

(Convenience translation into English from the original
previously issued in Portuguese)

VITAL STRATEGIES BRASIL

Independent auditor's report

Financial statements
As at December 31, 2020

VITAL STRATEGIES BRASIL

**Financial statements
As at December 31, 2020**

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the
Managers and Members of
Vital Strategies Brasil
São Paulo - SP

Opinion on the financial statements

We have audited the financial statements of **Vital Strategies Brasil ("Vital")**, which comprise the statement of financial position as at December 31, 2020, and the respective statements of activities, comprehensive surplus (deficit), changes in net assets and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Vital Strategies Brasil** as at December 31, 2020, its financial performance and cash flows for the year then ended, in conformity with Brazilian accounting practices applicable to small and medium-sized entities and nonprofit organizations.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Entity in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Brazilian accounting practices applied to small and medium-sized companies and to nonprofit entities, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users that are taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, on whether there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

São Paulo, April 28, 2021.

VITAL STRATEGIES BRASIL

Statements of financial position As at December 31, 2020 and 2019 (In Brazilian Reais)

Assets				Liabilities and net assets			
	Note	2020	2019		Note	2020	2019
Current				Current			
Cash and cash equivalents	5	1,176,478	899,575	Trade accounts payable		13,708	39,463
Prepaid expenses		528	1,267	Labor liabilities	9	514,906	186,256
Other accounts receivable		-	18,488	Tax liabilities		14,635	16,853
		<u>1,177,006</u>	<u>919,330</u>	Other accounts payable		-	5,123
Noncurrent				Prepaid contribution	10	<u>718,870</u>	<u>760,129</u>
Other receivables	6	12,912	12,912			1,262,118	1,007,825
Fixed assets	7	199,421	199,474	Equity			
Intangible assets	8	11,956	15,285	Net assets	11	<u>139,177</u>	<u>139,177</u>
		<u>224,289</u>	<u>227,671</u>			139,177	139,177
Total assets		<u>1,401,295</u>	<u>1,147,001</u>	Total liabilities and net assets		<u>1,401,295</u>	<u>1,147,001</u>

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

VITAL STRATEGIES BRASIL

Statements of activities For the years ended December 31, 2020 and 2019 (In Brazilian Reais)

	Note	2020	2019
Net revenue			
Donations	13	125,000	-
Contributions from associates	13	6,816,360	3,386,968
Other sundry revenues	13	47,056	-
Revenues from donated services	2.12	13,500	16,800
		7,001,916	3,403,768
Administrative expenses			
Compensation expenses - Council - donated services	2.12	(13,500)	(16,800)
Administrative and operating personnel expenses	15	(3,452,880)	(1,403,156)
General operating and administrative expenses	16	(3,587,104)	(1,948,062)
Taxes and fees		(5,285)	(24,766)
		(56,854)	10,984
(Deficit)/surplus before financial income (loss), net			
Financial revenues		172,893	2,013
Financial expenses		(116,038)	(13,726)
		56,854	(11,713)
Deficit for the year		(0)	(729)

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

VITAL STRATEGIES BRASIL

Statements of comprehensive surplus (deficit) For the years ended December 31, 2020 and 2019 (In Brazilian Reais)

	2020	2019
Deficit for the year	<u>(0)</u>	<u>(729)</u>
(=) Total comprehensive surplus (deficit) for the year	<u><u>(0)</u></u>	<u><u>(729)</u></u>

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

VITAL STRATEGIES BRASIL

Statements of changes in net assets (In Brazilian Reais)

	Net assets	Retained surplus/ (accumulated deficit)	Total
Balances as at December 31, 2018	139,906	-	139,906
Deficit for the year	-	(729)	(729)
Transfer to net assets	-	-	-
Balances as at December 31, 2019	139,906	(729)	139,177
Surplus for the year	-	-	-
Transfer to net assets	(729)	729	-
Balances as at December 31, 2020	139,177	-	139,177

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

VITAL STRATEGIES BRASIL

Statements of cash flows For the years ended December 31, 2020 and 2019 (In Brazilian Reais)

