

Financial Statements

Desiderata Institute

December 31, 2021
with Independent Auditor's Report on Financial
Statements

Desiderata Institute

Financial statements

December 31, 2021, and 2020

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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, 2021, and the statements of surplus or deficit, of comprehensive income, of changes in net assets and of 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 financial position of Institute as at December 31, 2021, 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 nonprofit 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

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 nonprofit 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 to cease operations, 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 scope and timing of the planned audit and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

Rio de Janeiro, September 12, 2022.

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

A handwritten signature in blue ink, appearing to read 'Andreia Moura A. Routman'.

Andreia Moura A. Routman
Accountant CRC-RJ103790/O-4

Desiderata Institute

Statements of financial position
December 31, 2021 and 2020
(in reais)

	Note	2021	2020
Assets			
Current assets			
Cash and cash equivalents	4	70,896	17,568
Securities	5	3,458,796	2,444,780
Advance payments		32,451	2,760
Receivables		50,144	9,003
Total current assets		3,612,287	2,474,111
Noncurrent assets			
Property and equipment	6	41,283	38,003
Total noncurrent assets		41,283	38,003
Total assets		3,653,570	2,512,114
Liabilities and net assets			
Current liabilities			
Trade accounts payable	7	6,547	18,185
Labor liabilities	8	201,358	333,988
Tax liabilities		1,976	1,139
Agreements in progress	9	1,561,002	971,323
Total current liabilities		1,770,883	1,324,635
Net assets	10	1,882,687	1,187,479
Invested capital		1,882,687	1,187,479
Total net assets		1,882,687	1,187,479
Total liabilities and net worth		3,653,570	2,512,114

See accompanying notes.

Desiderata Institute

Statements of surplus or deficit
Years ended December 31, 2021 and 2020
(In reais)

	Note	2021	2020
Revenues from donations	11	3,941,336	3,494,633
Expenses with social activities – health	12	(1,637,075)	(1,946,718)
Gross balance		2,304,261	1,547,915
Operating expenses			
Personnel expenses	13	(1,185,614)	(1,277,284)
Administrative expenses	14	(544,781)	(443,261)
Depreciation and amortization		(18,787)	(9,495)
Finance income (costs), net	15	89,743	40,167
		(1,659,439)	(1,689,873)
Surplus (deficit) for the year		644,822	(141,958)

See accompanying notes.

Desiderata Institute

Statements of comprehensive income
Years ended December 31, 2021 and 2020
(In reais)

	2021	2020
Surplus (deficit) in the year	644,822	(141,958)
Other comprehensive income	-	-
Total comprehensive income	644,822	(141,958)

See accompanying notes.

Desiderata Institute

Statements of changes in net assets
Years ended December 31, 2021 and 2020
(In reais)

	Invested capital	Cumulative surplus (deficit)	Total
Balance at December 31, 2019	1,329,437	-	1,329,437
Deficit for the year	-	(141,958)	(141,958)
Inclusion of deficit for the year	(141,958)	141,958	-
Balance at December 31, 2020	1,187,479	-	1,187,479
Surplus for the year	-	644,822	644,822
Other	-	50,386	50,386
Inclusion of surplus for the year	644,822	(644,822)	-
Balance at December 31, 2021	1,832,301	50,386	1,882,687

See accompanying notes.

Desiderata Institute

Statements of cash flows
 Years ended December 31, 2021 and 2020
 (In reais)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Surplus (deficit) for the year	644,822	(141,958)
Operating cash flow adjustment		
Depreciation and amortization	18,787	9,495
Interest on short-term investments and earnings from unfulfilled contracts	(136,725)	(58,464)
	526,884	(190,927)
(Increase) decrease in assets and increase (decrease) in liabilities		
Advance payments	(32,451)	9,818
Other assets	(50,404)	(8,247)
Trade accounts payable	(7,387)	(16,285)
Labor and tax liabilities	(73,634)	112,305
Agreements in progress	589,678	182,227
Cash flows from operating activities	952,686	88,891
Cash flows from investing activities		
Marketable securities	(877,291)	(83,371)
Additions to property and equipment	(22,067)	-
Cash flows used in investing activities	(899,358)	(83,371)
Increase (decrease) in cash and cash equivalents	53,328	5,520
At beginning of year	17,568	12,048
At end of year	70,896	17,568

See accompanying notes.

