

(A free translation of the original in Portuguese)

# **Associação Saúde Criança Renascer**

**Parent company and  
consolidated financial statements at  
December 31, 2012  
and independent auditor's report**



(A free translation of the original in Portuguese)

## **Independent auditor's report**

To the Management  
Associação Saúde Criança Renascer

We have audited the accompanying financial statements of Associação Saúde Criança Renascer ("Association"), which comprise the balance sheet as at December 31, 2012 and the statements of surplus, changes in net worth and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Associação Saúde Criança Renascer and its subsidiary ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2012 and the consolidated statements of surplus, changes in net worth and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Associação Saúde Criança Renascer

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

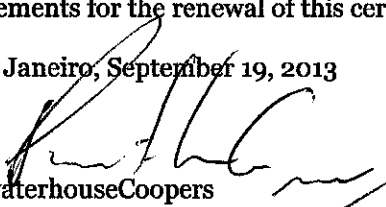
**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associação Saúde Criança Renascer and of Associação Saúde Criança Renascer and its subsidiary as at December 31, 2012, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil.


**Emphasis of matter**

As described in Note 12, in March, 2010, management applied for renewal of the Certificate of Not-for-profit Welfare Entity (CEBAS). However, up to the date of our audit report, the Ministry of Development had not concluded the analysis of the process. As permitted by Law No. 12,101/09, up to the conclusion of the analysis of the renewal of the CEBAS, the Association continues to have the right of enjoying all tax benefits. According to management's evaluation, it has been complying with all of the necessary requirements for the renewal of this certificate. Our opinion is not qualified in respect of this matter.

Rio de Janeiro, September 19, 2013



PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 "F" RJ



Ivan Michael Clark  
CRC 1MG061100/O-3 "S" RJ

# Associação Saúde Criança Renascer

## Balance sheet at December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Parent company		Consolidated		Liabilities and net worth	Parent company		Consolidated	
	2012	2011	2012	2011		2012	2011	2012	2011
<b>Current assets</b>									
Cash and cash equivalents (Note 4)	2,112	1,487	2,114	1,488	Accounts payable	8	6	12	13
Marketable securities (Note 5)	14,551	12,230	14,553	12,236	Salaries and social charges	29	25	29	25
Accounts receivable	30	15	30	15	Tax liabilities	28	29	28	29
Advances	52	45	52	45	Labor provisions	160	132	160	132
Inventories	44	21	44	21	Liabilities with incentive projects (Note 8)	1,869	2,222	1,869	2,222
Prepaid expenses		3		3	Other liabilities	47	6	47	6
	<u>16,789</u>	<u>13,801</u>	<u>16,793</u>	<u>13,808</u>		<u>2,141</u>	<u>2,420</u>	<u>2,145</u>	<u>2,427</u>
<b>Non-current assets</b>									
Property and equipment (Note 6)	452	476	452	476	Net worth (Note 11)	12,087	11,156	12,087	11,156
Intangible assets (Note 7)	413	230	413	230	Net worth	3,426	931	3,426	931
	<u>865</u>	<u>706</u>	<u>865</u>	<u>706</u>	Accumulated surplus	15,513	12,087	15,513	12,087
<b>Total assets</b>	<u>17,654</u>	<u>14,507</u>	<u>17,658</u>	<u>14,514</u>	<b>Total liabilities and net worth</b>	<u>17,654</u>	<u>14,507</u>	<u>17,658</u>	<u>14,514</u>

The accompanying notes are an integral part of these financial statements.

# Associação Saúde Criança Renascer

## Statement of surplus Years ended December 31

All amounts in thousands of reals

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2012	2011 (Restated - Note 2.3)	2012	2011 (Restated - Note 2.3)
<b>Operating revenue (Note 11)</b>				
Assistance revenues	4,539	2,165	4,539	2,165
Revenue from rent exemption (Note 2.9 (d))	124	110	124	110
Sales of products	287	223	287	223
	<u>4,950</u>	<u>2,498</u>	<u>4,950</u>	<u>2,498</u>
<b>Cost</b>				
Assistance costs (Note 12)	(699)	(728)	(699)	(728)
Cost of sales	(25)	(49)	(25)	(49)
	<u>(724)</u>	<u>(777)</u>	<u>(724)</u>	<u>(777)</u>
<b>Gross surplus</b>	<u>4,226</u>	<u>1,721</u>	<u>4,226</u>	<u>1,721</u>
General and administrative expenses (Note 13)	(2,514)	(1,809)	(2,537)	(1,834)
Services rendered	(370)	(221)	(370)	(221)
<b>Operating surplus(deficit)</b>	<u>1,342</u>	<u>(309)</u>	<u>1,319</u>	<u>(334)</u>
Finance income	2,117	1,233	3,861	2,714
Finance costs	(33)	(129)	(1,754)	(1,585)
Finance income, net (Note 14)	<u>2,084</u>	<u>1,104</u>	<u>2,107</u>	<u>1,129</u>
<b>Surplus for the year</b>	<u>3,426</u>	<u>795</u>	<u>3,426</u>	<u>795</u>

The accompanying notes are an integral part of these financial statements.

