Dara Institute

Financial Statements on
December 31st, 2020 and 2019

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Independent Auditors' Report about the Individual and Consolidated Financial Statements

To the Management of

Dara Institute

Rio de Janeiro - RJ

Opinion

We have assessed the individual and consolidated financial statements of Dara Institute ("Association") comprised in the balance sheet on December 31st, 2020 and related income statements, comprehensive income, changes in net equity and cash flows for the fiscal year ended on this date, as well as their corresponding accompanying notes, comprising the significant accounting policies and other clarifying information.

In our opinion, the abovementioned individual and consolidated financial statements properly present, in all material respects, the individual and consolidated equity and financial position of Dara Institute on December 31st, 2020, the performance of their operations and their cash flows for the fiscal year ended on this date, in accordance with the accounting practices in place in Brazil.

Basis for Opinion

Our audit was performed according to Brazilian and international standards on auditing. According to such standards, our responsibilities are described in the next section, called "Responsibilities of the auditor for the audit of the individual and consolidated financial statements". We are independent from the Association, in accordance with the relevant ethical principles set forth in the Accountant's Code of Professional Ethics and in the professional standards issued by the Brazilian Federal Accounting Council, and we meet other ethical responsibilities in compliance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Other Topics

Audit of the financial statements from the previous fiscal year

The individual and consolidated balance sheets of December 31st, 2019 and the individual and consolidated income statement, comprehensive income, changes in net equity and cash flows and respective accompanying notes for the fiscal year ended on this date presented as corresponding amounts in the individual and consolidated financial statements for the current fiscal year were previously audited by other independent auditors, who issued a report on June 12th, 2020, with no modifications.

Management Responsibilities for the Individual and Consolidated Financial Statements

Management is responsible for preparing and properly presenting the individual and consolidated financial statements in accordance with the accounting practices in place in Brazil and for the internal controls established as necessary to allow the preparation of financial statements free of material misstatement, caused whether by fraud or error.

In the preparation of the individual and consolidated financial statements, management is responsible for assessing the Association's ability to continue operating and, when applicable, disclosing matters related to their operational continuity and the use of this accounting basis when preparing these financial statements, unless management intends to liquidate the Association or cease its operations, or has no realistic alternative to avoid closing operations.

Responsibilities of the Auditors for the Audit of the Individual and Consolidated Financial Statements

Our purpose is to achieve reasonable assurance that the individual and consolidated financial statements, when taken as a whole, are free from material misstatement, whether due to fraud or error, and to publish an audit report with our opinion. Reasonable assurance is a high level of assurance but not a guarantee that the audit, which was carried out in accordance with Brazilian and international standards on auditing, identifies all relevant material misstatement. Material misstatement can derive from fraud or error and are considered relevant when, individually or jointly, may impact, within a reasonable perspective, the economic decisions made by users based on these financial statements.

As part of the audit carried out in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement in the individual and consolidated financial statements, caused whether by fraud or error. We plan and perform audit procedures in response to such risks, as well as obtain sufficient and appropriate audit evidence to support our opinion. The risk of not identifying material misstatement resulting from fraud is greater than that arising from error since the latter may involve tampering of internal controls, collusion, forgery, omission, or intentional misrepresentation.
- We became acquainted with the internal controls relevant to the audit in order to plan audit procedures suitable to the circumstances, but not with the purpose of expressing an opinion on the effectiveness of the internal controls of the Association.
- We assessed the adequacy of the accounting policies used and the reasonableness and disclosure of the accounting estimates made by the management.
- We drew a conclusion on the adequacy of the Management’s use of the accounting basis for operational continuity and, based on the evidence obtained, whether there is a material uncertainty regarding events or conditions that may cast significant doubt on the ability of the Association to continue operating.

If we conclude that there is material uncertainty, we must draw attention to the respective disclosures in the individual and consolidated financial statements in our audit report or include changes in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Association to no longer remain operating.

- We evaluated the overall presentation, structure, and content of the financial statements, including the disclosures and whether the individual and consolidated financial statements represent the corresponding transactions and events in a manner consistent with the purpose of proper presentation.
- We obtained sufficient and appropriate audit evidence regarding the financial information of the group's entities or business activities to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision, and performance of the group's audit and, consequently, for the audit opinion.

We communicated with the management regarding the scope planned, the time of the audit and significant audit findings, among other aspects, including significant deficiencies in internal controls that have been identified during our work.

Rio de Janeiro, July 15th, 2021
KPMG Assurance Services Ltda
CRC SP-023228/O-4-F-RJ

Luis C. Guerreiro

Luis Claudio Guerreiro
Accountant's CRC (Regional
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093679/O-1

Dara Institute

Balance Sheet
Fiscal year ended on December 31st, 2020 and 2019.
(In thousand Brazilian Reais)