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
(In reais)

1. Operations

The Desiderata Institute, established in 2003 in Rio de Janeiro, is a nonprofit organization that has been developing innovative projects in conjunction with public administrators that share common goals in the health field. Its mission is to find solutions for the prevention, diagnosis, and timely treatment of children and adolescents.

The Institute channels its efforts exclusively into the health area, which demands highly complex strategies, requiring not only participation, but also total dedication and constant investment from governments and society.

Currently, the Institute is fully supported by donations from individuals and legal entities and focuses its operations mainly on:

a) Pediatric oncology (unaudited data)

Pediatric Oncology is an area that seeks to contribute towards greater chances of cure of children and adolescents with cancer treated in health units affiliated with the Brazilian Public Health System (SUS) in Rio de Janeiro. The following programs have been developed for this purpose:

a.1) *Unidos pela Cura (unaudited data)*

In 2021, the major results obtained by the Unidos pela Cura project were:

- Dissemination of new materials in digital format for raising awareness of childhood cancer among healthcare workers;
- Publication of the “Unidos Pela Cura: social technology for the early diagnosis of childhood cancer” Guide;
- Participation in the St. Jude and Sobope workshop entitled “The Quest for Equity in Brazil” and presentation of e-poster on the Unidos Pela Cura experience at the event;

a.2) *Network Strengthening Program (unaudited data)*

In 2021, the major results of the Network Strengthening Program were:

- Purchase of the last batch of reagents and completion of the project for improvement of the infrastructure of the IPPMG diagnostic laboratory;
- Participation in the organizing committee and in the pediatric oncology panel of the 1st *Todos Juntos Contra o Câncer* (All Together Against Cancer) Forum in Rio de Janeiro;
- Implementation of the project for space design customization of the Division of Radiology of the Hospital Municipal Jesus.

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
(In reais)

1. Operations (Continued)

a) Pediatric oncology (unaudited data) (Continued)

a.3) *Forum on Pediatric Oncology (unaudited data)*

In 2021, the main results of the Forum on Pediatric Oncology were:

- 6th Forum on Pediatric Oncology, first to be held nationally in virtual format;
- Drafting of a Letter of Recommendation for the qualification of the Pediatric Oncology network in Brazil and its electronic submission to health managers and hospital and university representatives;
- Preparation and dissemination on social media of a video with the main results of the event;
- Publication on the institutional website of the General Report on the Pediatric Oncology Forum, with the main information about the event, satisfaction survey, and rendering of accounts.

a.4) *Data Monitoring (unaudited data)*

In 2021, the main results of the Monitoring Program were:

- Publication of the first Brazilian Panorama on Pediatric Oncology, with regional and state-level information on the profile, access to treatment, and monitoring of data on childhood cancer;
- “Golden September” campaign on social media about the importance of good-quality data for increasing the chances of cure for childhood cancer.

b) Childhood obesity (unaudited data)

The Childhood Obesity Program aims to foster appropriate monitoring, prevention, and treatment strategies targeted at children and adolescents with obesity. In 2021, the main results of the Childhood Obesity Program were:

b.1) *Advocacy in the legislative branch (unaudited data)*

- Strategic planning for advocacy on bills introduced to the City Council for fighting childhood obesity;

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
(In reais)

1. Operations (Continued)

b) Childhood obesity (unaudited data) (Continued)

b.1) *Advocacy in the legislative branch (unaudited data) (Continued)*

- Mapping of new local laws as a way to promote public advocacy actions with city councilors;
- Preparation of technical materials (technical notes and technical specifications) to support advocacy actions;
- Public advocacy actions for raising the awareness of lawmakers;
- Face-to-face mobilization activities at the City Council on the days Bill No. 1662/2019 was included on the voting agenda;
- Approval of Bill No. 1662/2019 in a single voting round;
- Implementation of public advocacy actions at the City Council of Niterói after Bill No. 299/2021 was filed.

b.2) *Data monitoring (unaudited data)*

- Development and launch of the digital national version of the Panorama on Childhood and Adolescent Obesity.

b.3) *Advocacy in the executive branch (unaudited data)*

- Partnership with the Local Department of Health of Rio de Janeiro for the development of a patient trajectory strategy for the management of childhood and adolescent obesity;
- Hiring of Funchal Consulting services for diagnosis of childhood and adolescent obesity in Rio with the aim of supporting the development of the patient trajectory strategy;
- Participation as a speaker at the launching event for the PROTEJA strategy;
- Meeting with the Local Department of Education of Rio de Janeiro to discuss the processing of Bill No. 1662/2019 and to establish the necessary actions for its implementation after approval in a second voting round;
- Discussion with the City Hall of Niterói about the implementation of a patient trajectory strategy for the management of childhood and adolescent obesity.