	2020	2019
Cash flows from operating activities		
Deficit for the year	(0)	(729)
Adjustments to reconcile surplus (deficit) for the year to cash from operating activities		
Depreciation and amortization	30,955	15,756
	30,955	15,027
Changes in assets and liabilities		
Increase/(decrease) in assets		
Trade association contribution receivable	-	156,905
Prepaid expenses	740	(1,267)
Other accounts receivable	18,488	(18,488)
Other receivables	-	(3,222)
Increase/(decrease) in liabilities		
Trade accounts payable	(25,755)	39,176
Labor liabilities	328,650	145,386
Tax liabilities	(2,219)	15,841
Other accounts payable	(5,123)	5,123
Advances on trade association contribution	(41,259)	760,129
Net cash from operating activities	304,476	1,114,610
Cash flows from investing activities		
Acquisition of fixed and intangible assets	(27,572)	(230,515)
Net cash from investing activities	(27,572)	(230,515)
Net increase in cash and cash equivalents	276,904	884,095
Cash and cash equivalents at beginning of year	899,575	15,480
Cash and cash equivalents at end of year	1,176,478	899,575
Net increase in cash and cash equivalents	276,904	884,095

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

VITAL STRATEGIES BRASIL

Notes to the financial statements As at December 31, 2020 and 2019 (In Brazilian Reais)

1. Operations

Vital Strategies Brasil is a private association and nonprofit organization established on September 25, 2017. The Association has purposes of public and social relevance, with no political or religious affiliations, whose main objectives are the promotion of education, healthcare and social care through the development, implementation and management of programs and services that promote the human right to healthcare.

As part of a Memorandum of Understanding between Vital Strategies and Vital Strategies Brasil, signed in January 2018, the Brazilian Association implemented more than 20 projects by a team of employees and local consultants, working in São Paulo, Rio de Janeiro, Fortaleza, Brasília, Belo Horizonte and Goiânia. These projects are related to matters such as tobacco control, traffic safety, food safety, environmental health, urban health, civil registry and, more recently, the response to the COVID-19 pandemic.

Since 2017, Vital Strategies has an initiative called Resolve To Save Lives engaged in two main areas: Cardiovascular health and epidemic prevention. In this second axis, the initiative's actions were mainly focused on the African scenario. However, due to the emergence of the pandemic caused by the new Sars-Cov-2 coronavirus, the activities of the Epidemic Prevention program started to be carried out globally, focused on Africa, the United States and Brazil.

In the former country, funds were managed by Vital Strategies Brasil in several pandemic response projects, such as: development of the communication platform Cities Against COVID-19 aimed at public officers; support to National Council of Health Officers (CONASS) in the development of the panel of excess mortality due to natural causes; support to the Brazilian Ministry of Health in the development of the Excess Mortality Monitoring Panel; study on the unequal impacts of COVID-19 on the black people population of Brazil; adaptation of technical documents to guide the response to the pandemic, including the publication of weekly scientific reviews on the main findings about COVID-19, among others. These activities carried out in Brazil aim to overcome the unprecedented challenges that we are facing, through support from data intelligence and communication in the fight against the pandemic.

Also during 2020, Vital Strategies Brasil signs its first donation contract with *Instituto Clima e Solidariedade* (ICS) in the amount of R\$ 250,000.00 for the implementation of the project "Emissions from Transport and Air Quality in Fortaleza". The signature of this contract makes the Brazilian office a reference among Vital Strategies' worldwide offices in the area of fund raising.

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With the addition of new projects and activities, the volume of employees, revenues and expenses increased. Between January and December 2020, the number of employees increased from nine to fourteen, revenues from R\$ 3,403,768 to R\$ 7,001,916 and expenses from R\$ 3,392,784 to R\$ 7,058,770.

2. Summary of main accounting practices

The main accounting policies applied in the preparation of these financial statements are set forth below.

The financial statements were approved by the Association's Management on April 28, 2021.

2.1. Basis of preparation of the financial statements

The financial statements were prepared based on historical cost, except for financial assets and liabilities measured at fair value.