	Note	Parent 2020	Parent 2019	Consolidated 2020	Consolidated 2019
Assets					
Current Assets					
Cash and cash equivalents	3	2,898	95	2,904	98
Marketable securities	4	11,459	10,212	11,464	10,218
Accounts receivables		-	59	-	59
Advances		16	22	16	22
Recoverable tax		6	4	6	4
Stock		-	66	-	66
Prepaid expenses		1	1	1	1
Total of current assets		14,380	10,459	14,391	10,468
Non-current assets					
Deposit in court		564	199	564	199
Marketable securities	4	4,111	4,836	4,111	4,836
Fixed	5	6,800	7,170	6,800	7,170
Intangible	6	6	3	6	3
Total of non-current assets		11,481	12,208	11,481	12,208
Total of assets		25,861	22,667	25,872	22,676
Liabilities and net equity					
Current liabilities					
Suppliers		77	84	88	93
Social and labor charges	7	349	28	349	28
Taxes payable	8	356	17	356	17
Labor provisions		114	632	114	632
Obligations to funded projects	9	101	-	101	.
Total of current liabilities		997	761	1,008	770
Net equity	11				
Share capital		21,906	20,329	21,906	20,329
Accumulated surplus		2,958	1,577	2,958	1,577
Total of net equity		24,864	21,906	24,864	21,906
Total of liabilities and of net equity		25,861	22,667	25,872	22,676

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

Dara Institute

Income Statements
Fiscal year ended on December 31st, 2020 and 2019.
(In thousand Brazilian Reais)

		Parent		Consolidated	
			Represented		Represented
	Note	2020	2019	2020	2019
Operating revenues	12				
Assistance revenues		7,819	4,758	7,819	4,758
Sale of merchandise		88	607	88	607
Other revenues		206	236	206	236
		8,113	5,601	8,113	5,601
Costs					
Assistance costs	13	(4,234)	(3,496)	(4,234)	(3,496)
Transformation costs	13	(306)	(604)	(306)	(604)
Sales costs		(72)	(118)	(72)	(118)
		(4,612)	(4,218)	(4,612)	(4,218)
Gross surplus		3,501	1,383	3,501	1,383
General and administrative expenses	14	(1,298)	(1,640)	(1,298)	(1,732)
Services rendered	14	(423)	(394)	(423)	(394)
Operational surplus (deficit)		1,780	(651)	1780	(743)
Financial income	15	2,599	2,314	2,683	2,406
Financial expenses	15	(1,421)	(86)	(1,505)	(86)
Fiscal year surplus		2,958	1,577	2,958	1,577

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

Dara Institute

Statement of Comprehensive Income
Fiscal year ended on December 31st, 2020 and 2019.
(In thousand Brazilian Reais)

	Parent and consolidated	
	2020	2019
Fiscal year surplus	2,958	1,577
Other comprehensive income	-	-
Total of comprehensive income of the fiscal year	2,958	1,577

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

Dara Institute

Statement of Changes in Net Equity
Fiscal year ended on December 31st, 2020 and 2019.
(In thousand Brazilian Reais)

	Share Capital	Accumulated surplus	Total
Balance on December 31st, 2017	21,100	(771)	20,329
Incorporation of accumulated surplus	(771)	771	-
Fiscal year surplus	-	1,577	1,577
Balance on December 31st, 2017	20,329	1,577	21,906
Incorporation of accumulated surplus	1,577	(1,577)	-
Fiscal year surplus	-	2,958	2,956
Balance on December 31st, 2020	21,906	2,958	24,864

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

Dara Institute

Cash Flow Statements
Fiscal year ended on December 31st, 2020 and 2019.
(In thousand Brazilian Reais)

	Parent		Consolidated	
	2020	2019	2020	2019
Cash flow from social activities				
Fiscal year surplus	2,958	1,557	2,958	1,577
Adjustments to reconcile the fiscal year surplus with the cash flow deriving from operating activities				
Unrealized gains	(1,178)	(2,257)	(1,178)	(2,256)
Gains from the disposal of fixed asset	-	(32)	-	(32)
Depreciation and amortization	399	379	399	379
(Increase) Decrease in assets and increase (decrease) in liabilities				
Stock	66	(1)	66	(1)
Accounts receivables	59	29	59	29
Advances	6	-	6	-
Prepaid expenses	(2)	2	(2)	2
Deposit in court	(365)	(199)	(365)	(199)
Suppliers	(7)	(36)	(4)	(36)
Taxes payable	339	1	339	1
Labor provisions and social charges	(197)	(24)	(197)	(24)
Obligations to funded projects	101	(90)	101	(90)
Others	-	(1)	-	(1)
Net cash generated (used) in operating activities	2,179	(653)	2,182	(652)
Cash flow from investments				
Redemption of marketable securities	665	1,127	665	1,127
Investment in marketable securities	-	(527)	-	(524)
Amount from the sales of fixed assets	-	32	-	32
Purchase of fixed and intangible assets	(32)	(139)	(32)	(139)
Net cash generated in investments	633	496	633	496
Cash flow from funding				
Return on financial investment	(9)		(9)	
Net cash (used) in funding	(9)		(9)	
Decrease in cash and cash equivalents	2,803	(157)	2,806	(156)
Cash and cash equivalents at the beginning of the fiscal year	95	252	98	254
Cash and cash equivalents at the end of the fiscal year	2,898	95	2,904	98

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

Dara Institute

Accompanying Notes to the Financial Statements
December 31st, 2020 and 2019.
(In thousand Brazilian *Reais*)

1. General Information

On March 16th, 2020, Associação Saúde Criança Renascer changed its name to Instituto Dara (Dara Institute).

Dara Institute ("Association") is a philanthropic civil society established and domiciled in Brazil, headquartered in Rio de Janeiro - RJ, established on October 25th, 1991, to perform social assistance and human development activities, offer support to underprivileged children at Lagoa Hospital and Maria Amélia Buarque de Hollanda Maternity Hospital, Hemorio (Blood Center of Rio de Janeiro), as well as to their families during their hospitalization time and, most importantly, following hospital discharge. This support occurs when the underprivileged socioeconomic situation of the family is identified. They are referred to the Association through a letter of presentation from the multidisciplinary screening committee at Hospital da Lagoa.

