

Financial Statements

Associação Operação Sorriso do Brasil

December 31, 2013
with Independent Auditor's Report

Associação Operação Sorriso do Brasil

Financial statements

December 31, 2013

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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 small and medium-sized entities (NBC TG 1000) and not-for-profit entities (ITG 2002)

Independent auditor's report on financial statements

Board of Trustees

Associação Operação Sorriso do Brasil

São Paulo - SP

We have audited the accompanying financial statements of Associação Operação Sorriso do Brasil ("Entity"), which comprise the balance sheet as at December 31, 2013, and the related statement of surplus/(deficit), statement of comprehensive surplus/(deficit), statement of changes in net worth and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to small and medium-sized entities (NBC TG 1000) and not-for-profit entities (ITG 2002), and for such internal control as management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing of procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Entity's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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



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Basis for qualified opinion on the financial statements

The not-for-profit Entity obtained a significant portion of its revenues from contributions and donations from third parties, which may only be identified upon effective recording in accounting books thereof. Our audit in this area exclusively comprises crosschecking recorded amounts with the related bank deposits or cash reports.

Qualified opinion on the financial statements

In our opinion, except for the possible effects that could arise from the matter described in our “Basis for qualified opinion on the financial statements” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Associação Operação Sorriso do Brasil as at December 31, 2013, its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil, applicable to small and medium-sized entities (NBC TG 1000) and not-for-profit entities (ITG 2002).

São Paulo, June 2, 2014.

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



Daniel G. Maranhão Jr.
Accountant CRC-1SP215856/O-5

Associação Operação Sorriso do Brasil

Balance sheets
December 31, 2013
(Amounts expressed in reais)

	Note	2013	2012
Assets			
Current assets			
Cash and cash equivalents	3	642,554	168,997
Accounts receivable	4	19,387	10,778
Inventory	-	5,683	-
Sundry receivables	5	527	83
Total current assets		668,151	179,858
Noncurrent assets			
Fixed assets	6	74,809	54,210
Intangible assets	7	211	68,190
Total noncurrent assets		75,020	122,400
Total assets		743,171	302,258
Liabilities and net worth			
Current liabilities			
Accounts payable	8	12,800	3,312
Labor and social security payable	9	41,354	28,896
Taxes payable	10	3,473	8,969
Total current liabilities		57,627	41,177
Equity			
Net worth	12	582,663	158,200
Donation reserve	12	102,881	102,881
Total net worth		685,544	261,081
Total liabilities and net worth		743,171	302,258

See accompanying notes.

Associação Operação Sorriso do Brasil

Statements of surplus/(deficit)

December 31, 2013

(Amounts expressed in reais)

	Note	2013	2012
Operating revenues			
Restricted revenue			
Volunteer work	13.1	141,395	-
		<u>141,395</u>	<u>-</u>
Unrestricted revenue			
Domestic donations		733,089	621,049
Donations from United Way Worldwide		42,707	39,506
Donations of materials and services		3,180,466	299,148
Foreign donations		737,644	669,974
Total donations	13.2	<u>4,693,906</u>	<u>1,629,677</u>
Total operating revenues		<u>4,835,301</u>	<u>1,629,677</u>
Costs with programs			
Costs with assistance programs	14	(3,602,812)	(982,660)
Volunteer work	13.1	(141,395)	-
		<u>(3,744,207)</u>	<u>(982,660)</u>
Operating surplus, gross		<u>1,091,094</u>	<u>647,017</u>
Operating income (expenses)			
Personnel expenses	15	(492,265)	(434,617)
Administrative expenses	15	(116,732)	(198,849)
Other income/(expenses), net		(66,519)	8,391
		<u>(675,516)</u>	<u>(625,075)</u>
Financial income (expenses)			
Financial income		11,741	2,007
Financial expense		(2,856)	(3,228)
		<u>8,885</u>	<u>(1,221)</u>
Surplus for the year		<u>424,463</u>	<u>20,721</u>

See accompanying notes.

Associação Operação Sorriso do Brasil

Statements of comprehensive surplus/(deficit)
Year ended December 31, 2013
(Amounts expressed in reais)

	<u>2013</u>	<u>2012</u>
Surplus for the year	424,463	20,721
Other comprehensive surplus	-	-
Comprehensive surplus for the year	<u>424,463</u>	<u>20,721</u>

See accompanying notes.