## Associação Saúde Criança Renascer

### Statement of changes in net worth

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>Net worth</u>	<u>Accumulated surplus</u>	<u>Total</u>
<b>Balances at January 1, 2011</b>	10,600	692	11,156
Incorporation of accumulated surplus	556	(556)	
Surplus for the year		795	795
<b>At December 31, 2011</b>	<u>11,156</u>	<u>931</u>	<u>12,087</u>
Incorporation of accumulated surplus	931	(931)	
Surplus for the year		3,426	3,426
<b>At December 31, 2012</b>	<u>12,087</u>	<u>3,426</u>	<u>15,513</u>

The accompanying notes are an integral part of these financial statements.

# Associação Saúde Criança Renascer

## Statement of cash flows Years ended December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2012	2011 (Restated - Note 2.3)	2012	2011 (Restated - Note 2.3)
<b>Cash flows from social activities</b>				
Surplus for the year	3,426	795	3,426	795
Adjustments for:				
Net income from financial investments	(2,236)	(1,439)	(2,232)	(1,439)
Depreciation and amortization	78	55	78	55
<b>Change in assets/liabilities</b>				
Inventories	(23)	12	(23)	12
Accounts receivable	(15)	(1)	(15)	(1)
Advances	(7)	(2)	(7)	(2)
Prepaid expenses	3		3	
Accounts payable	2	(8)	(1)	(6)
Tax liabilities	(1)	5	(1)	5
Labor and social security provisions	32	11	32	11
Other liabilities	41	2	41	2
Liabilities with incentive projects	(353)	(208)	(353)	(208)
<b>Cash provided by (used in) social activities</b>	<b>947</b>	<b>(778)</b>	<b>948</b>	<b>(776)</b>
<b>Investment activities</b>				
Redemption (application) of marketable securities	(86)	234	(86)	232
Purchase of property and equipment and additions to intangible assets	(236)	(100)	(236)	(100)
<b>Cash provided by (used in) investing activities</b>	<b>(322)</b>	<b>134</b>	<b>(322)</b>	<b>132</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>625</b>	<b>(644)</b>	<b>626</b>	<b>(644)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,487</b>	<b>2,131</b>	<b>1,488</b>	<b>2,132</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,112</b>	<b>1,487</b>	<b>2,114</b>	<b>1,488</b>

The accompanying notes are an integral part of these financial statements.

(A free translation of the original in Portuguese)

## **Associação Saúde Criança Renascer**

### **Notes to the financial statements at December 31, 2012**

**All amounts in thousands of reais unless otherwise stated**

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#### **1 General information**

Associação Saúde Criança Renascer ("Association") is a non-profit civil philanthropic society incorporated and domiciled in Brazil. Its headquarters are located in Rio de Janeiro, State of Rio de Janeiro and it was established on October 25, 1991 in order to carry out social welfare and human development activities and offer support to underprivileged children from the Hospital da Lagoa, as well as their families, during the hospitalization period and mainly after hospital discharge. This support is provided when socioeconomic needs are verified among families, which are then referred to the Association through a nomination letter from the multidisciplinary evaluation commission of the Hospital da Lagoa.

The association maintains, through donations that are spontaneous or made by its partners and may be in cash, items such as food, medicine and clothes, as well as providing services, among others. To better serve the families, the Association implemented various social projects, such as "Madrinha" (Godmother), "Aconchego" (Comfort) and "Moradia" (Housing).

In order to accomplish its objectives, Associação Saúde Criança Renascer is built around the following areas:

- Health - Donation of food, medicine, medical devices, among others, as well as providing free support to families by psychologists, psychiatrists, nutritionists, social workers and referrals to health care units.
- Citizenship - Assistance to obtain documents and social and legal guidance, in order to ensure basic citizenship rights for the families.
- Housing - Ensure that the family's house has minimum habitable conditions, such as running water, treated sewage, walls and roof without seepage; in short, provide a healthy environment where children can recover and maintain their health.
- Education - Raise awareness in the family of the importance of education for the children and the country's future, also monitor the child's school life and provide support in the areas in which a need is identified.
- Income generation - Professional courses according to the interest and skills of the heads of the household, aiming at the family's self-sufficiency and independence.