The Association is supported by spontaneous and other kinds of donations made by its members. These donations may be monetary or in items such as food, medicine, clothes, provision of services, etc. With the purpose of better serving families, the Association implemented several social projects, such as Aconchego, Semente, Conectados, ManaMano and Integral Care to mothers and their children in Early Childhood.

To meet their goals, Dara Institute is organized around the following areas:

- Social Assistance: Donation of food, medicine, medical devices, etc., in addition to free follow-up assistance to the families by psychologists, psychiatrists, nutritionists and social workers, and referrals to health centers.

- Citizenship: Help in obtaining documents and social and legal guidance in order to ensure families have access to their basic citizenship rights.

- Housing: Ensuring that the families' homes have the minimum living conditions, such as basic sanitation and walls and roof without infiltration. In short, providing a healthy environment where the children can recover and be healthy.

- Education: Raising the awareness of the families on how important education is for the future of children and parents, following-up children's school life and supporting whenever needed.

- Income Generation: Vocational courses based on the interests and skills of the heads of the families, aiming at their self-support and independence.

1. **General Information** - Cont'd

Dara Institute is exempt from income tax and social security contribution, in accordance with Law No. 9,532/97, which sets forth in its Art.15 that the Association must fully meet the following conditions in order to be entitled to this exemption:

(a) Not to pay, in any way, the members of their Board of Directors for services provided.

(b) To fully invest their resources in maintaining and developing their social objectives.

(c) To keep a complete record of their income and expenses in books covered with formalities that ensure their accuracy.

(d) To keep in good order, for a period of five years, as of the issuing date, the documents that prove the origin of their revenues and the payment of expenses, as well as the performance of any other act or operation that may change their equity situation.

(e) To submit their income statement every year.

<u>COVID-19</u>

On January 30th, 2020, the World Health Organization (WHO) declared COVID-19 as a global health emergency, as the virus was spreading unexpectedly quickly and crossing the borders of the Asian countries. In February, the Ministry of Health of Brazil confirmed the first case in the country, leading to the adoption of the state of public calamity, acknowledged by Legislative Decree no. 6, of 2020, impacting all economic activities.

From the beginning of the pandemic, we have developed a new way of working but without renouncing the wholeness of our actions.

We reduced the flow of people at our headquarters, adopting task forces to distribute enough supplies to last three months, reducing the risk of families, employees and volunteers being infected by the disease.

1. **General Information** - Cont'd

COVID-19 - Cont'd

And, shortly after, we have implemented the following protocols:

- Protocol for Family Assistance: Social, nutritional, psychological, educational, and legal assistance started to take place through video calls, cell phones and messaging applications.

  We added a voucher for cleaning products and prevention guidelines to the items normally distributed.

- Operation Protocol: To ensure the health of our employees and volunteers, we have adjusted activities and decided on work from home for the fund raising, communication, knowledge, and finance departments.

- Protocol for Financial Liquidity: We postponed the second phase of the construction of our center of excellence, we closed the Products Department (Anzol) that had had deficit in the previous three years, we performed tax deferral in compliance with government regulations. The purpose of all these actions was to protect the cash and focus on our main activity.

2. Summary of Key Accounting Policies

Below are the key accounting policies applied in the preparation of these financial statements. These policies were applied consistently in the fiscal years presented, unless otherwise indicated.

2.1. Basis for Preparation and Presentation

The individual and consolidated financial statements of the Association for the fiscal years ended December 31st, 2020 have been prepared and are presented in accordance with the accounting practices in place in Brazil, which include the Pronouncements, Guidelines and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and the provisions applicable to non-profit entities, issued by the Brazilian Federal Accounting Council (CFC), in particular ITG 2002 (R1) - Non-profit Entities, dated September 21st, 2012.

(In thousand Brazilian Reais)

2. Summary of Key Accounting Policies--Cont'd

2.1. Basis for Preparation and Presentation--Cont'd

The preparation of individual and consolidated financial statements in accordance with the aforementioned standards requires the use of certain accounting estimates and also the judgment by the management of Dara Institute in applying accounting policies, however, with no areas or situations of greater complexity that require a higher level of judgment or significant estimates for these financial statements.

The issuing of the individual and consolidated financial statements of Dara Institute for the fiscal year ended on December 31st, 2020 was authorized by their Executive Board on July 15th, 2021.

2.2 Representation of the Financial Statements

The financial statements related to the fiscal year ended December 31st, 2019, originally issued on June 12th, 2021, are represented as described below:

The Association identified that pursuant to ITG 2002 it should not recognize in its income statements for the year any income and expenses related to exemptions from taxes and social security contributions. There was no profit with the measurement of the revenue in the previous year, as the counterpart was an expense item.

Income Statements of the Fiscal Year

On December 31st, 2020	Represented previously	Adjustments (not audited)	Represented
Revenue			
Revenue from tax exemption	1,775	(1,775)	-
Expenses			-
Revenue from tax exemption	(1,775)	1,775	
Total	-	-	-

2.3. Consolidation

The Association has an exclusive fund and, therefore, submitted consolidated financial statements, which include the consolidation of this fund. The Association has no controlled entities.

2.4. Functional Currency and Reporting Currency

These financial statements are submitted in Brazilian Reais, which is both the functional and the reporting currency of the Association.

