expenses		(28.652,05)	(32.364,10)
Depreciation/Ammortization		(938,22)	(1.811,41)
Financial Expenses		(6.721,23)	(4.879,91)
Other Operating Expenses		(202,70)	-
Expenses - Partnerships		(39.197,40)	(52.170,04)
Other Partnerships		(13.387,13)	(42.400,54)
Partnership BOVESPA		(18,92)	(84,28)
Open House and Lectures		(556,93)	(6.306,49)
Interchange Fund - Travelling		(3.447,58)	(2.535,50)
Support Fundação Itaú Social		(12.870,20)	(843,23)
Partnership Fundação Renova		(8.916,65)	-
Expenses with Donations		(1.013.401,25)	(515.069,22)
Expenses with Donations		(1.013.401,25)	(515.069,22)
Year's Deficit / Surplus		(5.519,25)	105.050,51

Explanatory notes are part of the Accounting Statements.

Rio de Janeiro, December 31, 2018.



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ASSOCIAÇÃO BRAZIL FOUNDATION
CNPJ 04.839.572/0001-10

Cash Flow Statement – Indirect Method
 (Amounts shown in Dollars)
 Year concluded on December 31, 2018


Explanatory Note 11

	2018	2017
Year's Surplus / Deficit	(5.519,25)	105.050,51
Exchange rate variations	-	(13.791,42)
Depreciation and Ammortization	766,71	(1.681,87)
Social Provisions	4.212,59	(4.687,39)
Adjusted Year's Income	(539,95)	84.889,83
Cash Flow – Operating Activities		
Variation in Current Assets		
(Increase) /Reduction of Clients	60.902,49	(84.643,29)
(Increase) /Reduction of Other Credit	217,47	(1.743,81)
(Increase) /Reduction of Anticipated Expenses	96,83	(61,15)
Variation in Current Liabilities		
Increase/ (Reduction) of Suppliers	(572,25)	2.266,49
Increase/ (Reduction) of Labor Charges	794,94	2.016,93
Increase/ (Reduction) of Tax Liabilities	(847,16)	2.055,69
(Increase) /Reduction of Accounts Payable - Projects	74.508,19	121.364,15
Net cash generated by operating activities	134.560,56	126.144,03
Cash Flow - Investment Activities		
Fixed Asset Acquisition	(339,28)	-
Fixed Asset – Write off	374,21	288,10
Generated net cash (consumed) – by investment activities	34,94	288,10
Cash and Cash equivalentes net increase	134.595,50	129.796,68
Cash and Equivalents in the beginning of the year	1.387.193,79	1.495.082,17
Cash and Equivalents in the end of the year	1.521.789,29	1.624.878,85
Variation in the period	134.595,50	129.796,68

Explanatory notes are part of the Accounting Statements.

Rio de Janeiro, December 31, 2018.


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ASSOCIAÇÃO BRAZIL FOUNDATION
CNPJ – 04.839.572/0001-10
EXPLANATORY NOTES OF THE ACCOUNTING STATEMENTS
Year concluded on December 31, 2018

NOTE 01- OPERATIONAL CONTEXT

Associação Brazil Foundation is an educational, social welfare nonprofit institution qualified as a Public Interest Civil Society Organization (OSCIP), located at Rua México, 31, room 1003, Center – Rio de Janeiro/RJ, Zip Code 20031-144, whose objectives are sponsoring and/or promoting projects in the fields of education, health, human rights, citizenship and culture; searching for resources to fund its activities, such as contributions, donations or subsidies, in Brazil and abroad, with the private and public sectors, as well as multilateral parties or nongovernmental organization; organizing meetings and seminars, as well as financing studies that aim at develop, within several sectors of Brazilian society, initiatives encouraging donations and volunteer work for projects which aim at improving the Brazilian social reality; supporting and providing technical assistance to organizations that are interested in developing projects that are compatible with the objectives of the Association.

NOTE 02 – PRESENTATION OF THE ACCOUNTING STATEMENTS

In the elaboration of the accounting statements of 2017, the institution established Law n.11.638/2007, Law n. 11.941/2009, which changed articles in Law n. 6.404/1976 in aspects regarding the elaboration and publication of the financial statements.

