

# **Financial Statements**

## **Associação Operação Sorriso do Brasil**

December 31, 2014  
with Independent Auditor's Report

# Associação Operação Sorriso do Brasil

Financial statements

December 31, 2014

Contents

Independent auditor's report on financial statements .....	1
Audited financial statements	
Balance sheets .....	3
Statements of surplus/(deficit) .....	4
Statements of comprehensive surplus/(deficit) .....	5
Statements of changes in net worth .....	6
Cash flow statements .....	7
Notes to financial statements .....	8



Building a better  
working world

Condomínio São Luiz  
Av. Presidente Juscelino Kubitschek, 1830  
Torre I - 8º Andar - Itaim Bibi  
04543-900 - São Paulo - SP - Brasil

Tel: (5511) 2573-3000  
ey.com.br

**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 R1)**

---

## **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, 2014, and the related statements of surplus/(deficit), of comprehensive surplus/(deficit), of changes in net worth and of cash flows 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 R1), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 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 these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected 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.

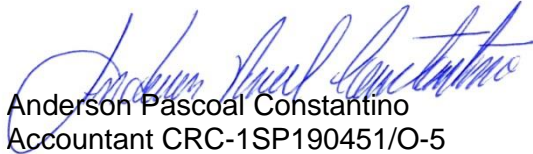
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associação Sorriso do Brasil as at December 31, 2014, its operating 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 R1).

São Paulo, October 15, 2015.

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



Anderson Pascoal Constantino  
Accountant CRC-1SP190451/O-5



Emerson Pompeu Bassetti  
Accountant CRC-1SP251558/O-0

## Associação Operação Sorriso do Brasil

Balance sheets  
December 31, 2014 and 2013  
(Amounts expressed in reais)

Assets	Note	2014	2013
Current assets			
Cash and cash equivalents	3	711.128	642.554
Accounts receivable		21.225	19.387
Inventory	4	76.766	5.683
Sundry receivables		1.816	527
		<u>810.935</u>	<u>668.151</u>
Noncurrent assets			
Property and equipment	5	68.830	74.809
Intangible assets	6	16.485	211
Total noncurrent assets		<u>85.315</u>	<u>75.020</u>
Total assets		<u><u>896.250</u></u>	<u><u>743.171</u></u>
Liabilities and net worth			
Current liabilities			
Accounts payable	7	18.187	12.800
Labor and social security liabilities	8	60.816	41.354
Tax liabilities	9	5.852	3.473
		<u>84.855</u>	<u>57.627</u>
Equity			
Net worth		708.514	582.663
Donation reserve		102.881	102.881
Total net worth	11	<u>811.395</u>	<u>685.544</u>
Total liabilities and net worth		<u><u>896.250</u></u>	<u><u>743.171</u></u>

See accompanying notes.

## Associação Operação Sorriso do Brasil

Statements of surplus/(deficit)  
December 31, 2014 and 2013  
(Amounts expressed in reais)

	Note	2014	2013
Operating revenues			
Restricted revenue			
Volunteer work	12.1	<b>236.759</b>	<b>141.395</b>
		<b>236.759</b>	<b>141.395</b>
Unrestricted revenue			
Domestic donations		<b>812.442</b>	<b>733.089</b>
Donations from United Way / White Martins		<b>129.360</b>	<b>42.707</b>
Donations of materials and services		<b>513.726</b>	<b>3.180.466</b>
Foreign donations		<b>462.333</b>	<b>737.644</b>
Total donations	12.2	<b>1.917.861</b>	<b>4.693.906</b>
Total operating revenues		<b>2.154.620</b>	<b>4.835.301</b>
Costs with programs			
Costs with assistance programs	13	<b>(1.017.250)</b>	<b>(3.602.812)</b>
Volunteer work	12.1	<b>(236.759)</b>	<b>(141.395)</b>
		<b>(1.254.009)</b>	<b>(3.744.207)</b>
Operating surplus, gross		<b>900.611</b>	<b>1.091.094</b>
Operating income (expenses)			
Personnel expenses	14	<b>(489.029)</b>	<b>(492.265)</b>
Administrative expenses	14	<b>(300.963)</b>	<b>(116.732)</b>
Other income/(expenses), net		<b>(33.665)</b>	<b>(66.519)</b>
		<b>(823.657)</b>	<b>(675.516)</b>
Financial income (expenses)			
Financial income		<b>51.626</b>	<b>11.741</b>
Financial expense		<b>(2.729)</b>	<b>(2.856)</b>
		<b>48.897</b>	<b>8.885</b>
Surplus for the year		<b>125.851</b>	<b>424.463</b>