2.5. Cash and Cash Equivalents

Cash and cash equivalents are cash on hand and bank deposits, stated at cost, and short-term and highly liquid financial investments with low exposure to risks of change in value, stated at cost plus income earned up to the balance sheet date, with the corresponding entry being the income of the fiscal year.

2.6. Financial Assets

2.6.1. Classification

At the initial reporting, Dara Institute classifies their financial assets under the following categories: measured at fair value through profit or loss.

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 under this category if it were purchased, mainly, to be sold in the short term. Assets in this category are classified as current assets and represented by cash and cash equivalents, and by marketable securities.

2.6.2. Recognition and Measurement

Purchases and sales of financial assets are usually recognized on the trade date. Investments are initially recognized at fair value, plus transaction costs for all financial assets not classified at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value and the transaction costs are charged to the income statement. Financial assets are written off when the rights to receive cash flow have expired or have been transferred. For the latter, provided the

Association has transferred all risks and benefits of ownership. Financial assets measured at fair value through profit or loss are then accounted for at fair value.

Gains or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are submitted under "Financial Income, Net", in the period in which they happened, in the income statement.

Dividends on financial assets measured at fair value through profit or loss are recognized in the income statement as part of "Financial Income, Net", when the right of the Association to receive dividends is established.

The fair values of publicly listed investments are based on current purchase prices. If the market for a financial asset (and for securities not listed on a stock exchange) is not active, the Association establishes fair value through valuation techniques. These techniques include the use of recent transactions with third parties, reference to other instruments that are substantially similar, analysis of discounted cash flows and option pricing models that make the most of market-generated data and rely as little as possible on data generated by the own management of the Association.

2.6.3. Impairment of Financial Assets

a) *Assets Measured at Amortized Cost*

On the date of each balance sheet, the Association assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. An asset or a group of financial assets is impaired and losses by impairment occur only if there is objective evidence of impairment as a result of one or more events that took place after the initial recognition of the assets (a "loss event") and that loss event (or events) impacts on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of the impairment loss is measured as the difference between the book value of the assets and the current value of estimated future cash flows (except for future credit losses that have not been incurred) discounted at the original effective interest rate of the financial assets. The book value of the asset is reduced, and the loss amount is recognized in the income statement of the Association.

2. Summary of Key Accounting Policies--Cont'd

2.6. Financial Assets--Cont'd

2.6.4. Derivative financial instruments

There were no transactions of derivative financial instrument during the 2020 and 2019 fiscal years.

2.7. Stock

Stocks represented by purchased supplies and finished products related to the Anzol Project were valued at their cost or realizable value, minus –when applicable– a provision for potential losses when they are realized, being represented by a specific corresponding entry in the income statement of the fiscal year.

2.8. Fixed Asset

Items listed under fixed assets are stated at historical cost of acquisition minus the depreciation and any accumulated non-recoverable loss. The historical cost includes expenses directly attributable to preparing the asset for its intended use by the Management.

Depreciation is calculated using straight line depreciation based on the estimated useful lives of the assets.

2.9. Intangible Assets

Softwares

Software licenses are capitalized based on costs incurred at purchase and when preparing them for use. The same criteria apply for softwares made to order for the Association. These costs are amortized over the estimated useful life of the software. The costs associated to software maintenance are recognized as expense, as incurred.

2. **Summary of Key Accounting Policies**--Cont'd

2.10. Provisions and Current and Non-Current Liabilities

A provision is recognized in the balance sheet when the Association has a legal or constituted obligation as a result of a past event and it is likely that an economic resource will be required to settle such obligation. Provisions are recorded based on the best estimates of the risk involved.

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

2.11. Obligations to funded projects

The contributions to the projects of the Association made by the sponsors (agreements) are recorded under liability accounts and deducted by the expenses incurred for each project at the end of each month, having the income account of funded projects as the corresponding entry. Such policy is applied by the contractual obligation of the Management of the Association to comply with rules regarding the use of donations as well as an obligation to render accounts, which are analyzed and submitted to sponsors' approval.

Accordingly, the expenses and costs incurred in sponsors' projects, managed by the Association, are recognized in the same proportion as the revenues so that at the end of the fiscal year, such revenues and expenses do not impact the results of the year of the Association.

2.12. Calculation of the Fiscal Year Surplus and Recognition of Revenues from Donations

The fiscal year surplus is determined in compliance with the accrual-based accounting regime.

Revenues from donations and voluntary contributions from third parties originate from donations from both individuals and legal entities and are accounted for when received, since it is impossible to previously determine their exact amount and dates. They are used in the educational projects the Association offers.

The Association recognizes revenue when: (i) The amount of the revenue can be reliably measured; (ii) The future economic benefits will likely be directed to the Association and (iii) When specific criteria have been met for each of the activities by the Association, as described below.

2. Summary of Key Accounting Policies--Cont'd

2.12. Calculation of the Fiscal Year Surplus and Recognition of Revenues from Donations --Cont'd:

a) Donations and Linked Agreements

Donations received linked to projects are recorded, upon receipt, under liabilities (Deferred Income) and are appropriated to the income on monthly and linear basis, as the funds are invested in accordance with the rules stipulated by the donor/sponsor.

b) Revenues from the Sale of Merchandise

Revenue from the sale of merchandise is recognized when the ownership and risks are transferred to a third party at the gross value of the products minus unconditional discounts and returns. The item is originally from the Anzol Project, a project created to assist the Aconchego Project, aiming at empowering families trained in sewing.

c) Financial income

Basically, financial income includes interest income on financial investments. Financial income is recognized using the effective interest rate method.

d) Gratuities

The Interpretation: ITG 2002 (R1) of the Brazilian Federal Accounting Council (CFC) determines the accounting measurement and recognition of the benefits granted for free, such as: volunteer work.