The accounting statements were prepared in accordance with the accounting practices established in Brazil, qualitative characteristics of the accounting information, CFC Resolution N. 1.374/2011 (NBC TG), regarding the Conceptual Structure for the Elaboration and Presentation of the Accounting Statements, CFC Resolution N. 1.376/2011 (NBC TG 26), regarding the Accounting Statement Presentation, Deliberations of the Securities Commission (CVM) and the Rules issued by the Federal Accounting Council (CFC), especially regarding CFC Resolution N. 1.409/2012 for NonProfit Organizations, which establishes specific criteria and procedures for the evaluation, recording of components and equity variations, and of the structure of the accounting statements, and the minimum information to be publicized in an explanatory note of the nonprofit organizations.

NOTE 03 – FORMALITY OF THE ACCOUNTING BOOKKEEPING – RESOLUTION 1.330/2011 (ITG 2000)

The institution maintains a uniform bookkeeping system of its administrative acts and facts, through an electronic process.

The accounting records contain the identification number of the entries related to the respective document of external or internal origin or, when there is not any, there are elements that can prove or show facts and the practice of administrative acts. The accounting statements, including explanatory notes, elaborated by legal and statutory provisions, will be transcribed in the "Diary" of the institution, and then registered in the Civil Registry of Legal Entities.

The accounting documentation of the Institution is composed of all documents, books, papers, records and other pieces that support or compose the accounting bookkeeping.

The accounting documentation is apt, and has the essential intrinsic or extrinsic characteristics defined by law, in the accounting technique, or accepted by "uses and custos". The institution maintains its accounting documents in good order.





NOTE 04 – MAIN ACCOUNTING PRACTICES

a) Cash and Cash equivalents: As determined by CFC Resolution n. 1.296/10 (NBC – TG 03) – Cash Flow Statement, and CFC Resolution n. 1.376 (NBC TG 26 R3) – Presentation of the Accounting Statements, the amounts accounted for in this subgroup represent currency in cash and deposits in the bank account, as well as resources with the same characteristics of cash liquidity and immediate availability, or up to 90 (ninety) days, which are subjected to insignificant risk of change in value;

Description	2018	2017
Cash	166,20	458.84
Banks – Account movement	44,402.56	220,427.19
Financial Applications	1,477,220.53	1,403,992.83
Total	1,521,789.29	1,624,878.85

In the conclusion of the year on December 31, 2018, BrazilFoundation had \$ **1.477.220,53 (one million, four hundred and seventy seven thousand, two hundred and twenty dollars and fifty three cents)** invested for donations to the provisioned projects, as well as for the programmatic and operating costs of the institution and expenses with projects developed in partnerships, for 2019.

b) Applications of Immediate Liquidity: The financial applications are demonstrated by the original amounts applied, added to the pro-rata incomes until the date of the statement;

c) Current Assets – The Receivables from Clients are registered according to our internal control. The amount on December 31, 2018, refer to the provisions from Gala SP, which will be received in 2019.

d) Estimated Credit Loss for Doubtful Debts: This provision has not been constituted, since there is no estimation of loss of receivables.

e) Other Credit – This group is composed of travel and wage advances, observed until the conclusion of the year.

Description	2018	2017
Other receivables	175.65	0.00
Vacation advances	1,095.61	1,743.81
Total	1,271.26	1,743.81

f) Anticipated Expenses – This group is composed of amounts regarding expenses with commuting and meal benefits for employees, whose period of duration benefits the following year, and is represented by its respective nominal value.

Description	2018	2017
Commuting benefit	514.61	633.08
Meal ticket	948.44	1,194.07
Total	1,463.04	1,827.15



- g) **Fixed Asset** – Fixed assets are registered by the cost of acquisition of construction, deducted from the depreciation calculated by the linear method based on the rates mentioned on Note 05. Other expenses are capitalized only when there is increase in the economic benefits of this item of the fixed asset. Any other type of expense is recognized in the income as an expense, when incurred.
- h) **Current Liability:** Current liabilities are demonstrated by the known amounts, or calculable ones, when applicable, of the corresponding charges incurred until the date of the equity balance. When applicable, current liabilities are registered based on interest rates reflecting the deadline, the currency and the risk of each transaction. – **Provisions** – A provision is recognized as a result of a past event that originated a liability. It is likely that an economic resource be required to liquidate the liability. Provisions are registered when judged as likely, and based on the best estimations of the risk involved.
- i) **Suppliers** – Represents the credit balance of suppliers of services or purchase, whose due date starts in the next year.