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
(In reais)

1. Operations (Continued)

b) Childhood obesity (unaudited data) (Continued)

b.4) *Strategic alliances and networks (unaudited data)*

- Participation in the Food Policy Program organized by Bloomberg/GHAI, which includes four Brazilian organizations that work with advocacy actions on school nutrition, taxation, and labeling.

c) Online learning - Training (unaudited data)

- Customization of an online learning platform for healthcare workers;
- Two courses offered by the Desiderata Institute targeted at primary healthcare workers in the state of Rio de Janeiro: Early Diagnosis of Childhood and Adolescent Cancer and Treatment of Children and Adolescents with Obesity;
- 227 healthcare workers qualified for the treatment of childhood and adolescent obesity;
- 288 healthcare workers qualified for the early diagnosis of childhood and adolescent cancer.

d) Impacts of the COVID-19 pandemic

Following the guidelines of the World Health Organization and of the Brazilian National Department of Health, the Desiderata Institute embraced working from home, starting on March 14, 2020, as key measure to prevent contamination by the coronavirus.

Having understood that restricting the circulation of people as much as possible was of utmost importance, all of our meetings were held online during that period, and face-to-face activities closely related to the projects had to be reconsidered.

2. Basis of preparation and presentation of financial statements

The financial statements were prepared by Desiderata's management team, taking full responsibility for their accuracy, and they are presented in compliance with CPC PME (R1) Accounting for small and medium-sized entities, issued by the Brazilian Financial Accounting Standards Board (CPC). The major accounting policies used in the preparation of these statements are defined in what follows. These policies were consistently applied in the years described, unless otherwise specified.

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Notes to financial statements
December 31, 2021 and 2020
(In reais)

2. Basis of preparation and presentation of financial statements (Continued)

Considering that this is a nonprofit organization, the financial statements also included specific laws applicable to nonprofit entities, issued by the National Association of State Boards of Accountancy N (CFC), mainly ITG 2002 (R1) – Nonprofit entities as of August 21, 2015, which aims to ensure compliance with legal requirements for accounting procedures that must be followed by nonprofit private legal entities.

Desiderata's financial statements for the fiscal year ending December 31, 2021 were authorized for issue by the Supervisory Board on September 12, 2022.

3. Summary of significant accounting practices

a) Functional and presentation currency of the financial statements

Desiderata's functional currency is the Brazilian real (R\$), the same currency used in the preparation and presentation of the financial statements.

b) Current and noncurrent assets and liabilities

Assets are recognized in the statement of financial position only if they are likely to bring future economic benefits to the Institute and if their costs or amounts can be measured reliably.

Liabilities are recognized in the statement of financial position when the Institute has a legally binding obligation as a result of a past event, and when it is likely that economic resources will be necessary to meet such obligation.

Liabilities of uncertain timing and amount are estimated as incurred and recorded by way of provisions.

Provisions are recorded according to the best estimates of the risk involved.

Current and noncurrent assets are stated by the amounts at which they would be realized or by their cost value, whichever is lower, considering amortizations and monetary and exchange rate fluctuations pursuant to the terms of agreement.

Assets are classified as current when they are expected to be realized within 12 months after the statement of financial position date or when they are held chiefly for trading purposes.

Desiderata Institute

Notes to financial statements
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3. Summary of significant accounting practices (Continued)

b) Current and noncurrent assets and liabilities (Continued)

Current and noncurrent liabilities are stated at the amounts at which they will be settled, considering the date of each statement of financial position, including accrued interests and monetary fluctuations pursuant to the terms of agreement.

Liabilities are classified as current when they are held chiefly for trading purposes or if they are settled within 12 months after the statement of financial position date.

c) Cash and cash equivalents and marketable securities

Cash and cash equivalents include, cash, positive balance in checking account, short-term investments with cash ratio or that are redeemable within 90 days after the acquisition date, with negligible risk of change in their value.

Marketable securities are investments held for trading purposes.

These investments are measured at fair value, with profits and losses from fluctuations in the fair value recognized in the statement of surplus or deficit.

d) Property and equipment

These items are stated at the cost of acquisition and deducted from accumulated depreciation.