(i) The value of volunteer work is measured by the Association's management based on values available on the market and practiced by the Association in similar services. The amount calculated for the 2020 fiscal year was BRL 588.00 (BRL 508.00 in 2019).

None of the amounts above had the corresponding cash disbursement and were recognized, in 2020, as revenue and expense/cost in the statement of surplus, in equal amounts, with no effect on the surplus for the fiscal year.

2.13. Taxes and Contributions

The Association is exempt from paying Income Tax, Social Security Contribution, Contribution to Social Security Financing (COFINS), and Program of Social Integration (PIS).

(In thousand Brazilian Reais)

2.14. Statement of Cash Flow

The statements of cash flow were prepared in accordance with the indirect method

2.15 New Standards and Interpretations not yet effective

A series of new standards are effective for the fiscal year after January 1st, 2021. The Company has not adopted such standards when preparing these financial statements.

(i) Onerous Contract: costs to comply with a contract (changes to CPC 25 / IAS 37).

(ii) Change to reference interest rate: Phase 2 (changes to CPC 48/IFRS 9, CPC 38/IAS 39, CPC 40/IFRS 7, CPC 11/IFRS 4, and CPC 06/IFRS16).

(iii) Other standards.

The following new and amended standards are not expected to have a significant impact on the financial statements:

- Covid-19-related rent concessions (changes to CPC 06/IFRS 16) 60
- Fixed Assets: Revenues before intended use (changes to CPC 27/IAS 16).
- Reference to Conceptual Framework (changes to CPC 15/IFRS 3).
- Rating of current and non-current liabilities (changes to CPC 26/IAS 1).
- IFRS 17 Insurance Agreements.

3. Cash and Cash Equivalents

	Parent		Consolidated	
	2020	2019	2020	2019
Cash	29	8	35	8
Banks	165	2	165	2
Financial investments	2,704	85	2,704	88
	2,898	95	2,904	98

Short-term, high liquidity financial investments are readily convertible into a known amount of cash and subject to an insignificant risk of change in value. The Association has financial investments in fixed income investment funds that pay based on Selic (Special Clearance and Escrow System) and Bank Deposit Certificates (CDB) at 100% of DI.

(In thousand Brazilian Reais)

4. Marketable Securities

	Parent	
	2020	**2019**
Saúde Criança FIM		
Net worth of the fund	15,570	15,048
	15,570	**15,048**
Short-term	11,459	10,212
Long-term	4,111	4,836

	Consolidated	
	2020	**2019**
Saúde Criança FIM		
Commitment transactions	430	157
Shares in investment funds	11,034	10,061
Government bonds	4,111	4,836
	15,575	**15,054**
Short-term	11,464	10,218
Long-term	4,111	4,836

The Saúde Criança Multi Market Investment Fund (FIM - Fundo de Investimento Multimercado) is an exclusive investment of the Association and part of the "Renascer para Sempre" Project, which purpose is to strengthen the equity sustainability of the Association, through a long-term policy, ensuring the minimum financial stability for good institutional performance, without depending on the inconsistency of the donations. The portfolio of the fund has products with different redemption terms and liquidity is subject to cash availability.

Liquidity Term	**Amount**	**%**
Immediate	1,369	8.79%
From 1 to 30 days	6,913	44.39%
From 1 to 60 days	3,182	20.43%
More than 60 days	4,111	26.39%
	15,575	**100%**

(In thousand Brazilian Reais)

5. Fixed Assets

	Parent and Consolidated Fee			
	2020			
	Yearly Depreciation Rate	Cost	Accumulated Depreciation	Net
Buildings	4%	8,344	(1,748)	6,596
Facilities	10%	226	(147)	79
Machinery and equipment	10%	98	(75)	23
Furniture and utensils	10%	70	(64)	6
Vehicles	20%	44	(12)	32
Computer equipment	20%	265	(203)	62
Communication equipment	20%	15	(13)	2
		9,062	(2,262)	6,800

Movements

			Parent and	Consolidated	
	Yearly depreciation rate	2019	Acquisitions	Depreciation	2020
Buildings	4%	6,931	-	(335)	6,596
Facilities	10%	102	-	(23)	79
Machinery and equipment	10%	8	20	(5)	23
Furniture and utensils	10%	-	6	-	6
Vehicles	20%	40	-	(8)	32
Computer equipment	20%	85	-	(23)	62
Communication equipment	20%	4	-	(2)	2
		7,170	26	(396)	6,800

(In thousand Brazilian Reais)

		2019		
	Year Deprecation Rate	Cost	Accumulated Depreciation	Net
Buildings	4%	**8,344**	**(1,413)**	**6,931**
Facilities	10%	**226**	**(124)**	**102**
Machinery and equipment	10%	**78**	**(70)**	**8**
Vehicles	20%	**44**	**(4)**	**40**
Computer equipment	20%	**265**	**(180)**	**85**
Communication equipment	20%	**15**	**(11)**	**4**
		8,972	**(1,802)**	**7,170**