The financial statements were prepared in accordance with Brazilian accounting practices applicable to small and medium-sized companies (NBC TG 1000 (R1)) and for nonprofit entities (ITG 2002 (R1)), both issued by the Brazilian Federal Association of Accountants (CFC).

2.2. Functional and reporting currency

These financial statements were prepared in Brazilian Reais, which is the Association's functional currency. All financial information is presented in Brazilian Reais, unless otherwise stated.

2.3. Use of estimates

The preparation of financial statements in accordance with Brazilian accounting practices requires Management to make estimates to determine and record certain assets, liabilities, revenues and expenses and the disclosure of information about its financial statements. Such estimates are based on the going concern principle and supported by the best information available on the filing date of the financial statements and on Management's experience. These estimates are reviewed when new information is available or when previous information on which they were based is changed. Transaction settlement involving those estimates might result in different values from estimates, due to the inherent inaccuracy of the process.

These estimates may differ from actual results. The main estimates refer to:

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- Useful lives of fixed and intangible assets;
- Impairment;
- Provisions in general.

There were no significant changes in estimates in the period in comparison to the previous estimates.

2.4. Financial instruments

Nonderivative financial assets

The Association initially recognizes loans and receivables on the date they are originated. All other financial assets (including assets designated at fair value through income (loss)) are initially recognized at the negotiation date on which the Company becomes a party to the instrument agreement provisions.

The Association maintains the following nonderivative financial assets in its financial statements: financial assets recorded at fair value through income (loss), loans and receivables.

Financial assets stated at fair value through income (loss)

A financial asset is classified at fair value through income (loss), if classified as held for trading and designated as such upon initial recognition. After initial recognition, transaction costs are recognized in the statement of activities when incurred.

Financial assets registered at fair value through income (loss) are measured at fair value, and changes in the value of such assets are recognized in surplus (deficit) for the year.

Cash and cash equivalents include cash balances. The Association reports balance of financial investments with immediate liquidity in the financial statements for the year ended December 31, 2020 and 2019.

Loans and receivables

Loans and receivables consist of financial assets with fixed or determinable payments and not quoted in an active market. They are initially recognized at fair value plus all other attributable transaction costs.

After their initial recognition, loans and receivables are measured at amortized cost through the effective interest method, less any impairment losses.

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Loans and receivables include accounts receivable and other receivables.

Nonderivative financial liabilities

All financial liabilities are initially recorded on the negotiation date in which it becomes a party to the contractual provisions of the instrument. The Association writes off a financial liability when its contractual obligations are cancelled, overdue or withdrawn.

Financial assets and liabilities are offset and the net amount is reported on the statement of financial position when and only when the Company is legally entitled to offset the amounts and has the intention to settle them on a net basis or simultaneously realize the asset and settle the liability.

The Association has the following nonderivative financial liabilities: trade accounts payable and other accounts payable.

Such liabilities are initially recorded at fair value plus any attributable transaction costs. After the initial recognition, those financial liabilities are measured at the amortized cost using the effective interest rate method.

Derivatives

As at December 31, 2020 and 2019, the Company did not hold derivative financial instruments.

2.5. Cash and cash equivalents

Cash and cash equivalents include balances of cash and financial investments with original maturity of three months or less as from hire date, which are subject to an insignificant risk of change in value and are used to manage short-term obligations.

2.6. Prepaid expenses

Prepaid expenses are recognized in the statement of activities as they are incurred.

2.7. Fixed assets

Fixed assets are stated at acquisition, formation or construction cost. Depreciation is calculated under the straight-line method according to the estimated useful lives of the assets, as mentioned in Note 8. Fixed assets are stated at acquisition or construction cost, less depreciation.

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Subsequent costs are added to the residual value of fixed assets or recognized as a specific item, as appropriate, only if economic benefits associated with these items are probable and the amounts can be reliably measured. The residual value of the replaced item is written off. Other repair and maintenance expenses are recognized directly in the statement of activities when incurred.

The residual value of fixed asset items is written down to recoverable value when the residual balance exceeds the recoverable amount.