Depreciation is calculated using the straight-line method by applying rates that take into account the useful life of the assets, whose assessment is reviewed annually and adjusted, if necessary.

e) Taxation

The Institute is a nonprofit entity and, therefore, it is exempt from income and social contribution taxes, as established in article 15 of Law No. 9532/97.

f) Accounting judgments, estimates, and assumptions

The preparation of financial statements requires judgment by the management team for the establishment of accounting estimates.

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
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3. Summary of significant accounting practices (Continued)

f) Accounting judgments, estimates, and assumptions (Continued)

Accounting estimates were based on objective and subjective factors, taking into consideration the judgments made by the management team, for determination of the correct value that should be recorded in financial statements.

The settlement of transactions involving these estimates may show different values from those which were estimated because of inaccuracies in the determination of the value.

The Institute's management team revises the estimates and assumptions annually.

Items subjected to these estimates and assumptions include the definition of useful lives of property and equipment items and of their recoverability, risk analysis for establishment of provisions, including contingencies, among others.

g) Determination of revenues and expenses

Revenues and expenses are accrual-based.

Revenues from donations, contributions, agreements, partnerships, aid and subsidies for specific application by way of constitution or not of funds, and the respective expenses are recorded in proper accounts, including net assets accounts, set apart from the other accounts of the Institute.

The surplus/deficit relative to the activities carried out by the Institute is incorporated or absorbed by the invested capital only at the end of each fiscal year.

h) Statement of cash flows

Statements of cash flows were prepared and are presented in accordance with accounting pronouncement CPC PME (SMB accounting), issued by the CPC.

4. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
Unrestricted cash	64,234	4,856
Restricted cash (*)	6,662	12,712
	<u>70,896</u>	<u>17,568</u>

(*) Cash exclusively used in the approved projects (PRONON, UMANE, Chevron, and GHAI).

Desiderata Institute

Notes to financial statements
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5. Marketable securities

	<u>2021</u>	<u>2020</u>
Unrestricted cash	1,904,458	1,486,169
Restricted cash (*)	1,554,338	958,611
	<u>3,458,796</u>	<u>2,444,780</u>
Current	3,458,796	2,444,780

(*) Cash exclusively used in the approved projects (PRONON, UMANE, Chevron, and GHAI).

Investments are remunerated with fixed income - CD and referenced funds, at an average rate of 90% of the interbank deposit (ID) (94.5% of ID in 2020), and they are held in first-class, low-risk financial institutions.

6. Property and equipment

	<u>Furniture and fixtures</u>	<u>Machinery and equipment</u>	<u>Computer equipment</u>	<u>Improvements</u>	<u>Total</u>
Balance at 12/31/2019	31,840	5,209	10,326	-	47,375
Transactions in 2020					
Additions	-	-	-	-	-
Depreciation	(4,251)	(1,123)	(3,998)	-	(9,372)
Balance at 12/31/2020	<u>27,589</u>	<u>4,086</u>	<u>6,328</u>	-	<u>38,003</u>
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 balance	<u>27,589</u>	<u>4,086</u>	<u>6,328</u>	-	<u>38,003</u>
Transactions in 2021					
Additions	-	-	22,067	-	22,067
Depreciation	(8,859)	(2,329)	(7,599)	-	(18,787)
Balance at 12/31/2021	<u>18,730</u>	<u>1,757</u>	<u>20,796</u>	-	<u>41,283</u>
Balance at 12/31/2021					
Cost	88,593	23,294	101,877	54,487	268,251
Accumulated depreciation	(69,863)	(21,537)	(81,081)	(54,487)	(226,968)
Net balance	<u>18,730</u>	<u>1,757</u>	<u>20,796</u>	-	<u>41,283</u>

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
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6. Property and equipment (Continued)

The following table shows the annual depreciation rates according to the straight-line method, based on the useful life of the assets:

	<u>Average annual depreciation rate</u>
Furniture and fixtures	10%
Improvements	10%
Machinery and equipment	10%
Computer equipment	20%

7. Trade accounts payable

	<u>2021</u>	<u>2020</u>
Health plans and benefits	-	11,473
Advice and consultancy services	5,337	2,300
Other	1,210	4,412
	<u>6,547</u>	<u>18,185</u>

8. Labor liabilities

	<u>2021</u>	<u>2020</u>
Social charges	82,573	132,015
Vacation pay	118,785	201,973
	<u>201,358</u>	<u>333,988</u>

9. Agreements in progress

They derive from executed agreements whose main goal is to implement predetermined projects and activities linked to the training of healthcare workers who treat children and adolescents with cancer. On a regular basis, the Institute renders account of the financial and operational flow to the interested parties. All the documents are made available for inspection.