Description	2018	2017
Suppliers	1,362.70	2,266.49
Total	1,362.70	2,266.49

- j) **Labor charges** – Represents the credit balance of fiscal labor charges and is composed of its nominal value.

Description	2018	2017
FGTS	1,823.46	1,897.43
INSS	5,532.28	5,787.52
Total	7,355.75	7,684.95

- k) **Tax charges** – Represents the credit balance of tax charges and is composed of its nominal value.

Description	2018	2017
IRRF	3,053.75	3,231.32
PIS,COFINS,CSLL	147.46	201.12
ISS	378.19	1,776.57
IRRF PJ	46.26	63.35
PIS	282.65	297.32
Total	3,908.30	5,569.68

- l) **Deadlines:** The assets and liabilities required until the conclusion of the following year are classified as current.

m) Provision of vacation and charges: Those were provisioned based on the rights acquired by the employees through the date of the balance, and includes the corresponding social charges.

Description	2018	2017
Provision of Vacation	14,103.68	12,851.71
INSS on the Provision of Vacation	3,596.61	3,277.18
FGTS on the Provision of Vacation	1,128.29	1,028.13
PIS on the Provision of Vacation	141.04	128.52
Total	18,969.62	17,285.54

n) Expenses and income: These are appropriate according to the competence regime.

o) Income Verification: The balance was verified according to the Competence Regime. The revenues and charges over the Assets and Liabilities are shown in the income statement.

NOTE 5 – NONCURRENT ASSET (FIXED AND INTANGIBLE)

The Fixed and Intangible assets are accounted for by the cost of acquisition or construction, deducted from depreciation/amortization of the period, according to rates defined by the current legislation, originating the accounting net value.

FIXED AND INTANGIBLE ASSETS

Fixed	Taxa	Depreciação	2018	2017
Furniture and utensils	10%	10,759.61	6,189.56	7,291.01
Machinery and Equipment	10%	5,573.15	10,759.61	12,603.19
Computer Equipment	20%	4,662.87	4,995.14	5,851.03
Total – Fixed Asset		20,995.64	21,944.31	25,745.23
Intangible				
Software	20%	903.27	903.27	1,058.04
Total - Intangível		903.27	903.27	1,058.04

NOTA 06 – PROJECTS TO BE EXECUTED (CURRENT LIABILITY)

This group is composed of its nominal, original value, and represents the credit balance of projects to be executed. The amounts in Projects to be executed are obligations the Association maintains for institutions referring to transfer of donations, which are established according to contracts signed between the parties. Therefore, these amounts represent the recognition of the provisioned obligations according to donations received in 2014, 2015, 2016, 2017 and 2018, as well as amounts received as donations for allocation in Projects, which **BrazilFoundation** has not chosen yet, since these proposals are being analyzed by its technical staff.





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Projects	2018	2017
Projects to distribute	614,414.85	638,355.68
Donations – Annual Selection 2014	-	559.25
Bank of Projects	4,955.09	-
Donations – Annual Selection	13,755.55	18,137.85
Donations – Collaborative Arrangements	2,322.70	-
Total	635,448.19	657,052.78

NOTE 07 – NET EQUITY

Net equity is presented in updated amounts and includes the Social equity, added by the year's income of (USD 5,519.06), of the adjustments of equity evaluation, constituted reserves and accumulated income.

NOTE 08 – REVENUES

The revenues registered come from donations for operating and programmatic costs, from strategic partnerships, revenues from financial applications and donations of the annual project selection, directed or not. Below, we show the amounts of revenues according to the categories presented.

	2018	2017
Operating Gross Income	1,655,038.00	1,301,084.48
Operating and Programmatic Income BF Rio	173,205.85	183,288.32
Income from Donations BF Rio	163,481.47	74,201.64
Contribution – Operating Sponsor	34,478.30	64,591.99
Contribution – Project Sponsor	-	183,936.13
Revenue for Donations	1,013,401.25	515,069.23
Revenue - Partnerships	191,484.31	168,985.67
Financial revenues	69,870.53	111,011.50
Other Operating Income	9,116.29	10,425.66
Revenue from the Provision of Voluntary Services	9,116.29	10,425.66
Operating Net Income	1,655,038.00	1,311,510.14

The amounts presented in Revenue for Donations refer to the amounts received for the cost of projects, and then transferred for purposes of their execution.

