

Financial Statements

Desiderata Institute

December 31, 2020
with Independent Auditor's Report on Financial
Statements

Desiderata Institute

Financial statements

December 31, 2020, and 2019

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil applicable to nonprofit organizations (ITG 2002)

Independent auditor's report on financial statements

To
The Board of Directors and Officers of
Desiderata Institute
Rio de Janeiro - RJ

Opinion

We have audited the financial statements of Desiderata Institute ("Institute"), which comprise the statement of financial position as at December 31, 2020, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and 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 Institute's financial position as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil, applicable to Small and Medium-sized Entities (NBC TG 1000 (R1)), including specific rules applicable to non-profit entities, in particular, the ITG Resolution 2002 (R1).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. 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 Institute in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

The Institute's management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to Small and Medium-sized Entities (NBC TG 1000 (R1)), including specific rules applicable to non-profit entities - ITG Resolution 2002 (R1), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Institute'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 Institute, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 as a whole are free of 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 taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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 control.
- Obtained an understanding of internal control 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 Institute's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute'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 Institute to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 control that we identify during our audit.

Rio de Janeiro, June 24, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

A handwritten signature in blue ink, appearing to read 'Walter Neumayer', is written over the printed name.

Walter Neumayer
Accountant - CRC - RJ91659/O-0

Desiderata Institute

Statements of financial position
December 31, 2020, and 2019
(In reais)

	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	4	17,568	12,048
Marketable securities	5	2,444,780	2,302,945
Advances		2,760	12,578
Other		9,003	756
Total current assets		<u>2,474,111</u>	<u>2,328,327</u>
Noncurrent assets			
Property and equipment	6	38,003	47,375
Intangible assets		-	124
Total noncurrent assets		<u>38,003</u>	<u>47,499</u>
Total assets		<u>2,512,114</u>	<u>2,375,826</u>
Liabilities and equity			
Current liabilities			
Trade accounts payable	7	18,185	34,470
Labor liabilities	8	333,988	216,044
Tax liabilities		1,139	6,779
Funds from special agreements in progress	9	971,323	789,096
Total current liabilities		<u>1,324,635</u>	<u>1,046,389</u>
Equity			
Net worth	10	1,187,479	1,329,437
Total equity		<u>1,187,479</u>	<u>1,329,437</u>
Total liabilities and equity		<u>2,512,114</u>	<u>2,375,826</u>

See accompanying notes.

Desiderata Institute

Statements of operations
Years ended December 31, 2020, and 2019
(In reais)

	Note	2020	2019
Revenue from donations	11	3,494,633	3,223,738
Charitable costs - health	12	(1,946,718)	(1,456,993)
Gross balance		<u>1,547,915</u>	<u>1,766,745</u>
Operating costs and expenses			
Personnel expenses	13	(1,277,284)	(1,162,801)
Administrative expenses	14	(443,261)	(420,649)
Depreciation and amortization charges		(9,495)	(10,103)
Finance income (costs), net	15	40,167	137,390
		<u>(1,689,873)</u>	<u>(1,456,163)</u>
Surplus (deficit) for the year		<u>(141,958)</u>	<u>310,582</u>

See accompanying notes.

Desiderata Institute

Statements of comprehensive income (loss)
Years ended December 31, 2020, and 2019
(In reais)

	<u>2020</u>	<u>2019</u>
Profit (loss) for the year	(141,958)	310,582
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the period	<u>(141,958)</u>	<u>310,582</u>

See accompanying notes.

Desiderata Institute

Statements of changes in equity
Years ended December 31, 2020, and 2019
(In reais)

	Net worth	Accumulated surplus (deficit)	Total
Balances at December 31, 2018	1,018,855	-	1,018,855
Surplus for the year	-	310,582	310,582
Surplus transfer ref. year 2019	310,582	(310,582)	-
Balances at December 31, 2019	1,329,437	-	1,329,437
Deficit for the year	-	(141,958)	(141,958)
Deficit absorption in 2020	(141,958)	141,958	-
Balances at December 31, 2020	1,187,479	-	1,187,479

See accompanying notes.