Associação Saúde Criança Renascer is exempted from paying income tax and social contribution, in accordance with Law 9,532/97, which establishes in Article 15 that, in order to qualify for this exemption and in a cumulative manner, the Association must:

- (a) not pay, in any form, its officers for the services rendered;
- (b) apply the whole of its funds in the maintenance and development of its social objectives;
- (c) maintain complete records of its income and expenses in accounting books duly vested in the legal formalities which ensure their accuracy;



# **Associação Saúde Criança Renascer**

## **Notes to the financial statements at December 31, 2012**

**All amounts in thousands of reais unless otherwise stated**

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- (d) keep in good order, for five years, as from the issue date, the documents that prove the source of its revenues and the carrying out of its expenses, as well as the realization of any other acts or operations that may change its financial situation; and
- (e) present the statement of surplus on an annual basis.

The authorization for the issue of these financial statements was granted by management on September 18, 2013.

## **2 Summary of significant accounting policies**

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

### **2.1 Basis of preparation and presentation**

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, including the provisions of the Federal Accounting Council (CFC) Resolution 1,409/12, which approved the Technical Interpretation ITG 2002 - "Non-profit Entities" ("ITG 2002"), together with NBC TG 1000 - CPC - Technical Pronouncement PME - Accounting for Small and Medium-sized Entities ("CPC PME"), issued by the Brazilian Accounting Pronouncements Committee (CPC). The financial statements were prepared considering the historical cost as a valuation basis, except for marketable securities at fair value through profit or loss.

The transition date to the ITG 2002, as established therein, was January 1, 2012. Accordingly, the possible adjustments that should have been recognized in the financial statements for the year ended December 31, 2011, for comparison purposes, are disclosed in Note 2.3.

The preparation of financial statements in compliance with the CPC PME (R1) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies, including the calculation and recognition of the benefits granted as gratuities, such as: voluntary labor, real estate rent exemption and tax and contribution exemptions.

#### **(a) Consolidated financial statements**

The consolidated financial statements were prepared and are being presented in accordance with the Brazilian accounting standards issued by the CPC. The Association has an exclusive investment fund ("Saúde Criança Fundo de Investimento Multimercado no Exterior" - Note 5) and presented consolidated financial statements.

#### **(b) Entity financial statements**

The Association's financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the CPC and are disclosed together with the consolidated financial statements.

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 2.2 Change in accounting policy

On September 21, 2012, the Federal Accounting Council (CFC) approved Interpretation ITG 2002, which established the measurement and recognition of benefits granted as gratuities, such as: voluntary labor, real estate rent exemption and tax and contribution exemptions.

Accordingly, the Association reviewed its identification and measurement of gratuities received in 2012 and 2011 and recognized the measured benefit as assistance revenue with an offsetting entry to general and administrative expenses.

The effects of this restatement are as follows:

	Year ended December 31, 2011					
	Parent company			Consolidated		
	Originally presented	Adjustment	Adjustment	Originally presented	Adjustment	Adjustment
Statement of surplus						
Revenue	1,289	1,209	2,498	1,289	1,209	2,498
Cost	(777)		(777)	(777)		(777)
General and administrative expenses	(600)	(1,209)	(1,809)	(625)	(1,209)	(1,834)
Services rendered	(221)		(221)	(221)		(221)
Finance costs	(129)		(129)	(1,585)		(1,585)
Finance income	1,233		1,233	2,714		2,714
Surplus for the year	<u>795</u>		<u>795</u>	<u>795</u>		<u>795</u>

### 2.3 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

#### (i) Subsidiary

Subsidiaries are all entities (including special purpose entities) over which the Association has the power to govern the financial and operating policies generally accompanying a participation of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Association. They are deconsolidated from the date that control ceases. The Association has an exclusive fund (Note 5) and, therefore, has presented consolidated financial statements.

### 2.4 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Association operates (the "functional currency"). The financial statements are presented in thousands of Brazilian reais, which is the Association's functional and presentation currency.

# **Associação Saúde Criança Renascer**

## **Notes to the financial statements at December 31, 2012**

**All amounts in thousands of reais unless otherwise stated**

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### **2.5 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less (with immaterial risk of change in value). The financial funds that the Association owns but which are linked to projects are presented in the funds linked to the accounts of projects.

### **2.6 Financial assets**

#### **2.6.1 Classification**

The Association classifies its financial assets, at initial recognition, in the following categories: measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

#### **(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired mainly for the purpose of selling in the short-term. All financial assets in this category are classified as current assets.