NOTE 09 – APPLICATION OF RESOURCES

The institution has applied all of its resources in its institutional purposes, according to its Social Statute, demonstrated by its expenses and equity investments.

NOTE 10 – OF THE YEAR'S INCOME

The 2018 Surplus will be incorporated to the Social equity, according to the legal and statutory demands and CFC Resolution n. 1.409/2012, which approved ITG 2002 – NonProfit Organizations.

NOTE 11 – CASH FLOW STATEMENT (CFS)

The Cash Flow Statement was prepared according to CFC Resolution n. 1.152/2009, which approved NBC TG 13 and, also, CFC Resolution n. 1.296/2010, which approved NBC TG 03 – Cash Flow Statements. The Method of the elaboration of the Cash Flow chosen by the institution was INDIRECT.

NOTE 12 – INSURANCE COVERAGE

To meet the preventive measures adopted permanently, the institution acquires insurance whose amount is sufficient to cover for possible claims, therefore meeting the Accounting Principle of Continuity.

The insured amounts are defined by the Institution's administrators based on market value or the value of the new asset, depending on the case, and are defined in Policy 0118.91.22.585-0, endorsement 2.548-0, Porto Seguro Cia de Seguros Gerais.

NOTE 13 – MANAGERIAL INFORMATION

According to statutory objectives, we highlight the main activities carried out in 2018:

A) ANNUAL PROJECT SELECTION – 2014 to 2017

The institutions selected by **BrazilFoundation**, in the Annual Project Selection (2014 to 2017), received the transfers from previous year's provisioned donations, throughout the year, while the technical and financial reports were approved by the Programs team.

B) ANNUAL PROJECT SELECTION 2018/2019

The institutions selected by **BrazilFoundation**, through the Annual Project Selection (2018/2019) and Partnerships, received the transfers from donations, while the work plans and technical and financial reports were being approved by the Programs team.

The Training event for the leaderships of the projects selected in the Annual Project Selection 2018 was held from June 5 to 8, in São Paulo, together with ABCR (Brazilian Association of Fundraisers). During the training, the leaders were able to acquire new knowledge and participated in fundraising, storytelling and social impact workshops, as well as communication and social marketing.





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C) **FUNDING FOR NEW INITIATIVES**

In 2018, **Brazil**Foundation financially supported several initiatives in the modalities "Community Innovation Award (OPS – Outras Paradas)", allowing organizations to work as financing entities for small initiatives in their territories, "Collaborative Arrangements" and "Interchange Program", which enabled the exchange of knowledge and the improvement of methodologies among organizations working in the same field of action.

The Campaign "Abrace o Brasil", another innovative initiative of **Brazil**Foundation, began in 2017 and has mobilized 4,000 donors from 13 countries, raising U\$ 309,693.36 in donations that were transferred to the 100 social organizations in Brazil that participated in the first edition of the campaign. The second edition of the Campaign, initiated on September 2018, included 80 social organizations from 15 Brazilian states. They work to transform communities by developing projects addressed to education, health, environment, income generation and social inclusion.

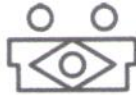
D) **EVENTS**

BrazilFoundation held the following events for fundraising and for investing resources in social projects.

- Gala Minas, held on August 7, 2018, in Casa Tua, Nova Lima/MG.
- Gala São Paulo, held on November 28, 2018, in Casa Fasano, São Paulo/SP.
- **Brazil**Foundation also organized several events in the USA, such as the gatherings of the Women's Fund, Gala Miami, Gala NY, among others, aimed at raising funds for the different support programs of the Foundation in Brazil.

E) **PARTNERSHIPS**

In 2018, Strategic Partnerships were carried out with Instituto BM&FBovespa, Instituto C&A and Womanity Foundation, Instituto Avon, Fundação Itaú Social, Fundação Renova and Porticus Foundation.



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F) REVENUES – 2018

In 2018, Associação Brazil Foundation obtained the following resources:

OBS: For the conversion of the revenues for dollars, we used the rate of R\$ 3,880927 (X-Rates), current on December 31, 2018, except for the revenues received by BrazilFoundation NY, in which the exchange rates of the days of conclusion of the payment orders from abroad were used.