Desiderata Institute

Cash flow statements

Years ended December 31, 2020, and 2019

(In reais)

	<u>2020</u>	<u>2019</u>
Cash flow from operating activities		
Surplus (deficit) for the year	(141,958)	310,582
Adjustments to reconcile net income (loss) to cash provided by operating activities		
Depreciation and amortization	9,495	10,103
Interest on short-term investments and revenue on funds from unrealized special agreements	(58)	
	<u>(132,521)</u>	<u>320,685</u>
(Increase) decrease in assets and increase (decrease) in liabilities		
Advances	9,818	(8,167)
Other assets	(8,247)	517
Trade accounts payable	(16,285)	22,601
Labor and tax liabilities	112,305	73,594
Funds from special agreements in progress	182,227	(251,717)
Funds (used in) from operating activities	<u>147,297</u>	<u>157,513</u>
Cash flow from investing activities		
Marketable securities	(141,777)	(212,260)
Additions to property and equipment	-	(27,589)
Funds from investing activities	<u>(141,777)</u>	<u>(239,849)</u>
Increase (decrease) in cash and cash equivalents	<u>5,520</u>	<u>(82,336)</u>
Cash and cash equivalents		
At beginning of year	12,048	94,384
At end of year	<u>17,568</u>	<u>12,048</u>

See accompanying notes.

Desiderata Institute

Notes to financial statements
December 31, 2020, and 2019
(In reais)

1. Operational context

Founded in August 2003, in Rio de Janeiro, the Desiderata Institute is an OSCIP (Civil Society Organization of Public Interest). United by common goals in the health area, Desiderata has been building an innovative history of joint action with public managers to promote solutions that guarantees timely prevention, diagnosis, and care for children and adolescents.

The Institute focuses its efforts exclusively on the health area. Health is a field that demands highly complex action strategies, requiring not only participation, but also broad dedication and constant investment by governments and the society.

Currently, the Institute is fully supported by donations from individuals and legal entities. Its main areas of operation are:

a) Pediatric oncology

The Pediatric Oncology programmatic area is intended to contribute to greater probability of survival of children and adolescents with cancer treated by the Brazilian Unified Health System (SUS) in Rio de Janeiro. To do so, the following programs were established:

a.1) *Unidos pela Cura (UPC)*

In 2020, the main results of the UPC Program were (unaudited information):

- “1st Online Symposium on Pediatric Oncology,” organized by the Desiderata in partnership with Soperj and the medical student leagues, with 2 days of classes about the UPC Program, the signs and symptoms of childhood cancer, palliative care, and how to communicate difficult news to patients and their families.
- Resumption of the UPC Strategic Committee meetings in virtual format. There were three meetings in total that allowed our rapprochement with hospitals and health managers.
- Development of childhood cancer awareness-raising materials for health professionals in a virtual format.

a.2) *Network Strengthening Program*

- Delivery and installation of equipment for the ophthalmology sector of the National Cancer Institute (INCA).
- Publication of the 2nd edition of the “Handbook for Caregivers of Children and Adolescents with Cancer.” 300 new copies were printed and distributed at the hospitals that participated in its preparation: INCA, HEMORIO, IPPMG, and HFSE.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
(In reais)

1. Operational context (Continued)

a) Pediatric oncology (Continued)

a.2) *Network Strengthening Program* (Continued)

- Completion of the construction work at the radiology sector of the Jesus Municipal Hospital. The project enabled the maintenance of the space designed in 2012 and the humanization of the x-ray room, which was designed with an underwater robot/submarine thematic.
- Donation of a microscope and acquisition of reagents for the upgrade of the IPPMG's advanced diagnostic laboratory.
- Assistance for the realization of the 11th Palliative Care Meeting held by HFSE.