Movements

		Parent and Consolidated			
	Yearly Depreciation Rate	2019	Acquisition	Depreciation	2020
Buildings	4%	6,931	-	(335)	6,596
Facilities	10%	102	-	(23)	79
Machinery and equipment	10%	8	20	(5)	23
Furniture and utensils	10%	-	6	-	6
Vehicles	20%	40	-	(8)	32
Computer equipment	20%	85	-	(23)	62
Communication equipment	20%	4	-	(2)	2
		7,170	26	(396)	6,800

		Parent and Consolidated			
	Yearly depreciation rate	2018	Acquisition	Depreciation	2019
Buildings	4%	7,261	-	(330)	6,931
Facilities	10%	122	2	(22)	102
Machinery and equipment	10%	9	-	(1)	8
Vehicles	20%	-	44	(4)	40
Computer equipment	20%	10	93	(18)	85
Communication equipment	20%	6	-	(2)	2
		7,422	139	(377)	7,170

Dara Institute

Accompanying Notes to the Financial Statements - Cont'd
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6. Intangible

	Parent and Consolidated			
	2019			2020
	Final balance	Additions	Amortization	Final Balance
Movement of the cost				
Software right of use	462	6 - 468		
Movement of the amortization				
Software right of use	(459)	-	(3)	(462)
Net balance	3	6	(3)	6

	Parent and Consolidated			
	2018			2019
	Final balance	Additions	Amortization	Final Balance
Movement of the cost				
Software right of use	462	-	-	462
Movement of the amortization				
Software right of use	(457)	-	(2)	(459)
Net balance	5		-	(2) (3

7. Social and labor charges

Social and labor charges are liabilities levied on payroll, which must be collected and settled on maturity

	Parent and Consolidated	
	2020	2019
INSS (Social Security Tax)	337	14
FGTS (Federal Severance Pay Fund)	12	14
	349	28

8. Tax obligations

Taxes payable on third-party services, such as income tax, social contributions and tax on service are recorded in this group.

	Parent and Consolidated	
	2020	2019
INCOME TAX	18	14
SOCIAL CONTRIBUTIONS	337	2
TAX ON SERVICES	1	1
	356	17

(In thousand Brazilian Reais)

9. Obligations to funded projects

These obligations are represented by (partial or complete) financial resources already received related to projects to be implemented. Liability is written off monthly with the corresponding entry being the project revenue account in the proportion the resources received are used when projects are implemented. The breakdown per project is as follows:

	Parent and Consolidated	
	2020	**2019**
Air France (i)	38	-
ManaMano (ii)	9	-
Criança Esperança(iii)	54	-
	101	-

(i) Air France Sponsor

"Connected (teenager)" Project. During the fiscal year of 2020, BRL 42.00 were raised (2019 - BRL 43.00) and BRL 4.00 were realized (2019 - BRL 70.00), with the balance of BRL 38.00 on December 31st, 2020.

(ii) Other Sponsors

"ManaMano (entrepreneurship)" Project. During the fiscal year of 2020, BRL 22.00 were raised, and BRL 13.00 realized, with the balance of BRL 9.00 on December 31st, 2020.

(iii) Criança Esperança Sponsor

"Comprehensive Care for Mothers and Children in Early Childhood" Project. During the fiscal year of 2020, BRL 54.00 were raised, with the balance of BRL 54.00 on December 31st, 2020.

(iv) Instituto PHI Sponsor

"Aconchego (Health and Nutrition)" Project, during the fiscal year of 2020, BRL 381.00 were raised, and BRL 381.00 realized, with the balance of BRL 00.00 on December 31st, 2020.

(v) DKT Sponsor

"Aconchego (Social Assistance)" Project, during the fiscal year of 2020 BRL 33.00 (2019-BRL 38.00) were raised and BRL 33.00 realized, with the balance of BRL 00.00 on December 31st, 2020.

10. Contingencies

Until November 2015, the Association collected PIS (Program of Social Integration) at a rate of 1% levied on the monthly payroll, as set forth by the Labor Law. However, after judging of ORDINARY/TAX process - no. 0059775- 49.2015.4.02.5101 (2015.51.01.059775-0), dated November 6th, 2015, of the 7th Federal Court of Rio de Janeiro, it was declared there is no tax law relationship between the Association and the Federal Government with the purpose of the tax provided for in Article 13, III, of Provisional Measure no. 2,158- 35 / 2001. Therefore, the Association stopped collecting this tax and maintained its provisioning since it was a summary judgment. In August 2017, a *transit in rem judicatam* certificate was issued, and the provision was reversed.

The Association filed an ordinary lawsuit, no. 0215732- 72.2017.4.02.5101, at the 10th Federal Court of the Judiciary Section of Rio de Janeiro in order to obtain recognition of the right to tax immunity provided for in Article 150, VI, "c" of the CF/88, vis-à-vis the Federal Government, once the complementary law requirements are met, in the case of Article 14 of the Brazilian Tax Code (CTN), which will enable the Entity to enjoy the exemption from the INSS (Social Security Tax) employer account, which was terminated by the rejection of the renewal process of the Certification of Social Assistance Beneficent Entities - MDS (CEBAS), effective from the publication by the Official Gazette (DOU) of Opinion 047479/2017, in Ordinance no. 185/2017, on November 6th, 2017. Based on the guidance of their legal advisors, the Association made a deposit in court of the amount they would be exempt from in July 2019 and awaits the court decision on the matter.

Based on the opinion of their legal advisors, the management of the Association concluded there were no disputes or claims against the Association on December 31st, 2020, as well as any other fact that would require the recognition of provisions.