Associação Operação Sorriso do Brasil

Statements of changes in net worth
December 31, 2013
(Amounts expressed in reais)

	Note	Net worth	Donation reserve	Surplus	Total
Balance at December 31, 2011	-	10,362	102,881	127,117	240,360
Surplus included in net worth	-	127,117	-	(127,117)	-
Surplus for the year	-	-	-	20,721	20,721
Unrestricted surplus transfer	-	20,721	-	(20,721)	-
Balances at December 31, 2012		158,200	102,881	-	261,081
Surplus for the year	-	-	-	424,463	424,463
Unrestricted surplus transfer	-	424,463	-	(424,463)	-
Balances at December 31, 2013	10	582,663	102,881	-	685,544

See accompanying notes.

Associação Operação Sorriso do Brasil

Cash flow statements

December 31, 2013

(Amounts expressed in reais)

	<u>2013</u>	<u>2012</u>
From operating activities		
Surplus for the year	<u>424,463</u>	<u>20,721</u>
Adjustments to non-cash income and expenses:		
Depreciation and amortization	8,388	7,677
Write-off of intangible assets	<u>67,915</u>	-
	<u>76,303</u>	<u>7,677</u>
(Increase) decrease in assets		
Accounts receivable	(8,609)	4,132
Inventories	(5,683)	-
Sundry receivables	(444)	(73)
Increase (decrease) in liabilities		
Accounts payable	9,488	2,372
Labor and social security liabilities	12,458	4,410
Tax liabilities	(5,496)	2,804
Cash provided by social activities	<u>502,480</u>	<u>42,043</u>
Cash flow from investing activities		
Additions to property and equipment	(28,923)	(44,078)
Cash used in investing activities	<u>(28,923)</u>	<u>(44,078)</u>
Increase (decrease) in cash and cash equivalents	<u>473,557</u>	<u>(2,035)</u>
Cash and cash equivalents:		
At beginning of year	168,997	171,032
At end of year	<u>642,554</u>	<u>168,997</u>
Increase (decrease) in cash and cash equivalents	<u>473,557</u>	<u>(2,035)</u>

See accompanying notes.

Associação Operação Sorriso do Brasil

Notes to financial statements
December 31, 2013 and 2012
(Amounts expressed in reais, unless otherwise stated)

1. Operations

Associação Operação Sorriso do Brasil ("Entity") is a not-for-profit philanthropic private civil association, incorporated on December 8, 2006 and headquartered at Avenida Faria Lima, 2013, in the city of São Paulo, whose activities are regulated by its charter and the provisions of Law No. 9790, dated March 23, 1999 and Decree No. 3100, dated June 30, 1999 and other applicable legal provisions, having been set up to operate for an indefinite term.

The Entity's purpose is to provide support and assistance in the conduction of scientific, medical and educational works in connection with reconstructive plastic surgery and aesthetic surgery for children, adolescents, youngsters and also adults in need, following the provisions in sole paragraph, article 3, of Law No. 9790, dated March 23, 1999.

2. Accounting practices

2.1. Basis of presentation

The Entity's financial statements for the year ended December 31, 2013 were prepared in accordance with accounting practices adopted in Brazil applicable to small and medium-sized entities (NBC TG 1000) and guidance contained in the interpretation ITG 2002 - Not-for-profit entities, approved by Brazil's National Association of State Boards of Accountancy (CFC) through Resolution No. 1409/12.

The financial statements as at December 31, 2013 were approved on February 22, 2014 by the Entity's associates and founders through the Annual General Meeting.

2.2. Summary of significant accounting practices

The significant accounting practices adopted to prepare these financial statements are the following:

Determination of surplus/(deficit) - revenues and expenses

Revenues from donations are recorded based on valid documents, upon effective receipt of funds. All the other revenues and expenses necessary for maintenance of the Entity's activities are recorded on an accrual basis.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)
December 31, 2013 and 2012
(Amounts expressed in reais, unless otherwise stated)

2. Accounting practices (Continued)

2.2. Summary of significant accounting practices (Continued)

There is no expectation that donations are returned to the donor. In addition, Entity management has the autonomy to allocate the respective donations and there are no projects on which there is the effective correlation between the donation received and expense to be incurred.

Revenues from services received are measured at fair value, taking into consideration the amounts the Entity would have to pay if it had contracted these services in a similar market. These revenues are recognized in surplus/(loss) for the year, matched against "Costs with assistance programs" also recorded in surplus/(loss) for the year.