a.3) *Pediatric Oncology Forum Program*

- Preparation and distribution of 90 Letters of Recommendations to health managers, and representatives of hospitals and universities.
- Availability, on our website, of the Pediatric Oncology Forum's General Report, with the main information about the event, satisfaction survey, and accountability.

a.4) *Observatory Program*

- Support for pilot research on the implementation of the Toronto Consensus in 4 Brazilian capitals: Cuiabá, Belo Horizonte, Curitiba, and Aracajú. 30% of the population-based registries' staging were performed in these capitals.

a.5) *Institutional Development and Communication Program*

Worth highlighting that, this year, the Institute implemented its first joint event, contemplating both childhood cancer and the childhood obesity programmatic areas; the Children's Health Hackathon. Hackathons are intended to bring innovative solutions to a given challenge, and the main results of this Hackathon were:

- Four lives before the marathon: training of mentors, presentation of the challenges, and opening of the event.
- Two days of immersion, with 620 people registered, 270 participants, and 39 mentors. As a result, 13 solutions were proposed for the oncology challenge and 14 for the obesity challenge.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
(In reais)

1. Operational context (Continued)

a) Pediatric oncology (Continued)

a.5) *Institutional Development and Communication Program* (Continued)

- Four lives after the marathon: training of the judges, deliberation of the winners together with judges, and closing ceremony with a prize money for the best proposal of each challenge.

b) Childhood Obesity

The objective of the Childhood Obesity programmatic area is to promote adequate monitoring, prevention, and treatment for children and adolescents living with obesity. In 2020, our main results were (unaudited information):

b.1) *Advocacy (legislative branch)*

- Advocacy strategic plan for the approval of draft bills that address Childhood Obesity in the City Council.
- Mapping of the new municipal legislature as a way to promote in person advocacy actions with council members.

b.2) *Communication campaign*

- Release of our “Childhood Obesity is no Joke” campaign,” calling attention to the alarming numbers of childhood obesity. Directed to the general public, the campaign featured 12 exclusive pieces of content, a publicity action over a month in 6 supermarkets in Rio de Janeiro, and 3 different print ads. With the support of 10 institutional partners, the campaign reached about 3.4 million people.
- Organization of the “2nd Seminar on Obesity in Children and Adolescents,” with the presence of the Ministry of Health and Dr. Drauzio Varella. It was held in 4 days, with 339 people registered, and a total of 2,338 views.
- Participation as an exhibitor at the Brazilian Congress of Food and Nutrition, through a virtual stand with 1,750 hits and 432 clicks/referrals to institutional materials.

b.3) *Data monitoring*

- Release of the 2nd Panorama of Obesity in Children and Adolescents with 150 printed copies and an online version available on our website.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
(In reais)

1. Operational context (Continued)

b) Childhood Obesity (Continued)

b.4) *Advocacy (executive branch)*

- Preparation of the document "Proposals to candidates for mayor of Rio de Janeiro on children's health."
- Meetings with the Municipal Health Department to develop guidelines for the care of children and adolescents living with obesity.
- Participation in the technical workshop for the development of the Strategy for Prevention and Control of Childhood Obesity (PROTEJA), organized by the General Coordination of Food and Nutrition (CGAN) of the Ministry of Health.

b.5) *Alliances and strategic networks*

- Participation in the NCD Alliance's Global Leadership Series.
- Representation of the Desiderata Institute in the National Management Nucleus of the Alliance for Adequate and Healthy Food.

c) Actions to Combat COVID-19

- The Desiderata Institute acted as a member of the executive committee of the União Rio group, bridging the gap between government and civil society.
- Preparation of peer-reviewed content and dissemination on our social media of up-to-date information on the specific care for pediatric cancer patients in the face of the Covid-19 pandemic.
- Fundraising and donation of 124,160 PPEs to pediatric hospitals.
- Partnership with Trade Social for the donation of 5,431 N95 masks to pediatric hospitals.
- Collaboration with an international donor and União BR for the donation of 275,400 face shields to 16 Brazilian states. The Institute has received 16,200 units destined for the state of Rio de Janeiro, which are scheduled to be delivered to Fiocruz and municipal Primary Care centers this month.
- Support for the transport of patients undergoing chemotherapy at the HFSE, in view of the closure of Support Houses in the initial period of the Covid-19 pandemic.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
(In reais)