11. Share Capital

Share capital represents the initial net worth arising from the initial endowment of its founders, plus the surpluses (deficits) calculated since the constitution date.

The result for the fiscal year is incorporated into the share capital during the following fiscal year, after approval by the Audit Committee, in accordance with its Bylaws.

The income generated by the Dara Institute is fully used in their social objectives mentioned on Note 1.

In the event of the extinction of the Association, which would only take place upon approval of two thirds of the members of the General Assembly, the assets will be destined to another non-profit association of similar nature, registered at CNAS - Brazilian Council of Social Assistance, approved by the Public Prosecutor's Office.

(In thousand Brazilian Reais)

12. Revenues

The Association performs assistance projects seeking to help the community. The costs and expenses related to these projects for the financial years of 2020 and 2019, as well as the base revenue, are stated as follows:

	Parent and Consolidated	
	2020	2019 Represented
Revenues from donations		
Revenues from donations by individuals and legal entities	6,800	3,007
Revenue from volunteer work	588	508
Sale of merchandise	88	607
	7,476	4,122
Revenues from donations to programs and projects		
Fund ManoMano	13	-
Johnson & Johnson	-	676
Air France	4	70
Mega Matte	-	49
Amil Saude	-	8
Cyrella	-	14
DKT	33	51
Instituto PHI	381	375
Total of revenues from funded projects	431	1,243
Other revenues	206	236
Total of operating revenues	8,113	5,601

(In thousand Brazilian Reais)

13. Assistance costs

	Parent and Consolidated	
	2020	**2019**
Cost with personnel - assistance	1,276	1,324
Charges with personnel - assistance	243	364
Costs with public services and occupation - assistance	33	33
Medication - families	393	853
Special milks - families	189	-
Food - families	553	-
Medical supplies and instruments - families	68	-
Internet - families	3	-
Donation of work tools - families	13	-
Courses and training - families	10	6
Housing - maintenance, repairs, rent - families	104	105
Transportation - families	26	114
Donation to families	40	53
Services rendered - families	-	6
General costs - assistance	414	166
Professional services - assistance	14	321
Course material - families	1	25
Medical exams - families	7	9
Cost with communication - assistance	17	8
Cost with assistance/gratuities - assistance	3,404	3,387
Transfer of projects to similar entities	1	3
Cost with personnel - expansion	148	61
Charges with personnel - expansion	53	38
Expansion general costs	123	7
Assistance costs - expansion (*)	325	109
Institutional costs	505	
Anzol costs	306	604
Assistance costs	4,540	4,100

(*) Expansion costs refer to expenses with advisory activities for the programs carried out by the Association, in accordance with Resolution no. 27/2011, with the purpose of reproducing, systematizing, and disseminating the same methodology and work way established by the Association to associated entities.

The management of the Association believes the resources allocated to the activities are appropriate and meet the requirements of Law no. 12,101/09. The approval of calculations and assumptions used by the Association is linked to future rendering of accounts with the Brazilian Council of Social Assistance (CNAS).

(In thousand Brazilian Reais)

14. General, Administrative, and Other Expenses

	Parent		Consolidated	
		Not audited		Not audited
	2020	2019	2020	2019
Personnel expenses	594	917	594	917
General and administrative expenses	660	652	660	744
Expenses with volunteer work	44	71	44	71
	1,298	1,640	1,298	1,732
Expenses with services rendered	423	394	423	394
	1,721	2,034	1,721	2,126

(*) Amounts referring to the following taxes: Municipal Service Tax (ISS), State Value-Added Tax (ICMS), Program of Social Integration (PIS), Contribution to Social Security Financing (COFINS), Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), as described in Note 2.11.

15. Net Financial Result

	Parent and Consolidated			
Financial income	**2020**	**2019**	**2020**	**2019**
Financial investments	29	25	29	25
Financial investments - FMI	59	32	59	32
Other financial incomes	2511	2257	2595	2256
Total	2,599	2,314	2,683	2,313

	Parent and Consolidated			
Financial expenses				
Bank expenses	(37)	(47)	(37)	(47)
Other expenses	(60)	(39)	(144)	(39)
Losses with investments FMI	(1,234)	-	(1,234)	-
Total	(1,331)	(86)	(1415)	(86)
Financial Result	1,268	2,228	1,268	2,227

(*) Losses with investments in 2020 were the result from the depreciation of some marketable securities and were the result of the need for liquidity for redemption, leading to the trade of bonds with future maturities in the secondary market at rates lower than the contracts, as it coincided with months affected by the global recession caused by COVID- 19.

16. Insurance Coverage

The Association adopts the policy of contracting insurance coverage against fire and miscellaneous risks for fixed assets on amounts considered sufficient to cover eventual claims. Such amounts were defined based on instructions by experts and take into consideration the nature of their activity and the level of risk involved.

The Association has insurance coverage as follows:

a) <u>Real State Property - Rua das Palmeiras, 65, Rio de Janeiro - RJ</u>

Events: fire, explosions, and smoke of any kind - BRL 1,800, robbery and/or theft of goods and merchandise - BRL 80, electrical damage - BRL 30, windstorm - BRL 5.

b) <u>Real State Property - Rua Jardim Botânico, 86, Rio de Janeiro - RJ</u>

Events: fire, lightning, and explosions of any kind - BRL 605.00, electrical damage - BRL 20.00, windstorm - BRL 10.00.

c) Vehicles: Volkswagen Gol (2020/2019)

16. Other Information

a) <u>Headquarters Real State Property</u>

The Association moved its headquarters on October 3rd, 2016, to a building on Rua das Palmeiras, 65, Botafogo, in the city of Rio de Janeiro, bought on September 6th, 2013, which was under renovation works. This property is part of the historical cultural heritage of the city of Rio de Janeiro. The Association is responsible for its maintenance, according to specifications and guidelines established by the National Historic and Artistic Heritage Institute (IPHAN) and subject to the rules of the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA). Accordingly, all expenses on property preservation are recorded as entries in the income statement.