While the funds provided by the interested parties are being used, the positive balances are invested and the revenue is assigned to the respective project. All the transactions performed with these funds are accounted for in the Institute's own accounts, including net assets accounts, set apart from any other accounts.

Desiderata Institute

Notes to financial statements
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9. Agreements in progress (Continued)

The revenues are assigned according to the executed agreements.

The balance of the accounts is shown in the following table:

Project	2019	Received	Disbursement	2020	Received (*)	Disbursement	2021
PRONON (a)	788,705	16,164	(157,465)	647,404	24,373	(1,438)	670,339
GHAJ (1068-4) (b)	-	235,040	(37,018)	198,022	834,226	(502,124)	530,124
CHEVRON (c)	-	-	-	-	435,892	(79,847)	356,045
UMANE (1072-6) (d)	-	340,852	(215,346)	125,506	354,220	(475,232)	4,494
RJZ (e)	-	-	-	-	185,979	(185,979)	-
IRM - 1073-4	391	-	-	391	-	(391)	-
	<u>789,096</u>	<u>592,056</u>	<u>(409,829)</u>	<u>971,323</u>	<u>1,834,690</u>	<u>(1,245,011)</u>	<u>1,561,002</u>

(*) Received cash corrected by the income from financial investments.

a) Brazilian Oncology Program - PRONON

The Desiderata Institute, within the scope of its strategic actions, developed the Project known as "From early diagnosis to registry of childhood and adolescent cancer: training of healthcare workers and registries of cancer with SUS". This project was approved in 2017, according to Directive no 1.184 of November 9, 2017 issued by the Executive Bureau of the National Department of Health, within the scope of the National Program for Support of Cancer Treatment - PRONON - SIPAR: 25000.000005/2017-10. The project aimed to train healthcare workers and cancer registrars from the Brazilian Family Health Strategy of Rio de Janeiro for the detection of signs and symptoms of cancer in children and adolescents and for the quick referral of cases in 92 municipalities in the state of Rio de Janeiro. The investment in this project amounted to R\$1,103,463.

b) GHAJ

The one-year Project known as "Advocacy actions for the implementation of laws that promote healthier environments for children and adolescents" is aimed at approving bills for the adoption of public policies that can help change food consumption patterns among children and adolescents, making them healthier and curbing the growth of obesity. The investment in this project, in November 2021, amounted to US\$ 330,000.

Desiderata Institute

Notes to financial statements
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9. Agreements in progress (Continued)

c) CHEVRON

The mission of the Desiderata Institute is to find solutions for the prevention, diagnosis, and timely treatment of children and adolescents. Accordingly, the Institute implements actions for humane treatment at public hospitals of Rio de Janeiro, more specifically customizing the space design of outpatient clinics for the diagnosis and treatment of children and adolescents with cancer. With the funds invested by Chevron (R\$ 431,371), customization of the space design of the Radiology outpatient clinic of the Hospital Municipal Menino Jesus was concluded on November 30, 2021. The renovation included the telecommand room, X-ray room, two medical offices, and circulation area. The new space was inaugurated in July 2022.

d) UMANE

The Desiderata Institute conceived and carried out the project "Combat of Childhood and Adolescent Obesity" in the state of Rio de Janeiro. The aim of the project is to carry out actions that include advocacy, communication, organization of the patient trajectory strategy in primary healthcare, and qualification and monitoring of data in an integrated fashion and in the long run to establish prevention, treatment, and registry as pillars for the combat against childhood and adolescent obesity. The investment in this project amounted to R\$ 340,852 in April 2020 and to R\$ 340,000 in 2021.

e) RJZ

In 2021, the partnership with the RJZ Fund and other investors allowed implementing a new project that involves online learning, offering two courses: (i) early diagnosis of childhood and adolescent cancer and (ii) a new course on the treatment of childhood obesity. The aim of the project is to provide 6,150 primary healthcare workers with 24-month training in 92 municipalities of the state of Rio de Janeiro. The investment in this project amounted to R\$180,000

10. Net assets

The Institute has net assets of R\$ 1,882,687 (R\$ 1,187,479 in 2020). The surplus (deficit) in each year are approved at the General Meeting and added to the invested capital.