1. Operational context (Continued)

c) Actions to Combat COVID-19 (Continued)

Impacts of the Covid-19 pandemic

Considering the guidelines of the World Health Organization (WHO) and the Ministry of Health, the Desiderata Institute staff have transitioned to remote work, as of March 14, 2020, as an essential measure to avoid contamination by the coronavirus.

Based on the understanding that the restriction of public gatherings is of utmost importance, all our meetings during this period were held online, and in-person activities directly related to our projects had their schedules revised.

The Desiderata Institute joined other civil society actors in the União Rio movement, which brings together efforts and resources to strengthen public health in Rio de Janeiro. This movement aims to directly face the challenges brought by the new coronavirus on three fronts: activation of ICU beds in hospitals, purchase of personal protective equipment (PPE) for health professionals, and community support through the distribution of food and hygiene/cleaning products. Desiderata is part of União Rio's health hub, being responsible for coordinating with state and municipal officials to determine how the resources will be utilized.

In the ongoing pandemic, the Institute tried to mitigate its negative effects by working from home and dedicating part of our time to help strengthen our public health through the União Rio movement. It has also revised its work plan and transitioned activities to the virtual format. To do so, the Institute's team revised their organizational model and designed new processes, which contributed to strengthening staff.

2. Basis of preparation and presentation

The financial statements were prepared under the responsibility of the Institute's management and presented in accordance with CPC PME (R1), issued by the Accounting Pronouncements Committee (CPC). The main accounting practices applied in the preparation of these financial statements were outlined below. These practices have been consistently applied in the years presented, unless otherwise indicated.

On December 4, 2009, the Brazilian Accounting Pronouncement - Accounting for Small and Medium-Sized Entities (CPC-PME) issued by the Accounting Pronouncement Committee (CPC) was approved. The CPC PME (R1) was approved by Brazil's National Association of State Boards of Accountancy (CFC) Resolution No. 1.255/09, which came into force for years beginning on or after January 1, 2010.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
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2. Basis of preparation and presentation (Continued)

The term "small and medium-sized entities" adopted in the PME does not include:

- (i) Publicly held companies, regulated by the Brazilian Securities and Exchange Commission (CVM).
- (ii) Large companies pursuant to Law No. 11638/07.
- (iii) Companies regulated by BACEN and SUSEP and other companies whose accounting practices are dictated by a regulatory body with legal power to do so.

The Institute's management understands that the Institute meets the PME precepts for not being included in the characteristics described above. The Institute's management expressly declares that the financial statements presented herein have been prepared and are presented in accordance with accounting practices adopted in Brazil through the Accounting Pronouncement - Accounting for Small and Medium-Sized Entities (CPC-PME) issued by the Accounting Pronouncement Committee.

Since the Desiderata Institute is a non-profit organization, these financial statements were also prepared in accordance with the ITG 2002 (R1) related to non-profit entities, approved by Resolution No. 1409 of September 21, 2012, by the Technical Communiqué CTG 2000, approved by Resolution No. 1159 of February 13, 2009, of Brazil's National Association of State Boards of Accountancy (CFC), and by the NBC TG 1000 - Accounting for Small and Medium-sized Entities, for aspects not covered by ITG 2002 (R1) - non-profit entities.

Issuance of the Institute's financial statements for the year ended December 31, 2020, was authorized by its Supervisory Board ("CF") on June 24, 2021.