#### **(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Association's loans and receivables comprise Cash and cash equivalents and Accounts receivable.

#### **2.6.2 Recognition and measurement**

Purchases and sales of financial assets are typically recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of surplus. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of surplus within "Finance income and costs" in the period in which they arise.

Dividends on financial assets at fair value through profit or loss are recognized in the statement of surplus as part of "Finance income, net" when the Association's right to receive dividends is established.

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

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The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Association establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

### 2.6.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

### 2.6.4 Impairment of financial assets

#### (a) Assets carried at amortized cost

The Association assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### Association

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recognized in the Association's statement of surplus.

### 2.6.5 Derivative financial instruments

There were no transactions with derivative financial instruments in 2012 and 2011.

### 2.7 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to preparing the asset for its intended use.

Depreciation is charged so as to reduce the cost of assets to their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Furniture and fittings	10 years
Computers and peripherals	5 years
Facilities	10 years
Vehicles	10 years

# **Associação Saúde Criança Renascer**

## **Notes to the financial statements at December 31, 2012**

**All amounts in thousands of reais unless otherwise stated**

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### **2.8 Intangible assets**

#### **Computer software**

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the software's estimated useful life of five years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

### **2.9 Provisions and current and non-current liabilities**

A provision is recognized in the balance sheet when the Association has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds will be necessary to settle it. Provisions are recorded based on the best estimates of the risk involved.

Current and non-current liabilities are stated at known or estimated amounts including, when applicable, the related charges and monetary variations incurred up to the balance sheet date.

### **2.10 Liabilities with incentive projects**

The contributions to the Association's projects made by the sponsors (agreements) are recorded in the liabilities accounts and reduced by the expenses incurred for each project at each year end. This policy is applied because the Association's management has the contractual obligation of complying with rules for the utilization of the donations, as well as the obligation of rendering annual accounts, which are analyzed and subject to the approval of sponsors.

Accordingly, expenses and costs incurred in sponsor projects managed by the Association are reclassified, at the end of the year, to Revenue from donations, in order to eliminate from the statement of surplus the results arising from these agreements.

### **2.11 Determination of surplus for the year and recognition of revenues from donations**

Surplus for the year is determined in compliance with the accrual basis of accounting.

Revenues from donations and voluntary contributions from third-parties originate from individuals and companies and are accounted for when received due to the impossibility of accuracy of the amounts and receipt dates, and they are applied in the educational projects that the Association develops.

The Association recognizes revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the Association; and (iii) specific criteria have been met for each of the Association's activities.

#### **(a) Linked donations and covenants**

The donations received that are linked to projects are recorded when it is possible to ensure that the conditions established will be met by the Association, and are recognized as liabilities and allocated to the result as the time of the commitments assumed elapses, with an offsetting entry to the receipt of donations and covenants (Note 2.8).

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

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Donation revenues represent credits received from sponsors arising from projects carried out by the Association only upon their effective receipt. When the revenue has a specific destination defined by the sponsor, the Association applies the accounting policy described in Note 2.8.

### (b) Interest income

Interest income comprises basically the income from interest on financial investments. Interest income is recognized using the effective interest method. Interest income from funds destined to projects is recognized against liabilities, if they have not yet been fully realized.

### (c) Gratuities

Interpretation ITG 2002 of the Federal Accounting Council (CFC) establishes the measurement and recognition of benefits granted as gratuities, such as: voluntary labor, real estate rent exemption and tax and contribution exemptions.

- (i) Voluntary work is measured by the Association's management based on available market values and values used by the Association in similar services. In 2012, the related balance amounted to R\$ 185 (2011 - R\$ 186).
- (ii) Federal tax exemptions are calculated using the presumed profit methodology and are based on the total amount of revenue earned by the Association, as disclosed in Note 12, in compliance with Law 12, 101/2009. In 2012, the related balance amounted to R\$ 1,422 (2011 - R\$ 914).
- (iii) Rent exemption of the Association's headquarters (Note 15) is calculated based on the amount per square meter available in Rio de Janeiro's real estate market. In 2012, the related balance amounted to R\$ 124 (2011 - R\$ 110).

There were no corresponding disbursements for the amounts mentioned above, and the latter were recognized in 2012 as operating income and expenses in the statement of surplus, in equal amounts, with no effect on the surplus for the year.

### 2.12 Taxes and contributions

The Association is exempt from the payment of Income tax, Social Contribution and Social Contribution on Revenues (COFINS).

However, non-profit entities which have employees, pursuant to labor legislation, are obliged to pay the Social Integration Program (PIS) with a fixed quota of 1% levied on the monthly payroll.