Desiderata Institute

Notes to financial statements
December 31, 2021 and 2020
(In reais)

11. Revenues from donations

	<u>2021</u>	<u>2020</u>
Unrestricted cash		
Donations from individuals (a)	2,683,936	2,705,595
Donations from legal entities (a)	30,957	379,214
	<u>2,714,893</u>	<u>3,084,809</u>
Restricted cash		
Donations from legal entities (b)	1,226,443	409,824
	<u>3,941,336</u>	<u>3,494,633</u>

(a) Maintenance of structure and investment in projects and donation for COVID-19 relief.

(b) Project for the training of healthcare workers in the state of Rio de Janeiro (PRONON), project for the combat of obesity (UMANE and GHAI), Chevron and RJZ.

12. Expenses with social activities – health

	<u>2021</u>	<u>2020</u>
Donations	(75,543)	(5,000)
Seminars and other events	(71,480)	(154,344)
Third-party services – operational support	(881,734)	(1,322,935)
Personnel expenses	(608,318)	(464,439)
	<u>(1,637,075)</u>	<u>(1,946,718)</u>

These are expenses with social activities carried out by the Desiderata Institute. Personnel expenses specified in this group refer to associates who participate directly in the target activities proposed by the Institute.

13. Personnel expenses

	<u>2021</u>	<u>2020</u>
Wages	(673,552)	(689,653)
Social security (INSS)	(229,318)	(209,527)
Vacation pay	(50,156)	(79,677)
FGTS	(86,858)	(72,722)
PIS	(9,379)	(6,842)
Health insurance and benefits	(33,860)	(110,393)
Year-end bonus (“13 th monthly salary”)	(53,532)	(58,238)
Meal voucher	(44,618)	(39,524)
Other	(4,341)	(10,708)
	<u>(1,185,614)</u>	<u>(1,277,284)</u>

Expenses with the Institute’s administrative staff were included in this item.

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14. Administrative expenses

	<u>2021</u>	<u>2020</u>
<u>Third-party services</u>		
Services delivered by individuals	(3,458)	-
Press office	-	(56,496)
Accounting/auditing advice	(50,500)	-
Legal advice	(39,445)	(17,392)
IT services	(32,944)	(5,893)
Technical advice and consultancy	(231,880)	(172,560)
Translation, revision, and editing services	(9,862)	(52,920)
Graphic design services	(46,030)	(13,166)
Courses and training	(53,197)	-
Other services	(20,945)	(15,127)
<u>Infrastructure</u>		
Rent and real estate fees	(2,606)	(65,260)
Telephone and internet services	(24,870)	(18,783)
Light/water/sewage system fees	(549)	(5,831)
Other expenses	(886)	-
<u>Use and consumption</u>		
Materials	(2,868)	(849)
Meals	(3,960)	-
Legal costs	(2,113)	(2,394)
Post office, transportation, and leases	(17,751)	(2,184)
Other expenses	(917)	(14,406)
	<u>(544,781)</u>	<u>(443,261)</u>

15. Finance income (costs)

	<u>2021</u>	<u>2020</u>
Finance income		
Investment income	97,718	41,013
	<u>97,718</u>	<u>41,013</u>
Finance costs		
Bank charges	(2,487)	(836)
Interest and late payment fees	(5,488)	(10)
	<u>(7,975)</u>	<u>(846)</u>
	<u>89,743</u>	<u>40,167</u>

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16. Exemption from income and social contribution taxes

The Institute is a nonprofit organization that is exempt from income and social contribution taxes levied on surplus. The Institute also pays the following taxes: (a) Contribution Tax on Gross Revenue for Social Integration Program (PIS) - 1% of the payroll expenses; (b) Social Security Tax (INSS) on payroll expenses and third-party services – rate of 25.5%.

17. Financial instruments and risk management

The Institute does not perform transactions that involve derivative financial instruments, but operates with cash on hand in financial institutions with solid liquidity positions.

17.1. Liquidity risk

The Institute uses its financial resources to pay for operating obligations and creditors. Liquidity and cash flow are timely controlled by the administrative staff in order to ensure that previous fundraising will be enough to honor all obligations, thus eliminating liquidity risks.

17.2. Credit risk

Credit risk is when an obligation agreed upon in a financial instrument or third-party agreement is not fulfilled, which would result in financial losses. To minimize credit risk, the Institute seeks to focus its investments in first-class institutions.