2.8. Intangible assets

The intangible assets comprise software and are measured at total acquisition cost. Amortization was calculated under the straight-line method, based on the estimated useful lives of the assets.

2.9. Provisions

These are recognized when the Association has a present or informal obligation as a result of past events, being probable that an outflow of funds is required to settle the obligation, and the amount can be reliably estimated.

The provisions are estimated at the present value of the disbursement expected to settle the obligation, using the adequate discount rate according to the risks related to the liability.

The provisions are restated up to reporting date at the estimated amount of probable losses, considering their nature and supported by the opinion of the Association's legal counselors.

2.10. Results of activities

Surplus or deficit from the activities for the year is recorded on the accrual basis.

2.11. Operating revenue

Revenues and funds from the Association will be fully applied to the maintenance and development of the Association's activities in Brazil, and it is not allowed to distribute parts of its funds, for any reason.

(a) Contributions

Revenue from trade association contribution in the Association's normal course of activities is measured at the fair value of the consideration received or receivable so that the value of revenue from contribution can be reliably measured.

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Notes to the financial statements As at December 31, 2020 and 2019 (In Brazilian Reais)

The Association's funds were fully invested in its institutional purposes and for the payment of expenses inherently related to its operation.

(b) Revenues from voluntary work

As established in Interpretation ITG 2002 (R1) - Nonprofit Entities, the Association values revenues from voluntary work, including from members of Management, at their fair value considering the amounts that the Association would have to pay if hiring such services in a similar market. Revenues from voluntary work are recognized in surplus (deficit) for the year with an offsetting entry to operating expenses also in surplus (deficit) for the year.

For the purpose of determining fair value, the Association adopts as reference the research on management compensation of the Brazilian Institute of Corporate Governance (IBGC), since it understands that the members of its governance bodies are comparable to the other entities included in this research.

2.12. Council compensation

As at December 31, 2020, the Association recorded the amount of R\$ 13,500 referring to voluntary work.

12/31/2020					12/31/2019				
Position	Quantity per position	Hours per year in the position	Amount per hour	Total	Position	Quantity per position	Hours per year in the position	Amount per hour	Total
Fiscal Council	3	15	900	13,500	Fiscal Council	3	21	800	<u>16,800</u>
									<u>16,800</u>

2.13. Financial revenue and expenses

Financial revenues basically include revenues from interest on financial investments. Interest revenue is recognized in surplus (deficit) at the effective interest rate method. Financial expenses basically include bank expenses.

2.14. Statements of cash flows

These were prepared and are being presented in accordance with Technical Pronouncement NBC TG 1000 (R1) - Accounting for Small and Medium-Sized Companies, Section 7.

The statement of cash flows reflects the changes in cash, which occurred in the reported fiscal years, and is presented using the indirect method.

The terms used in the statement of cash flows are the following:

- **Operating activities:** these are the main revenues of the Association and other activities that are not investing and financing;
- **Investing activities:** these are the additions and write-offs of noncurrent assets and other investments not included in cash and cash equivalents;
- **Financing activities:** these are activities that result in changes in the breakdown of net assets and loans.

3. Financial risk management

3.1. Financial risk factors

The Association's activities are exposed to several financial risks: market risk, credit risk and liquidity risk.

a) Market risk

The Association is exposed to market risks arising from its business activities. These market risks mainly involve the possibility of changes in interest rates.

b) Credit risk

Credit risk results from cash and cash equivalents and other receivables. Financial investments are held with top-tier institutions to reduce credit risks.

c) Liquidity risk

The proper management of liquidity risk includes keeping sufficient cash. Management monitors the Association's liquidity level considering the expected cash flow.

4. Capital management

The Association's objectives in managing its capital are to ensure its ability to continue as a going concern and to meet the purposes stated in Note 1.