3. Summary of significant accounting practices

a) Functional currency and presentation currency

The financial statements are being presented in Brazilian Real/ Reais(R\$), which is the functional currency of the Desiderata Institute and its presentation currency.

b) Current and noncurrent assets and liabilities

Assets are recognized in the statements of financial position only when it is probable that their future economic benefits will be generated in favor of the Institute and their cost or value can be reliably measured.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
(In reais)

3. Summary of significant accounting practices (Continued)

b) Current and noncurrent assets and liabilities (Continued)

Liabilities are recognized in the statement of financial position when the Institute has a legal or constructive obligation because of a past event, and it is probable that an economic resource will be required to settle it.

Some liabilities involve uncertainties as to their term and amount, being estimated as they are incurred and recorded through a provision.

Provisions are recorded based on the best estimates of the risk involved.

Current and noncurrent assets are stated at the amounts in which they would be realized or at their cost value, whichever lower of the amortization events, monetary and exchange variations in accordance with contractual conditions.

They are classified as current assets when it is expected to be realized within 12 months after the statement of financial position date or to be held essentially for the purpose of trading.

Current and noncurrent liabilities are stated at the amounts in which they will be settled, considering each reporting date, including accrued interest and monetary variations in accordance with contractual conditions.

They are classified as current liabilities when they are being held essentially for trading purposes or must be settled within a period of up to 12 months after the reporting date.

c) Cash and cash equivalents and marketable securities

Cash and cash equivalents include cash on hand, bank deposits stated at cost, and other short-term highly liquid investments with maturity period of 90 days or less and with immaterial risk of change in value.

Bonds and marketable securities are investments held for trading purposes.

These investments are measured at fair value through profit or loss, with gains and losses from changes in fair value recognized in the statements of comprehensive income (loss).

d) Property and equipment

Fixed assets are stated at acquisition cost and deducted from accumulated depreciation.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
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3. Summary of significant accounting practices (Continued)

d) Property and equipment (Continued)

Depreciation is calculated on the straight-line method at rates that consider the asset's useful life, whose evaluation is reviewed annually and adjusted, if necessary.

e) Taxation

The Institute is a non-profit entity exempt from income and social contribution taxes in accordance with article 15 of Law No. 9532/97.

f) Accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments in determining accounting estimates.

The accounting estimates were based on objective and subjective factors, and in line with management's judgment for the determination of the appropriate amounts to be recorded in the financial statements.

Settlement of transactions involving these estimates may result in amounts significantly different from those estimated, due to the uncertainties inherent to the estimation process.

Desiderata management reviews its estimates and assumptions on a yearly basis.

Items subject to these estimates and assumptions include definition of useful lives and recoverability of property and equipment, risk analysis to determine provisions, including provision for contingencies, among others.

g) Determination of surplus (deficit) for the year

Surplus and deficits are recorded on an accrual basis.

Income arising from donation, contribution, agreement, partnership, aid and subsidy, for a specific application, through the establishment or not of funds, and the respective expenses are recorded in their own accounts. Equity is also segregated from the Institute's other accounts.

The surplus/deficit referring to the Institute's activities is incorporated or absorbed by net worth only at the end of each fiscal year.

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
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3. Summary of significant accounting practices (Continued)

h) Cash flow statements

The cash flow statements were prepared and are presented in accordance with the Accounting Pronouncement (CPC PME) - Accounting for Small and Medium-Sized Entities issued by the Accounting Pronouncement Committee (CPC).

4. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Unrestricted funds	4,856	10,712
Restricted funds (*)	12,712	1,336
	<u>17,568</u>	<u>12,048</u>

(*) Funds for exclusive use of signed projects (PRONON, UMANE, and GHAI).

5. Marketable securities

	<u>2020</u>	<u>2019</u>
Unrestricted funds	1,486,169	1,515,185
Restricted funds (*)	958,611	787,760
	<u>2,444,780</u>	<u>2,302,945</u>
Current	2,444,780	2,302,945

Short-term investments are remunerated with fixed income - by Bank Deposit Certificates (CDB) and referenced funds, at an average rate of 95% of the Interbank Deposit Certificate (CDI) - 94.5% of the CDI in 2019 - and are held in prime and low-risk financial institutions.