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 3 Cash and cash equivalents and cash related to projects

	<u>Parent company</u>	
	<u>2012</u>	<u>2011</u>
Cash	18	6
Banks		
Banco do Brasil	282	247
Itaú	49	18
Bradesco	64	46
Santander	12	6
	<u>407</u>	<u>317</u>
Financial investments		
Banco do Brasil (*)	1,687	1,164
	<u>2,112</u>	<u>1,487</u>
	<u>Consolidated</u>	
	<u>2012</u>	<u>2011</u>
Cash	18	6
Banks		
Banco do Brasil	282	247
Itaú	49	18
Bradesco	64	46
Santander	12	6
	<u>2</u>	<u>1</u>
	<u>409</u>	<u>318</u>
Financial investments		
Banco do Brasil (*)	1,687	1,164
	<u>2,114</u>	<u>1,488</u>

(\*) Highly-liquid short-term investments are readily convertible into a known amount of cash, and are subject to an insignificant risk of change in value. The Association has financial investments in Interbank Deposit (DI) investment funds, saving account and Bank Deposit Certificates (CDB).

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 4 Marketable securities

	<u>Parent company</u>	
	<u>2012</u>	<u>2011</u>
<b>At fair value through profit or loss</b>		
Saúde Criança FIM - Investimento no Exterior (a)	13,513	11,449
Riverside Fundo de Investimentos (b)	1,038	781
	<u>14,551</u>	<u>12,230</u>

- (a) Saúde Criança Fundo de Investimento Multimercado - Investimento no Exterior is designed for the exclusive investment of the Association and is part of the "Renascer para Sempre" (Rebirth always) project, with the purpose of strengthening, through a long-term policy, the Association's financial sustainability, assuring the minimum financial stability necessary for a good institutional performance without relying on inconstant donations. The fund's resources are applied as follows:

	<u>Parent company</u>	
	<u>2012</u>	<u>2011</u>
Repurchase commitments	125	4,594
Investment fund quotas	5,867	3,680
Government securities	7,523	3,181
Amounts payable	(4)	(7)
Cash	2	1
	<u>13,513</u>	<u>11,449</u>

- (b) Riverside Fundo de Investimento em Cotas de Fundos de Investimento Multimercado is established as an open condominium, for an undetermined period, and is a pooling of resources for investment in marketable securities, as well as any other available assets in capital and financial markets.



# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 5 Property and equipment

	Parent company and Consolidated			
	2011		2012	
	Cost	Additions	Disposals	Balance
<b>Changes in cost</b>				
Buildings	545			545
Facilities	75			75
Machinery and equipment	55			55
Furniture and fittings	62	1		63
Vehicles and accessories	56			56
IT equipment	102	27		129
Communication equipment	5	1		6
	<u>900</u>	<u>29</u>		<u>929</u>
	Parent company and Consolidated			
	2011		2012	
	Depreciation	Additions	Disposals	Additions
<b>Depreciation changes</b>				
Buildings	(179)	(22)		(201)
Facilities	(33)	(7)		(40)
Machinery and equipment	(51)			(51)
Furniture and fittings	(37)	(4)		(41)
Vehicles and accessories	(50)	(6)		(56)
IT equipment	(68)	(15)		(83)
Communication equipment	(5)			(5)
	<u>(423)</u>	<u>(54)</u>		<u>(477)</u>
Net book amount	<u>477</u>	<u>(25)</u>		<u>452</u>
	Parent company and Consolidated			
	2010		2011	
	Cost	Additions	Disposal	Cost
<b>Changes in cost</b>				
Buildings	545			545
Facilities	75			75
Machinery and equipment	55			55
Furniture and fittings	56	6		62
Vehicles and accessories	56			56
IT equipment	102			102
Communication equipment	5			5
	<u>894</u>	<u>6</u>		<u>900</u>

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

	Parent company and Consolidated			
	2010		2011	
	Depreciation	Additions	Disposal	Depreciation
<b>Depreciation changes</b>				
Buildings	(157)	(22)		(179)
Facilities	(26)	(7)	1	(32)
Machinery and equipment	(48)	(3)		(51)
Furniture and fittings	(34)	(5)	1	(38)
Vehicles and accessories	(47)	(5)		(52)
IT equipment	(56)	(13)	2	(67)
Communication equipment	(4)			(4)
	(372)	(55)	4	(423)
Net book amount	522	(49)	4	476