Costs with assistance programs are recorded when their respective expenses are incurred. All the other revenues and expenses necessary for maintenance of the Entity's activities are recorded on an accrual basis.

Cash and cash equivalents

These include cash, bank deposits in cash and short-term investments realizable within 90 days from their original date, deemed highly liquid or convertible into a known cash amount that are subject to an insignificant risk of change in their value. Cash and cash equivalents are recorded at cost, plus earnings through the balance sheet date, which do not exceed their market or realizable value.

Fixed assets, net

The Entity elected not to measure its property and equipment at fair value as deemed cost, considering that: (i) the cost method, net of provision for losses, is the best method to assess the Entity's property and equipment; and (ii) the Entity's property and equipment is segregated into well-defined classes related to its operating activities. Depreciation is calculated by the straight-line method over the useful life of asset, as per the rates disclosed in Note 5.

Labor and social security payable

These amounts represent social charges and contributions due by the Entity. This group also includes provisions for labor arising from vacation pay and related charges, which are set up based on each employee's salary and on the vesting period incurred through the balance sheet date.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)
December 31, 2013 and 2012
(Amounts expressed in reais, unless otherwise stated)

2. Accounting practices (Continued)

2.2. Summary of significant accounting practices (Continued)

Other current and noncurrent assets and liabilities

An asset is recognized in the balance sheet when its future economic benefits are likely to flow to the Entity, and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Entity has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. Provisions are set up reflecting the best estimates of the risk involved. Assets and liabilities are classified as current whenever their realization or settlement is likely to occur within the following twelve months. Otherwise, they are stated as noncurrent.

Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are the following: (i) Contingent assets are recognized only when there is security interest or favorable unappealable court decisions. Contingent assets involving probable favorable outcome on the case are only disclosed in the notes to the financial statements; (ii) Contingent liabilities are provisioned when losses are assessed as probable and the amounts involved may be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in the notes to financial statements and contingent liabilities assessed as remote losses are not provisioned or disclosed; (iii) Legal obligations are recorded in liabilities irrespective of the chances of favorable outcome on the proceedings in which the Entity questions constitutionality of taxes.

Significant accounting judgments, estimates and assumptions

The preparation of the Entity's financial statements requires management to make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as disclosures of contingent liabilities, as at the financial statement date. Significant assumptions regarding sources of uncertainty in future estimates and other important sources of uncertainty in estimates as at the balance sheet date, which may result in different amounts upon settlement, are as follows: a) property and equipment useful life; b) measurement of financial instruments; and c) risk assessments to determine provisions, including provision for contingencies. Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimate process.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

2. Summary of significant accounting practices (Continued)

2.2. Significant accounting practices (Continued)

Management monitors and reviews these estimates and assumptions on a regular and timely basis.

2.3. New pronouncements and standards published

The Company has adopted all (new or revised) pronouncements and interpretations issued by the Brazilian FASB (CPC), which were effective at December 31, 2012.

3. Cash and cash equivalents

	2013	2012
Cash	441	594
Bank checking account	194,343	168,403
Short-term investments	447,770	-
Total	642,554	168,997

Short-term investments are represented by investments in fixed income securities backed by government securities and debentures, in top-tier financial institutions, redeemable within 90 days. These amounts are intended for purchase of supply for use in 2014 surgical missions.

4. Accounts receivable

Balances at December 31, 2013 and 2012 were as follows:

	2013	2012
Accounts receivable	19,387	10,778
Total	19,387	10,778

Accounts receivable comprise local and foreign donations, which the Entity received as well as payment notices; however the positive balance in current account was realized in year 2014.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

5. Sundry receivables

	2013	2012
Cia. Brasileira de Soluções e Serviços	444	-
Other	83	83
Total	527	83

6. Fixed assets, net

Breakdown is as follows:

Cost	% - Depreciation rate	12/31/2012	Additions	Write-offs	12/31/2013
Medical equipment	10	15,558	23,834	-	39,392
Computers and peripherals	20	10,165	4,671	-	14,836
Furniture and facilities	10	42,001	-	-	42,001
Machinery and equipment	10	3,409	418	-	3,827
Total		71,133	28,923	-	100,056

	12/31/2012	Additions	Write-offs	12/31/2013
Medical equipment	(7,312)	(1,754)	-	(9,066)
Computers and peripherals	(3,457)	(2,017)	-	(5,474)
Furniture and facilities	(5,366)	(4,200)	-	(9,566)
Machinery and equipment	(788)	(353)	-	(1,141)
Total	(16,923)	(8,324)	-	(25,247)