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Notes to the financial statements As at December 31, 2020 and 2019 (In Brazilian Reais)

5. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash	1,222	2,243
Bank checking accounts	20	10
Itaú - Aplic. Aut. Mais	1,175,236	897,322
	<u>1,176,478</u>	<u>899,575</u>

Financial investments are held with top-tier institutions to reduce credit risks, and are classified at amortized cost. As at December 31, 2020, the investments ranges from 0.10% to 0.36%

6. Other receivables

	<u>2020</u>	<u>2019</u>
Collateral deposits	12,912	12,912
	<u>12,912</u>	<u>12,912</u>

Vital Strategies entered into a lease agreement for a property located at Rua São Bento, No. 470 - São Paulo with the company Prado 76 Negócios Imobiliários Ltda. As a guarantee, the amount of R\$ 9,690 was paid as collateral deposit to be returned upon the end of the lease, properly adjusted at the savings account rate. Additionally, Vital Strategies entered into another lease agreement for the room of Building No. 102, with the amount of R\$ 3,222 paid as guarantee, also adjusted at the savings account rate.

7. Fixed assets

As at December 31, 2020 and 2019, total fixed assets break down as follows:

	Average depreciatio n rate	<u>2020</u>			<u>2019</u>
		Cost	Depreciatio n	Net	Net
Furniture and fixtures	10%	45,815	(7,577)	38,238	42,819
Facilities	10%	40,582	(6,608)	33,974	38,032
Computers and peripherals	20%	135,417	(23,692)	111,725	100,549
Communication equipment	20%	19,629	(4,145)	15,484	18,074
		<u>241,443</u>	<u>(42,022)</u>	<u>199,421</u>	<u>199,474</u>

The Association's fixed assets are all located in Brazil and are exclusively used in its operations.

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Changes in fixed assets for the period are shown below:

	Net balance 2019	Acquisition	Depreciation	Net balance 2020
Furniture and fixtures	42,819	-	(4,581)	38,238
Facilities	38,032	-	(4,058)	33,974
Computers and peripherals	100,549	27,572	(16,396)	111,725
Communication equipment	18,074	-	(2,590)	15,484
	<u>199,474</u>	<u>27,572</u>	<u>(27,625)</u>	<u>199,421</u>

8. Intangible assets

	Average depreciation rate	2020			2019
		Cost	Amortization	Net	Net
Software usage rights	20%	16,644	(4,688)	11,956	15,285
		<u>16,644</u>	<u>(4,688)</u>	<u>11,956</u>	<u>15,285</u>

Changes in intangible assets for the period are shown below:

	Net balance 2019	Acquisition	Amortization	Net balance 2020
Software usage rights	15,285	-	(3,329)	11,956
	<u>15,285</u>	<u>-</u>	<u>(3,329)</u>	<u>11,956</u>

9. Labor liabilities

	2020	2019
Social Security Tax (INSS) payable	88,689	27,299
Severance Pay Fund (FGTS) payable	22,125	-
Vacation pay	243,603	102,158
INSS on vacation pay	67,722	28,400
FGTS on vacation pay	19,488	8,173
Income Tax on payroll	73,279	20,226
	<u>514,906</u>	<u>186,256</u>

10. Prepaid contribution

	2020	2019
Prepaid contribution	718,870	760,129
	<u>718,870</u>	<u>760,129</u>

Vital Strategies Brasil prepares its annual budget and communicates to its associates the projection of trade association contributions necessary to conduct its activities and projects. At the end of 2020, the expenses effectively realized by the Association were lower than the initially estimated budget and, for this reason, the associate Vital Strategies informed that the trade association contributions made in December 2020 refer to contributions for 2021 and, therefore, they are considered Advances on Trade Association Contribution.

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Notes to the financial statements As at December 31, 2020 and 2019 (In Brazilian Reais)

11. Equity

The Association's net assets are composed of funds and rights, acquired or received as contribution, donation, legacy, subvention, aid, earnings or in any other legal manner and shall be managed and solely used for the fulfillment of its purposes.

Surplus or deficit will be fully allocated to the fulfillment of the Association's purposes, as described in Note 1.

12. Related-party transactions

	<u>2020</u>	<u>2019</u>
Liabilities		
Advances on trade association contribution		
Vital Strategies Inc. (Note 11)	718,870	760,129
	<u>718,870</u>	<u>760,129</u>
	<u>2020</u>	<u>2019</u>
Surplus (deficit)		
Revenue		
Vital Strategies Inc.	6,816,360	3,386,968
	<u>6,816,360</u>	<u>3,386,968</u>

Compensation of key personnel

The compensation of board members is described in Note 2.12.