## 6 Intangible assets

	Parent company and Consolidated			
	2011		2012	
	Closing balance	Additions	Disposal	Closing balance
<b>Changes in cost</b>				
Rights of use of software	249	207		456
<b>Amortization changes</b>				
Rights of use of software	(19)	(24)		(43)
Net book amount	230	183		413

	Parent company and Consolidated			
	2010		2011	
	Closing balance	Additions	Disposal	Closing balance
<b>Changes in cost</b>				
Rights of use of software	158	91		249
<b>Amortization changes</b>				
Rights of use of software	(19)			(19)
Net book amount	139	91		230

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 7 Liabilities with incentive projects

	Parent company and consolidated	
	2012	2011
White Martins Praxair Foundation	1,178	1,080
Skoll Foundation	310	320
Johnson & Johnson Family of Companies	79	74
Construtora Queiroz Galvão S.A.	61	77
Ursula Zindel Hilti Stifling Foundation	46	449
Família Lirio	15	158
Others	180	64
	<u>1,869</u>	<u>2,222</u>

Projects to be incurred represent the obligations that the Association has in the realization of the respective projects because the financial funds (partial or total) have already been received. Liabilities are derecognized in the proportion that the received funds are allocated to project executions. In accordance with the project agreements, if there is a cash surplus upon the conclusion of projects, the available funds must be invested in the projects developed by the Association.

#### White Martins - Praxair Foundation

Projects named "Profissão" (Profession) and "Replicação" (Replication). In 2012, R\$ 682 was raised, and during 2012, R\$ 584 was realized, leaving a balance of R\$ 1,178 at December 31, 2012.

#### Skoll Foundation

Projects named "Replicação" (Replication) and "Fortalecimento" (Strengthening). In 2012, R\$ 629 was raised, and R\$ 639 was realized, leaving a balance of R\$ 310 at December 31, 2012.

#### Johnson & Johnson Family of Companies

Projects named "Aconchego Mães" (Comfort - mothers) and "Aconchego Adolescentes" (Comfort - teenagers). During 2012, R\$ 259 was raised, and R\$ 254 was realized, leaving a balance of R\$ 79 at December 31, 2012.

#### Construtora Queiroz Galvão S.A.

The project named "Moradia" (Housing) received financing of R\$ 384 in 2012 and R\$ 400 was realized, leaving a balance of R\$ 61 at December 31, 2012.

#### Ursula Zindel Hilti Stifling Foundation

Projects named "Replicação" (Replication) and "Saúde" (Health), including direct costs for the realization of these projects. In 2012, R\$ 332 was raised, and R\$ 735 was realized, leaving a balance of R\$ 46 at December 31, 2012.

# **Associação Saúde Criança Renascer**

## **Notes to the financial statements at December 31, 2012**

**All amounts in thousands of reais unless otherwise stated**

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### **Projeto Família Lírio**

During 2012, no amount was raised, and R\$ 143 was realized, leaving a balance of R\$ 15 at December 31, 2012.

### **Unimed Rio Cooperativa de Trabalhos Médicos do Rio de Janeiro**

Project named "Medicamentos" (Medicine). During 2012, R\$ 95 was raised, and R\$ 44 was realized, leaving a balance of R\$ 87 at December 31, 2012.

### **Fundacion Avina**

Project named "Políticas Públicas" (Public policies). During 2012, no amount was raised, and R\$ 28 was realized, leaving a balance of R\$ 1 at December 31, 2012.

### **Projeto Kinder**

During 2012, R\$ 88 was raised, and R\$ 82 was realized, leaving a balance of R\$ 6 at December 31, 2012.

## **8 Contingencies**

There were no disputes or claims against the Association at December 31, 2012 and 2011, as well as any other fact that may be considered as a contingency.

## **9 Related parties**

The main balances of liabilities at December 31, 2012 and 2011, as well as the transactions that influenced the surplus for the year, in respect of related party transactions, refer to the remuneration of the superintendents in 2012 and 2011, that represent respectively R\$ 77 and R\$ 72, which were allocated to the projects that they develop and/or are directly responsible for.

The Association's management is not remunerated, and there are no post-employment benefits, termination of employment benefits or other long-term benefits for management and their employees.

## **10 Net worth**

Income generated by Associação Saúde Criança Renascer is fully applied in its social objectives, as commented on in Note 1.

If the Association is terminated, which occurs only upon the approval by 2/3 of the General Meeting's members, the assets will be allocated to another non-profit entity with a similar a nature and registered with the National Council of Social Welfare (CNAS), under the approval of the Public Ministry.