16. Other Information--Cont'd

b) Certification of Social Assistance Beneficent Entities

On August 16th, 1995, the Brazilian Council of Social Assistance confirmed that Associação Saúde Criança Renascer is registered in that body according to Resolution no. 83/95, dated August 1995, published in the Federal Official Gazette of August 18, 1995, based on the judgment of process no. 28990.014753/1994- 60.

On August 27th, 2014, the Brazilian Council of Social Assistance granted the Association the Certification of Social Assistance Beneficent Entities (CEBAS), valid from March 18th, 2010 to March 17th, 2015. The Association timely filed the request to renew this certification on March 13th, 2015 and was notified of the rejection of this administrative proceeding on October 30th, 2017, effective from the publication in the Federal Official Gazette. As described in Note 15, the Entity filed an ordinary lawsuit in order to be granted the right to tax immunity.

c) Sureties, pledges and guarantees

The Association did not provide any guarantees or participated in any transactions as a guarantor during the fiscal years of 2020 and 201.

17. Financial instrument Sensitivity Analysis

The Association is exposed to the following risks arising from the use of financial instrument:

Credit risk
Liquidity risk
Market risk

The information below provides information on the exposure of the Association to each one of the aforementioned risks, the objectives, policies, and processes for measuring and managing risk, and the management of the capital of the Association. Additional quantitative disclosures are included throughout these financial statements.

(In thousand Brazilian Reais)

Risk Management Structure
Management is responsible for developing and monitoring the risk management policies of Dara Institute.

The risk management policies of the Association have been established to identify and analyze the risks to which the Association is exposed, to define appropriate risk limits and controls, and to monitor risks and adherence to the limits imposed. Risk policies and systems are reviewed on a regular basis to reflect changes in market conditions and in the activities of the Association.

Management supervises and monitors adherence to the risk policies and procedures of the Association and reviews the risk structure established.

	2020		2020	
	Parent		Consolidated	
	Book value	Fair value	Book value	Fair value
Financial Measured at Fair Value Through Profit or Loss				
Cash and cash equivalents	2,898	2,898	2,904	2,904
Marketable securities	15,570	15,570	15,575	15,575
Liabilities Measured at Fair Value Through Profit or Loss				
Suppliers	77	77	88	88
Obligations to funded projects	101	101	101	101

Dara Institute

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	2020		2019	
	Parent		Consolidated	
	Book value	Fair value	Book value	Fair value
Financial Measured at Fair Value Through Profit or Loss				
Cash and cash equivalents	95	95	98	98
Marketable securities	15,048	15,048	15,054	15,054
Accounts receivables	-	-	-	59
Liabilities Measured at Fair Value Through Profit or Loss				
Suppliers 84	84	84	93	

Fair Value Measurements
There are three levels to measure Fair Value referring to financial instruments, the hierarchy prioritizes not adjusted quoted prices in an active market referring to a financial asset or liability. The classification of the Hierarchy Levels can be presented as shown below:

Level 1 - Data from an active market (unadjusted quoted price) enabling daily access, including on the date fair value is measured.

Level 2 - Data extracted from a pricing model based on observable inputs from the market.

Level 3 - Data extracted from a pricing model based on unobservable inputs from the market.

(In thousand Brazilian Reais)

Level 2 was the measurement on December 31st, 2020 and 2019. We emphasize that no financial instruments classified as Levels 1 and 3 were observed during the period assessed and that there were no changes of levels within this period.

Credit Risk

Credit risk is the risk of financial loss to the Association if a counterpart to a financial instrument fails to comply with its contractual obligations. Historically, the Association has not suffered material losses arising from non-compliance of financial obligations.

Liquidity Risk

Liquidity risk is the risk the Association faces when in difficulties to fulfill their obligations associated with their financial liabilities that are settled with cash payments or with another financial asset. The approach of the Institute to manage liquidity is to ensure, as much as possible, to always have sufficient liquidity to meet their obligations as they fall due, under normal and stressful conditions, without causing unacceptable losses.

Market Risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, have on the gains and losses of the Company. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters, while improving return.

The Association is exposed to fluctuations in post-fixed indexes that affect both financial income and financial expenses. According to data from the Central Bank of Brazil (Focus Report), the median of market expectations on March 5th, 2021 showed:

	Verified effective rate in 2020	**Estimated effective rate for 2020**
CDI (Intebank Deposit Certificate)	2.77%	4.00%
IGP-M (General Market Price Index)	23.14%	8.98%

The market values of financial assets and liabilities were determined based on information available on the market and appropriate valuation methodologies. The use of different market assumptions and/or estimation methodology may have a different effect on estimated market values. Based on this estimate, the Management understands that the book value of the financial instruments is approximately equivalent to their market value.

Measurement of Financial Instruments

The financial instruments of the Company are measured at amortized cost. The fair values of the financial instruments of the Company are equivalent to their book values.