(*) Funds for exclusive use of signed projects.

Desiderata Institute

Notes to financial statements (Continued)
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6. Property and equipment

	Furniture and fixtures	Machinery and equipment	IT equipment	Improvements	Construction in progress	Total
Balance at 12/31/2018	22,928	4,389	2,344	-	-	29,661
Changes in 2019						
Additions	-	2,022	12,324	-	13,243	27,589
Depreciation charges	(4,331)	(1,202)	(4,342)	-	-	(9,875)
Transfers	13,243	-	-	-	(13,243)	-
Balance at 12/31/2019	31,840	5,209	10,326	-	-	47,375
Balance at 12/31/2019						
Costs	88,593	23,294	79,810	54,487	-	246,184
Accumulated depreciation	(56,753)	(18,085)	(69,484)	(54,487)	-	(198,809)
Net balances	31,840	5,209	10,326	-	-	47,375
Changes in 2020						
Depreciation charges	(4,251)	(1,123)	(3,998)	-	-	(9,372)
Balance at 12/31/2020	27,589	4,086	6,328	-	-	38,003
Balance at 12/31/2020						
Cost	88,593	23,294	79,810	54,487	-	246,184
Accumulated depreciation	(61,004)	(19,208)	(73,482)	(54,487)	-	(208,181)
Net balances	27,589	4,086	6,328	-	-	38,003

The table below shows the annual rates of depreciation using the straight-line method, defined based on the economic useful life of the assets:

	Annual average depreciation rate
Furniture and fixtures	10%
Facilities	10%
Machinery and equipment	10%
IT equipment	20%

Desiderata Institute

Notes to financial statements (Continued)
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7. Trade accounts payable

	<u>2020</u>	<u>2019</u>
Employee health care plan	11,473	13,282
Employee meal vouchers	-	6,721
PRONON Audit - phase 1	-	6,333
Marketing consultancy	2,300	-
Purchase of reagents for IPPMG	2,429	-
PRONON - training	-	4,598
Other	1,983	3,536
	<u>18,185</u>	<u>34,470</u>

8. Labor liabilities

	<u>2020</u>	<u>2019</u>
Social charges	132,015	74,255
Accrued vacation pay	201,973	141,789
	<u>333,988</u>	<u>216,044</u>

9. Funds from special agreements in progress

Funds from signed agreements to carry out predetermined projects and activities, linked to the training on childhood cancer of health professionals. Periodically, the Institute accounts for the entire financial and operational flow to the competent bodies. All documentation is also available for review.

In using the funds made available by these bodies, the positive balances are applied, and the revenue is reverted to the respective project.

Any transaction related to these funds is accounted for in their own accounts. Equity is also segregated from others.

Revenues are appropriated in accordance with the execution of the agreements. The changes in the balances are as under:

Project	2018	Receipt	Disbursement	2019	Receipt	Disbursement	2020
PRONON (a)	1,040,422	46,877	(298,594)	788,705	16,164	(157,465)	647,404
IRM - 1073-4	391	-	-	391	-	-	391
UMANE (1072-6) (b)	-	-	-	-	340,852	(215,346)	125,506
GHAJ (1068-4) (c)	-	-	-	-	235,040	(37,018)	198,022
	<u>1,040,813</u>	<u>46,877</u>	<u>(298,594)</u>	<u>789,096</u>	<u>592,056</u>	<u>(409,829)</u>	<u>971,323</u>

Desiderata Institute

Notes to financial statements (Continued)
December 31, 2020, and 2019
(In reais)

9. Funds from special agreements in progress (Continued)

a) National Oncology Program - PRONON:

The Desiderata Institute, within the scope of its strategic actions, developed the Project "From early diagnosis to registration of childhood cancer: training of health professionals and cancer registries in Brazil's National Health Care System (SUS) network."