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 11 Gratuities

The Association develops assistance projects with the purpose of serving the community. The expenditure and expenses related with these projects for 2012 and 2011, as well as the basic revenue, are as follows:

	<b>Parent company and consolidated</b>	
	<b>2012</b>	<b>2011 (Restated - Note 2.3)</b>
<b>Revenues from donations</b>		
Revenues from donations for costing	4,663	2,275
Sales of products	287	223
	<u>4,950</u>	<u>2,498</u>
<b>Revenues from donations for programs and projects</b>		
Skoll Foundation	620	413
White Martins Praxair Foundation	605	484
Construtora Queiroz Galvão S.A.	360	360
Ursula Zindel Hilti Stifling Foundation	311	322
Johnson & Johnson Family of Companies	168	78
Concessão Metroviária do Rio de Janeiro S.A. - MetrôRio	145	
Unimed Rio Coop. de Trab. Médicos do Rio de Janeiro	92	84
Kinder	81	
Furnas S.A.	22	
Instituto Lojas Renner		13
	<u>2,404</u>	<u>1,754</u>
<b>Total revenue from incentive projects</b>		
<b>Finance result from cash generated by incentive projects</b>	112	202
Transferred from assistance costs (Note 12)	(861)	(473)
Transferred from administrative expenses (Note 13)	(1,543)	(1,281)
Transferred from finance income (Note 14)	(112)	(202)
	<u>(2,516)</u>	<u>(1,956)</u>
<b>Total transferred</b>		
<b>Total operating income</b>	<u>4,950</u>	<u>2,498</u>

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 12 Assistance costs

	Parent company and Consolidated	
	2012	2011 (Restated - Note 2.3)
<b>Investment in social welfare</b>		
Staple household food and product baskets - families	292	155
Food - families	266	202
Donations - families	262	99
Real estate donation - families	235	
Medicine - families	178	171
Transportation - families	120	116
Construction material - families	82	112
Services rendered - families	27	189
Physical examinations - families	11	6
Others	87	151
Transfer to incentive projects (Note 2.8)	(861)	(473)
Assistance costs	<u>699</u>	<u>728</u>

The Association's management believes that the funds allocated to the activities are appropriate and fulfill the requirements of Law 12,101/09. The approval of the calculations, as well as of the assumptions used by the Association, is linked to the future presentation of the accounts to the National Council of Social Welfare (CNAS).

### Certificate of Not-for-profit Welfare Association

The National Council of Social Welfare confirmed on August 16, 1995 that Associação Saúde Criança Renascer is registered in that entity, pursuant to Resolution 83/95 of August 1995, published in the Official Federal Gazette of August 18, 1995, based on the judgment of the proceeding 28990.014753/1994-60.

On December 18, 2007, the National Council of Social Welfare assigned to Associação Saúde Criança Renascer the Certificate of Not-for-profit Welfare Entity (CEBAS), valid from March 18, 2006 to March 17, 2009. According to the information available on the Internet website of the Ministry of Development, the request for renewal of the Association's certificate is still under analysis, and as permitted by Law 12,101/09, up to the conclusion of the analysis of renewal of CEBAS, the Association continues to have the right of enjoying all tax and tax related benefits. In March 2009, a proceeding was filed for renewal for the three-year period from 2009 to 2012, through the proceeding 71000.047451/2009-03, which is in the administrative process.

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### 13 General and administrative expenses

	<u>Parent company</u>	
	<u>2012</u>	<u>2011</u> <u>(Restated -</u> <u>Note 2.3)</u>
Personnel expenses (*)	1,521	1,273
Expenses with occupancy	36	66
Expenses with taxes	23	12
Expenses with travel	97	117
General expenses	247	215
Expenses with project transfers	295	
Expenses with public services	76	73
Expenses with vehicles	26	25
Expenses with voluntary work	186	185
Provision for tax exemptions	1,422	913
Expenses with rent exemption	125	110
Other expenses	3	101
Transfer from incentive projects (Note 2.8)	<u>(1,543)</u>	<u>(1,281)</u>
	<u>2,514</u>	<u>1,809</u>
	<u>Consolidated</u>	
	<u>2012</u>	<u>2011</u> <u>(Restated -</u> <u>Note 2.3)</u>
Personnel expenses (*)	1,521	1,273
Expenses with occupancy	36	66
Expenses with taxes	23	12
Expenses with travel	97	117
General expenses	247	215
Expenses with project transfers	295	
Expenses with public services	76	73
Expenses with vehicles	26	25
Expenses with voluntary work	186	185
Provision for tax exemptions	1,422	913
Expenses with rent exemption	125	110
Other expenses	26	126
Transfer from incentive projects (Note 2.8)	<u>(1,543)</u>	<u>(1,281)</u>
	<u>2,537</u>	<u>1,834</u>