Property and equipment, net	54,210	20,599	-	74,809
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7. Intangible assets, net

Cost	12/31/2012	Additions	Write-offs	12/31/2013
Software and applications	87,020	-	(86,700)	320
Total	87,020	-	(86,700)	320

Amortization	12/31/2012	Additions	Write-offs	12/31/2013
Amortization of software and applications	(18,830)	(64)	18,785	(109)
Total	(18,830)	(64)	18,785	(109)

Intangible assets, net	68,190	(64)	(67,915)	211
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Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

8. Accounts payable

	2013	2012
Terra Networks S/A	-	57
Perspectiva Org.Contábil	1,186	836
Vivo S/A	-	72
Tristar Administração e Participação	2,850	2,347
Allez Viagens e Turismo Ltda.	3,415	-
Champion logística Promocional Ltda.	2,000	-
Riema Empreendimento Imobiliário	448	-
Salustriano Farias da Costa	1,500	-
Expresso Guanabara S/A	95	-
Elisa Campos (to be reimbursed)	78	-
Suprinform Brasil Distribuidora de Informática	75	-
VSP Comércio de Bebidas Ltda.	180	-
Telefônica Brasil	70	-
MKM Service Com. e Locação	903	-
	<u>12,800</u>	<u>3,312</u>

9. Labor and social security payable

	2013	2012
Social Security Tax (INSS) payable	5,425	12,092
Unemployment Compensation Fund (FGTS) payable	1,934	4,200
Accrued vacation and 13 th monthly salary	25,033	9,282
Charges on accrued vacation	8,962	3,322
Total	<u>41,354</u>	<u>28,896</u>

10. Taxes payable

	2013	2012
Withholding Income Tax (IRRF) on salaries payable	3,020	7,274
IRRF on vacation pay payable	-	67
IRRF payable	148	720
PIS on salaries payable	305	908
Total	<u>3,473</u>	<u>8,969</u>

11. Taxes

11.1. Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL)

For being a not-for-profit entity, it enjoys the benefit of exemption from payment of federal taxes on profits, in accordance with articles 167 to 174 of Income Tax Regulations approved by Decree No. 3000, dated March 26, 1999 and article 195 of Federal Constitution.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

11. Taxation (Continued)

11.2. PIS

For being a not-for-profit entity, it is subject to PIS payment on payroll at 1% in accordance with Law No. 9532/97.

11.3. COFINS

For being a not-for-profit entity, it enjoys the benefit of COFINS exemption on revenues from Entity activities, in accordance with Laws No. 9718/98 and No. 10833/03, being subject to such payment on its other revenues at the rate of 3%.

12. Equity

	2013	2012
Net worth	158,200	137,479
Donation reserves	102,881	102,881
Surplus for the year	424,463	20,721
Total	685,544	261,081

The Entity's net worth consists of donations plus surplus and less deficits accumulated since its incorporation.

Allocation of surplus (deficit)

The surplus computed in the year will be allocated to the maintenance of activities, as required by legal provisions in force, applicable to philanthropic institutions.

13. Revenues

13.1. Restricted operating revenue

Corrective surgeries offered by Operação Sorriso do Brasil are carried out by a volunteer health professional team. This service is recognized as donation and accounted for by worked hours, according to the corresponding professional category. The fee per professional is determined according to the tables disclosed and union collective agreements of each category. In 2013, revenues from volunteer work amounted to R\$141,395.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

13. Revenues (Continued)

13.2. Unrestricted operating revenue

	2013	2012
Individual donations (c)	115,107	15,706
Corporate donations (a)	585,661	582,731
Anonymous donations	32,321	22,612
Local donations	733,089	621,049
Donations from United Way Worldwide	42,707	39,506
Donations of materials and services (d)	3,180,466	299,148
Foreign donations (b)	737,644	669,974
Total	4,693,906	1,629,677

a) Corporate donations

These refer to donations made by companies by means of deposits in the Entity's current account.