This project was approved in 2017, through Administrative Ruling No. 1184 of November 9, 2017, issued by the Executive Secretariat of the Ministry of Health, under the National Oncology Care Support Program - PRONON - SIPAR: 25000.000005/2017-10.

The purpose of this project is to train primary health professionals and cancer registrars from the Family Health Strategy of Rio de Janeiro to identify the signs and symptoms of childhood cancer and how to make the referral of cases more agile in the 92 municipalities of Rio de Janeiro. The amount raised for execution of this project was R\$1,103,463.

b) UMANE:

The Desiderata Institute conceived and implemented the project "Fighting Childhood Obesity" in the state of Rio de Janeiro. This long-term project is intended to carry out advocacy actions, communication campaigns, organization of childhood obesity care guidelines for primary care, training, and monitoring of data.

All actions will be carried out in an integrated manner to improve prevention, treatment, and data compilation in order to contain the growth of childhood obesity. The amount raised for the execution of this project for one year was R\$340,000.

c) GHAJ:

The one-year project "Advocacy actions to pass legislation that promotes healthier environments for children and adolescents" aims to pass laws that implement public policies that generate changes in children's food consumption, promoting healthier environments capable of stagnating the growth of childhood obesity. The amount raised for execution of this project was U\$ 85,000.

10. Equity

The Institute's net worth is R\$1,187,479 (R\$1,329,437 in 2019). The surpluses (deficits) in each year are approved by the General Meeting and incorporated into net worth.

Desiderata Institute

Notes to financial statements (Continued)
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11. Revenue from donations

	<u>2020</u>	<u>2019</u>
Unrestricted funds		
Donations from individuals (a)	2,705,595	2,456,770
Donations from legal entities (a)	379,214	515,251
	3,084,809	2,972,021
Restricted funds		
Donations from legal entities (b)	409,824	251,717
	3,494,633	3,223,738

(a) Maintenance of structure and investment in projects, and donation to fight COVID-19.

(b) Training program of health professionals in the State of Rio de Janeiro (PRONON) and Obesity projects (UMANE and GHAI).

12. Charitable costs - health programs

	<u>2020</u>	<u>2019</u>
Personnel expenses	(200,837)	(532,773)
Unidos pela Cura (UPC) Program		
Operational support	(18,824)	(19,949)
Knowledge	(1,018)	(7,254)
	(19,842)	(27,203)
National Oncology Care Support Program - PRONON (a)		
Personnel expenses	(135,944)	(122,396)
Fundraising	(15,290)	(197,880)
	(151,234)	(320,276)
Network Strengthening Program		
Fundraising (b)	(1,110,181)	(75,180)
Direct financing	(5,000)	(93,823)
Operational support	(339)	(28,607)
Knowledge	(2,120)	(24,724)
	(1,117,640)	(222,334)
Institutional Development		
Planning	(16,602)	(14,428)
Forum (c)		
Fundraising	(8,603)	(110,929)
Operational support	-	(54,964)
	(8,603)	(165,893)
Observatory	-	(11,800)
Obesity		
Personnel expenses	(127,658)	(101,079)
Fundraising (d)	(153,096)	-
Operational support	-	(2,798)
Knowledge	(151,206)	(58,409)
	(431,960)	(162,286)
	(1,946,718)	(1,456,993)

Desiderata Institute

Notes to financial statements (Continued)
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12. Charitable costs - health programs (Continued)

- (a) The disbursements for the PRONON project were halted due to the pandemic.
- (b) Donation of equipment for INCA's Ophthalmology sector, humanization of the Jesus Municipal Hospital's X-Ray Room, donation of equipment to the IPPMG, and distribution of PPEs.
- (c) Distribution of 90 Letters of Recommendation.
- (d) Obesity Campaign, Hackathon, seminar, and release of the Childhood Obesity Panorama.