Public Support and Revenue / Receitas 2018			
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\$ 17.399,97	\$4.483,46
Individuals	Individuais	R\$ 988,43	\$254,69
Other income	Outras receitas	R\$ 4.899,58	\$1.262,48
Total Contributions/Doações Operacionais e Programáticas		R\$ 23.287,98	\$6.000,62
Investment income	Receitas sobre aplicações financeiras	R\$ 270.734,37	\$69.760,23
Fundraising Gala income	Receitas de Galas		
	Receitas Gala Miami	R\$ 96.225,19	\$24.794,38
	Receitas Gala NY	R\$ 76.819,50	\$19.794,11
	Receitas Jantar Minas	R\$ 605.622,08	\$156.050,88
	Receitas Gala SP	R\$ 1.399.397,62	\$360.583,34
Total Fundraising Gala income / Receitas Galas		R\$ 2.178.064,39	\$561.222,72
Donor advised fund income	Receitas Doações Recomendadas	-	-
Partnership income	Receitas Parcerias	R\$ 2.078.958,03	\$535.685,94
Events income and other income	Receitas de outros eventos		
	Receitas Campanha Abraço o Brasil	R\$ 628.745,32	\$162.009,06
	Receitas Palestras	R\$ 27.936,00	\$7.198,28
Total Events income and other income / Receitas de outros eventos		R\$ 656.681,32	\$169.207,34
Contributed services	Receita com Serviços Prestados	-	-
Contributions from Brazil Foundation	Receitas Operacional e Programatica BF	R\$ 1.686.277,19	\$471.740,00
Total Public Support and Revenue	Total Receitas no Brasil	R\$ 6.894.003,28	\$1.813.616,85



G) DONATIONS FOR PROJECTS IN 2018 AND PROVISION FOR 2019

DOAÇÕES FOR PROJECTS BRAZILFOUNDATION	TOTAL – PROVISIONED FOR DONATIONS ON 31/12/17	RESOURCES TRANSFERRED FOR THE PROJECT ACCOUNT IN	TOTAL – DONATIONS MADE IN 2018	CONCLUDED PROJECTS (*)	TOTAL – PROVISIONED FOR DONATIONS ON 31/12/18
Donations – Annual Selection 2014/2015	\$ 477.44	-	\$ 477.44	-	-
Donations – Annual Selection 2015/2016	\$ 15,484.67	-	\$ 10,839.27	\$ 4,645.40	-
Donations – Annual Selection (including donations of the Women's Fund, Fundo Minas and Partnerships)	-	\$ 614,741.32	\$ 600,985.77	-	\$ 13,755.55
Donations Community Innovation Award	-	\$ 93,940.32	\$ 93,940.32	-	-
Donations – Collaborative Arrangements	-	\$ 16,181.12	\$ 13,858.42	-	\$ 2,322.70
Donations – Recommended ones/Bank of Projects	-	\$ 34,047.08	\$ 29,091.99	-	\$ 4,955.09
Donations - Campaign Abrece o Brasil	-	\$ 264,208.04	\$ 264,208.04	-	-
Total 2018	\$ 15,962.11	\$ 1,023,117.88	\$ 1,013,401.25	\$ 4,645.40	\$ 21,033.34
Resources to be distributed in 2019	-	-	-	-	\$ 614,414.85
Final Balance – Projects Account to Distribute	-	-	-	-	\$ 635,448.19

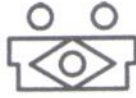
(*) Concluded / canceled projects and resources returned to the Projects Account to Distribute

H) EXPENSES 2018

OBS: For the conversion of the expenses for dollars, we used the rate of R\$ 3,880927 (X-Rates) on December 31, 2018.