Breakdown of corporate donations for years 2013 and 2012 is as follows:

	2013	2012
Abbott Laboratórios do Brasil Ltda.	25,000	-
Ahead TS Traduções	640	-
Antena Um Radiodifusão Ltda.	10,000	-
Assoc. Brasil. De Clínicas e Spas	-	15,112
Associação Cidadesperança	68,150	50,000
Basimovel Consultoria Imobiliária Ltda.	4,000	-
Bichara, Barata & Costa Advogados	5,320	-
Cartex Capital	4,000	-
Clube Estudantil	720	-
Colgate Palmolive Comercial Ltda.	150,000	212,000
Comerc Comercializadora Energia Elétrica Ltda.	84,000	84,000
Contém 1GR	14,752	5,704
CNIS - Cadastro Nacional de Informações e Serviços Ltda.	2,000	-
Fábio Bruno Construções Ltda.	1,000	-
Formas Alianças e Equipamentos para Construção Civil	500	-
Guedes, Bernardo, Imamura e Associados Consult. Intern.	1,000	-
HB Brindes	200	-
Hasbro do Brasil Ind. e Com. de Brinquedos e Jogos Ltda.	-	30,000
Hypermarcas S/A	50,000	-
Icatu Seguros S/A	59,100	50,000
Instituto Fazer da Criança	-	2,000
Internet Closet Comércio de Roupas via Web Ltda. EPP.	-	11,710
Izettle do Brasil Meios de Pagamento S.A.	508	-
Johnson e Johnson Br. Ind. E Com. Prod. Saúde Ltda.	18,319	-

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

13. Revenues (Continued)

13.2. Unrestricted operating revenue (Continued)

a) Corporate donations (Continued)

	2013	2012
JF Corretora de Seguros Ltda.	500	-
Leduca Empreendimentos Imobiliários	2,000	-
Lopana Ltda.	-	632
Loteria do Estado do Rio de Janeiro	50,522	75,072
Mileniun Assessoria e Consultoria Ltda.	500	-
Minhumanos Confec. Com. Roupas e Acess.Ltda.	834	1,219
Ong Make Them Smile	4,000	-
Pageseguro	-	10,578
Pepsi Cola Industria da Amazônia Ltda.	8,600	4,130
Pepsico do Brasil Ltda.	-	10,410
S2G Com. Eletrônico S/A	-	13,189
The British School - Associação Britânica de Educação	1,800	5,290
Time de Santarém - PA	-	640
Time de Voluntários - Rio de Janeiro	1,396	1,045
Unicred	6,300	-
Voltalia Energia do Brasil Ltda.	10,000	-
	<u>585,661</u>	<u>582,731</u>

b) Foreign donations

These are funds remitted by Operation Smile Inc. for the conduct of planned programs jointly developed by Brazil and the United States, whose amounts are as follows:

	2013	2012
Operation Smile	737,644	400,895
Donations of materials and services	-	269,079
Total	<u>737,644</u>	<u>669,974</u>

c) Individual donations

These are donations made by individuals through direct deposit in the Entity's current account.

d) Donations of materials and services

These are donations of surgical consumption products by companies producing such materials, such as sutures e anesthetics or services rendered to the Entity free of charge. Balance breakdown is as follows:

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

13. Revenues (Continued)

13.2. Unrestricted operating revenue (Continued)

d) Donations of materials and services (Continued)

	2013	2012
Abbot Laboratórios do Brasil Ltda.	-	401
Allez Viagens e Turismo Ltda.	1,357	-
Ana Maria Fernandes Gaspar Carneiro	-	38,800
Azul Linhas Aéreas	82,570	-
Bionexo do Brasil S.A.	61,200	61,200
Champion Logística Promocional Ltda.	137	-
Clube Estudantil de Maceió	3,550	-
Cointer Material Médico Hospitalar Ltda.	23,834	-
Colgate Palmolive Comercial Ltda.	1,108	-
Cristália Prods. Químicos Farmacêuticos Ltda.	24,573	5,512
Sundry donors	799	3,335
Enox On Life Media	280,800	-
Imigrantes Mercantil Ltda.	8,155	-
Johnson & Johnson BR Ind. e Com. Prod. Saúde Ltda.	90,767	120,056
LKL Artes Gráficas Ltda. ME	1,510	-
Nazca S & S publicidade Ltda.	2,556,150	-
Nexus Logística e Transportes Ltda.	-	6,624
Pepsi Cola Indústria da Amazônia Ltda.	43,956	63,220
	<u>3,180,466</u>	<u>299,148</u>

14. Costs with programs

The funds and donations received by the Entity were destined to the programs developed, and funds received were used for its institutional purposes in conformity with its charter, in connection with granting of free social assistance.