13. Revenue

	<u>2020</u>	<u>2019</u>
Contributions from associates	6,816,360	3,386,968
Donations	125,000	-
Other revenues	47,056	-
	<u>6,988,416</u>	<u>3,386,968</u>

14. Administrative and operating personnel expenses

	<u>2020</u>	<u>2019</u>
Salaries	(1,779,009)	(818,859)
Year-end bonus	(332,377)	(69,196)
Vacation pay	(218,267)	(92,391)
Tax on Sales (PIS) on payroll	(23,098)	(9,804)
INSS	(663,160)	(274,064)
FGTS	(184,787)	(78,436)
Day-care allowance	-	(761)
Benefit	(252,182)	(59,645)
	<u>(3,452,880)</u>	<u>(1,403,156)</u>

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Notes to the financial statements As at December 31, 2020 and 2019 (In Brazilian Reais)

15. General operating and administrative expenses

	<u>2020</u>	<u>2019</u>
Assets lease	-	(36,195)
Copies	(5,812)	(32)
Services rendered by natural persons or legal entities	(2,274,090)	(771,145)
Meals	(6,720)	(77,640)
Commissions and bank brokerage	-	(5,891)
Domestic travel	(53,899)	(126,021)
Events	(4,800)	(277,227)
Depreciation and amortization	(30,955)	(15,756)
Donations	(468,369)	(169,350)
Advertising and publicity	(525)	(54,703)
Office rent	(78,879)	(51,656)
Assets of permanent use	(68,038)	(101,243)
Software maintenance	(10,768)	(70,000)
Ornaments	-	(42,222)
Leasehold improvements	-	(29,068)
Water, electricity and gas	(43,766)	(19,810)
Translations	-	(18,376)
Others	(540,483)	(81,727)
	<u>(3,587,104)</u>	<u>(1,948,062)</u>

16. Provisions for legal claims

In the ordinary course of conducting its business, the Association is involved in labor, civil and tax lawsuits. In accordance with the legal counselors' assessment, the Association has a labor lawsuit, as from April 08, 2020, with the likelihood of possible loss in the amount of R\$ 146,040. Accordingly, it was not recorded in the financial statements for the years ended December 31, 2020 and 2019.

17. Taxes and contributions

Since the Association is a nonprofit organization, it presents the following scenario regarding taxes and contributions:

- **Income and Social Contribution taxes:** It is entitled to exemption from payment of federal taxes levied on surplus (deficit), as per Decree No. 76.186, of September 02, 1975, articles 167 to 174, of the Income Tax Regulations (RIR), approved by Decree No. 3.000, of March 26, 1999 and article 195 of the Federal Constitution;
- **PIS:** It is subject to the payment of PIS contribution calculated on payroll at the rate of 1%, in accordance with Law No. 9.532/97;
- **COFINS:** It is exempt from paying COFINS levied on revenues from its own activities, in accordance with Laws No. 9.718/98 and 10.833/03. It is only mandatory that the Association pays COFINS on service rendering.

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Notes to the financial statements As at December 31, 2020 and 2019 (In Brazilian Reais)

18. Insurance

The Association adopts an insurance policy that considers the concentration of risks and their significance, in amounts considered sufficient by the Association's Management, taking into consideration the nature of its activities and its insurance consultants' opinion. The amounts of the insurance coverage as at December 31, 2020, are as follows:

- **Civil liability insurance for directors and officers - Tokio Marine:** R\$ 2,000,000;
- **Comprehensive business insurance - CHUBB:** R\$ 600,000;
- **Sundry risk insurance - CHUBB:** R\$ 10,000;
- **Basic insurance - SOMPO- INV, Lightning, Explosion/Implosion** R\$ 150,000;
- **Electrical damage insurance - SOMPO:** R\$ 50,000.

19. Subsequent events

There are no subsequent events.