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

### (\*) Personnel expenses

	<b>Parent company and consolidated</b>	
	<b>2012</b>	<b>2011 (Restated - Note 2.3)</b>
Salaries	1,028	848
Vacations and social charges	94	119
Government Severance Indemnity Fund for Employees (FGTS)	94	86
13th month salary and social charges	84	79
Medical assistance	67	55
Transportation voucher	49	42
Education scholarship	10	12
Others	95	32
	<u>1,521</u>	<u>1,273</u>

### 14 Finance income and costs

	<b>Parent company</b>	
	<b>2012</b>	<b>2011 (Restated - Note 2.3)</b>
<b>Finance income</b>		
Financial investments	2,236	1,439
Other income		6
Transfer to incentive projects	(119)	(212)
	<u>2,117</u>	<u>1,233</u>
<b>Finance costs</b>		
Bank fees	(37)	(36)
Losses on investments		(98)
Other expenses	(3)	(5)
Transfer to incentive projects	7	10
	<u>2,084</u>	<u>1,104</u>



# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b> <b>(Restated - Note 2.3)</b>
<b>Finance income</b>		
Financial investments	3,980	2,920
Other income		6
Transfer to incentive projects	(119)	(212)
	<u>3,861</u>	<u>2,714</u>
<b>Finance costs</b>		
Bank fees	(37)	(36)
Losses on investments	(1,721)	(1,554)
Other expenses	(3)	(5)
Transfer to incentive projects	7	10
	<u>2,107</u>	<u>1,129</u>

### 15 Insurance

The Association adopts the policy of contracting insurance coverage against fire and sundry risks for the property and equipment items, which is considered sufficient to cover possible losses, which were defined through the guidance of experts and take into account the nature of the activities and the degree of risks involved. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not audited by the independent auditors.

The Association has insurance coverage as follows:

**(a) Property at Rua Jardim Botânico, 414,  
Rio de Janeiro - State of Rio de Janeiro**

Events: fire, lightning and explosions of any kind - R\$ 320, theft and/or robbery of assets and goods - R\$ 20, electrical damages - R\$ 20, windstorm - R\$ 20.

**(b) Property at Rua Jardim Botânico, 86,  
Rio de Janeiro - State of Rio de Janeiro**

Events: fire, lightning and explosions of any kind - R\$ 415, theft and/or robbery of assets and goods - R\$ 35, electrical damages - R\$ 20, windstorm - R\$ 20.

**(c) Vehicles: VW Kombi (2005) and  
Fiat Uno Mille (2008)**

# Associação Saúde Criança Renascer

## Notes to the financial statements at December 31, 2012

All amounts in thousands of reais unless otherwise stated

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### 16 Other information

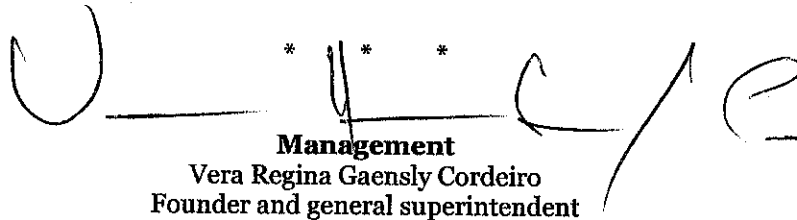
#### (a) Headquarters


Associação Saúde Criança Renascer is headquartered at Rua Jardim Botânico, [414 or 86], in the city of Rio de Janeiro, in a building ceded by the Federal Government, through an assignment of a free use contract, dated May 23, 2002, and an authorization published in the Official Federal Gazette, Section I, of August 6, 1999. The occupation term is for an indefinite period, but the Federal Government has the right to revoke the aforementioned contract and require the property at any time for its own use.

This property is part of the historical and cultural patrimony of the city of Rio de Janeiro and, therefore, the Association is responsible for its conservation, according to specifications and directives that may be established by the Historical and Artistic Heritage Institute (IPHAN), also subject to the rules of the Brazilian Environmental Institute (IBAMA). Accordingly, all the expenses with the conservation of the property are recorded with an offsetting entry to the result, and up to the date of conclusion of these financial statements, there were no obligations to be recognized arising from a possible withdrawal from the property.

#### (b) Sureties, pledges and guarantees

The Association did not provide guarantees or take part in any transactions as a guarantor during 2012.

  
Management  
Vera Regina Gaensly Cordeiro  
Founder and general superintendent

  
FSA Network Contadores Associados EPP  
Levi O. Soares  
Accountant - Regional Accounting Council (CRC) RJ 31950/0-9