DETAILED OPERATING/ADMINISTRATIVE EXPENSES IN 2018

OPERATING/ADMINISTRATIVE EXPENSES	TOTAL - IN REAIS	TOTAL - IN DOLLARS
Wages and related Expenses	R\$ 686.211,97	\$176.816,51
Social Charges / Taxes	R\$ 209.810,43	\$54.061,94
Provisions of Labor Charges (13rd wage, vacation, taxes)	R\$ 116.720,06	\$30.075,30
Benefits	R\$ 139.997,70	\$36.073,23
Rent and housing taxes	R\$ 58.190,64	\$14.994,01
Office expenses	R\$ 56.465,77	\$14.549,56
Services provided – Physycal Person	R\$ 7.597,27	\$1.957,59
Services provided – Legal Person	R\$ 137.318,55	\$35.382,93
Institutional Development	R\$ 23.475,73	\$6.049,00
Bank Expenses	R\$ 26.043,41	\$6.710,62
IT on Investments	R\$ 36.121,59	\$9.307,46
Other Operational Expenses	R\$ 785,41	\$202,38
TOTAL – OPERATIONAL EXPENSES	R\$ 1.498.738,53	\$386.180,55



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DETAILED EXPENSES FOR THE GALAS AND OTHER FUNDRAISING EVENTS IN 2018

EXPENSES WITH GALAS / EVENTS	TOTAL - IN REAIS	TOTAL - IN DOLLARS
Gala Miami - Expenses	R\$ 19.898,09	\$5.127,15
Gala NY - Expenses	R\$ 24.130,85	\$6.217,81
Dinner Minas - Expenses	R\$ 112.491,17	\$28.985,64
Gala SP - Expenses	R\$ 521.972,33	\$134.496,82
Campaign Abrace - expenses	R\$ 32.785,10	\$8.447,75
TOTAL GALA EXPENSES	R\$ 711.277,54	\$183.275,17

DETAILED PROGRAMMATIC EXPENSES AND PARTNERSHIPS IN 2018

PROGRAMMATIC EXPENSES AND PARTNERSHIPS	TOTAL - IN REAIS	TOTAL - IN DOLLARS
Annual Project Selection	R\$ 3.474,15	\$895,19
Training of managers	R\$ 106.904,30	\$27.546,07
Open House and Lectures	R\$ 2.158,00	\$556,05
Interchange Fund	R\$ 13.358,67	\$3.442,13
Partnership - Instituto BM&FBovespa	R\$ 73,30	\$18,89
Partnership - Instituto C&A/Womanity Foundation	R\$ 51.872,44	\$13.365,99
Support Fundação Itaú Social	R\$ 49.869,44	\$12.849,88
Partnership - Fundação Renova	R\$ 34.550,24	\$8.902,57
TOTAL PROGRAMMATIC EXPENSES AND PARTNERSHIPS	R\$ 262.260,54	\$67.576,78

EXPENSES WITH DONATIONS IN THE FISCAL YEAR OF 2018

EXPENSES WITH DONATIONS IN 2018	TOTAL - IN REAIS	TOTAL - IN DOLLARS
Expenses with donations in 2018	R\$ 3.926.727,71	\$1.011.801,49
TOTAL EXPENSES WITH DONATIONS	R\$ 3.926.727,71	\$1.011.801,49

SUMMARY - EXPENSES 2018

SUMMARY - EXPENSES IN 2018	TOTAL - IN REAIS	TOTAL - IN DOLLARS
TOTAL - OPERATING / ADMINISTRATIVE EXPENSES	R\$ 1.498.738,53	\$386.180,55
TOTAL - EXPENSES WITH THE GALAS	R\$ 711.277,54	\$183.275,17
TOTAL - PROGRAMMATIC EXPENSES AND PARTNERSHIPS	R\$ 262.260,54	\$67.576,78
TOTAL - EXPENSES WITH DONATIONS IN 2018	R\$ 3.926.727,71	\$1.011.801,49
TOTAL EXPENSES	R\$ 6.399.004,32	\$1.648.833,98



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I) ENDOWMENT INCOME ON DECEMBER 31, 2018.

OBS: For the conversion for dollars, we used the rate of R\$ 3,880927 (X-Rates) on 31/12/2018.

ENDOWMENT	TOTAL – IN REAIS	TOTAL – IN DOLLARS
Balance – Current Account	R\$ 212,61	\$ 54,78
Balance – Application Account	R\$ 1.704.480,45	\$ 439.194,15
TOTAL BALANCE	R\$ 1.704.693,04	\$ 439.248,94

Rio de Janeiro, December 31, 2018.

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SOMAT CONTABILIDADE E GESTÃO
ACCOUNTANT CRC: 109.635/0-4
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