13. Personnel expenses

	<u>2020</u>	<u>2019</u>
Payroll	(689,653)	(604,084)
Social Security Tax (INSS)	(209,527)	(215,574)
Accrued vacation pay	(79,677)	(73,312)
Unemployment Compensation Fund (FGTS)	(72,722)	(69,304)
Health care and health plan	(110,393)	(85,374)
Provision for 13 th monthly salary pay	(58,238)	(54,514)
Food and meal vouchers	(39,524)	(31,742)
Training	(9,152)	(15,432)
Subsidized transportation	(1,071)	(5,542)
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	(6,842)	(7,401)
Group life insurance	(485)	(522)
	<u>(1,277,284)</u>	<u>(1,162,801)</u>

Expenses with personnel from the Institute's administrative area are allocated in this group of accounts.

Desiderata Institute

Notes to financial statements (Continued)
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14. Administrative expenses

	2020	2019
Services provided by third parties		
Attorneys' services	(17,392)	(37,377)
Press consultancy (a)	(56,496)	(36,270)
Web designer	(3,600)	(3,255)
Designer	(9,562)	(20,435)
IT	(5,893)	(17,750)
Graphic services	(4)	(7,781)
Consultancy (b)	(172,560)	(84,194)
Image and video	(52,920)	(1,929)
Equipment rental	(4,850)	(6,061)
Artistic production	(7,500)	(16,135)
Other	(2,777)	(10,343)
	(333,554)	(241,530)
General expenses		
Rent and condominium fees	(65,260)	(58,865)
Telephone/internet	(18,783)	(16,821)
Taxes, contributions, and fines	(13,890)	(26,753)
Travel	(1,969)	(31,798)
- Transportation (c)	(2,184)	(8,456)
Utility bills (electricity, water, and sewer)	(5,831)	(10,386)
Office supplies	(849)	(6,370)
Ads and publications	(5,766)	(9,586)
Expenses with notary offices	(2,394)	(6,397)
Other (d)	7,219	(3,687)
	(109,707)	(179,119)
	(443,261)	(420,649)

(a) Hiring of an institutional press consultancy.

(b) Consultancy for the development of institutional indicators, theory of change, fundraising and strategic planning.

(c) Reduced transport costs due to the implementation of remote work in 2020.

(d) In 2020, this represents employee health care plan discounts.

15. Finance income (costs), net

	2020	2019
Finance income		
Income from short-term investment	41,013	147,265
Other income	-	1
	41,013	147,266
Finance costs		
Bank expenses	(836)	(9,532)
Interest and fine expenses	(10)	(344)
	(846)	(9,876)
	40,167	137,390

Desiderata Institute

Notes to financial statements (Continued)
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16. Income and social contribution taxes immunity

The Institute is a non-profit entity that benefits from income and social contribution taxes immunity on its surplus. Regarding other taxes, the following ones are to be highlighted: (a) contribution for the Social Integration Program (PIS) with a fixed rate of 1% levied on the monthly payroll; and (b) contribution to the Social Security Tax (INSS) referring to the employer's contribution on the amount of payroll and third parties - contribution of 25.5%.

17. Financial instruments and risk management

The Institute does not participate in transactions involving derivative financial instruments and maintains cash in financial institutions with solid liquidity.

17.1. Liquidity risk

The Institute uses its financial resources to meet its operational obligations and to pay creditors. The Institute's liquidity and cash flow control is monitored on a timely basis by the Institute's management, in order to ensure that the prior funding is sufficient to maintain its schedule of commitments, avoiding liquidity risks.

17.2. Credit risk

Credit risk is the risk that the counterparty to a business will not fulfill an obligation under a financial instrument or contract with third parties, which would lead to financial loss. To mitigate our credit risk, the Institute seeks to concentrate its investments in top-tier institutions.

18. Insurance coverage

Management takes out insurance to cover accidents for the administrative headquarters and life insurance for its employees.

The maximum indemnity limit for assets is as follows:

<u>Assets</u>	<u>Insured Coverage</u>
Machinery and equipment - in force from 11/17/2020 to 11/17/2021	55,000
Real estate/facilities - in force from 11/17/2020 to 11/17/2021	325,000