	Period	Number of services rendered	Funds R\$ (*)
	2012	6,039	982,660
Expenses from own resources	2013	4,059	1,046,662 (*)

(*) The amount above does not consider the donation in services made by F/Nazca amounting to R\$2,556,150, for the advertising campaign carried out over the year ended December 31, 2013.

Year 2012: 671 people were screened, resulting in 6,039 medical appointments, 327 surgeries performed and 513 surgical procedures were carried out.

Year 2013: 451 people were screened, resulting in 4,059 medical appointments, 212 surgeries performed and 291 surgical procedures were carried out.

Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

14. Costs with programs (Continued)

In meeting the provisions in item VI, article 3, of Decree No. 2536/98, in 2013 and 2012, the Entity provided the following free social assistance, as follows:

	2013	2012
Air tickets	197,252	194,429
Cargo transportation (import)	26,496	23,183
Meals	43,174	15,364
Overland transportation	16,733	19,416
Fuel	70	460
Medical supplies	209,696	397,183
Other than medical supplies	4,521	73,304
Communication	990	3,141
Sundry	23,587	24,711
Telephone	8,413	13,067
Distribution of kits and gifts for children	3,167	-
Manufacturing of t-shirts/uniforms	3,977	8,745
Hosting services	98,428	135,461
Use license services of Plataforma Bionexo/Enox TV	342,000	61,200
Cargo warehousing services	3,705	-
Media relations services	9,450	-
Conference call services	3,446	-
Publicity services	2,556,150	-
Customs technical services	10,346	-
Transportation services	34,867	350
Sundry professional services - programs (Note 14.1)	6,344	15,860
(-) Recovered costs	-	(3,214)
	<u>3,602,812</u>	<u>982,660</u>

14.1. Sundry professional services - programs

	2013	2012
Sundry professional services - individuals	-	7,600
Biding/printing/laminating services	1,824	4,484
Domain/website registration service	32	-
Courier/mail pouch services	754	1,142
Assistance and advisory services	1,500	1,000
Other services provided by legal entities	2,234	1,634
	<u>6,344</u>	<u>15,860</u>

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Notes to financial statements (Continued)

December 31, 2013 and 2012

(Amounts expressed in reais, unless otherwise stated)

15. Personnel and administrative expenses

Administrative expenses for 2013 and 2012 are broken down as follows:

	2013	2012
Personnel expenses	368,296	312,623
Social charges	123,969	121,994
	492,265	434,617
Telephone	12,129	7,653
Office supplies	977	2,856
Rent of office equipment	4,928	410
Internet	2,583	2,024
Air tickets	291	2,575
Lease	36,160	33,839
Sundry professional services - (Note 15.1)	51,434	138,396
Sundry	8,230	11,096
	116,732	198,849
	608,997	633,466

15.1. Sundry professional services

These amounts are broken down as follows:

	2013	2012
Sundry professional services - individuals	-	2,250
Biding/printing/laminating services	235	66
Mail pouch/courier/transportation services	2,615	2,055
Accounting and advisory services	10,850	10,607
Human resources advisory services	4,550	18,562
Advisory services - strategic planning	-	26,818
Audit services	8,799	8,300
IT advisory services	2,928	2,589
Courses/programs/training sessions	-	52,511
Domain/website registration	17,486	9,906
Other services provided by legal entities	3,971	4,732
	51,434	138,396

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16. Exemptions and tax expenditures

Pursuant to ITG 2002 - Not-for-profit entities, approved by CFC Resolution No. 1409/12, the Entity presents below the amount of tax expenditures calculated for 2013 and 2012 if such obligation were due. Accordingly, in the Entity's understanding, the following taxes and contributions and their respective rates were considered. It should be stressed that these are estimated calculations of tax expenditures, comprising the main taxes and contributions, since the Entity is not required to write up any book, such as the Taxable Profit Control Register (LALUR), due to its nature of a not-for-profit entity.

Breakdown is as follows:

	<u>2013</u>	<u>2012</u>
PIS and COFINS (0.65% and 3.0% on revenues)	176,488	59,483
IRPJ and CSLL (34% on surplus for the year)	144,317	7,045
	<u>320,805</u>	<u>66,528</u>

17. Allocation of surplus (deficit)

Surplus calculated for the year will be allocated for the maintenance of activities, including the purchase of supply for 2014 surgical missions, in compliance with the Entity's going concern accounting principle and legal provisions in force applicable to not-for-profit entities.