See accompanying notes.

## Associação Operação Sorriso do Brasil

Statements of comprehensive surplus/(deficit)  
Years ended December 31, 2014 and 2013  
(Amounts expressed in reais)

	<u>2014</u>	<u>2013</u>
Surplus for the year	125.851	424.463
Other comprehensive surplus	-	-
Comprehensive surplus for the year	<u>125.851</u>	<u>424.463</u>

See accompanying notes.

## Associação Operação Sorriso do Brasil

Statements of changes in net worth  
Years ended December 31, 2014 and 2013  
(Amounts expressed in reais)

	<b>Note</b>	<b>Net worth</b>	<b>Donation reserve</b>	<b>Surplus</b>	<b>Total</b>
Balance 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)	-
<b>Balance at December 31, 2013</b>		<b>582.663</b>	<b>102.881</b>	<b>-</b>	<b>685.544</b>
Surplus for the year		-	-	<b>125.851</b>	<b>125.851</b>
Unrestricted surplus transfer		<b>125.851</b>	-	<b>(125.851)</b>	-
<b>Balance at December 31, 2014</b>	<b>11</b>	<b>708.514</b>	<b>102.881</b>	<b>-</b>	<b>811.395</b>

See accompanying notes.



## Associação Operação Sorriso do Brasil

Cash flow statements  
December 31, 2014 and 2013  
(Amounts expressed in reais)

	<u>2014</u>	<u>2013</u>
From operating activities		
Surplus for the year	125.851	424.463
Adjustments to non-cash income and expenses:		
Depreciation and amortization	15.983	8.388
Write-off of intangible assets	-	67.915
	<u>15.983</u>	<u>76.303</u>
Increase (decrease) in assets		
Accounts receivable	(1.838)	(8.609)
Inventories	(71.083)	(5.683)
Sundry receivables	(1.289)	(444)
Increase (decrease) in liabilities		
Accounts payable	5.387	9.488
Labor and social security liabilities	19.462	12.458
Tax liabilities	2.379	(5.496)
Net cash provided by social activities	<u>94.852</u>	<u>502.480</u>
Cash flow from investing activities		
Additions to property and equipment	(26.278)	(28.923)
Cash used in investing activities	<u>(26.278)</u>	<u>(28.923)</u>
Increase (decrease) in cash and cash equivalents	<u>68.574</u>	<u>473.557</u>
Cash and cash equivalents:		
At beginning of year	642.554	168.997
At end of year	711.128	642.554
Increase (decrease) in cash and cash equivalents	<u>68.574</u>	<u>473.557</u>

See accompanying notes.

# Associação Operação Sorriso do Brasil

Notes to financial statements  
December 31, 2014 and 2013  
(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, 2014 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 R1 - Not-for-profit entities, approved by Brazil’s National Association of State Boards of Accountancy (CFC) through Resolution No. 1409/12.

The financial statements at December 31, 2014 were approved on March 21, 2015 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, 2014 and 2013  
(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, 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.

#### Property and equipment, 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 liabilities

These amounts represent social charges and contributions due by the Entity. This group also includes provisions for labor contingencies 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, 2014 and 2013  
(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. They are otherwise 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

# Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

## 2. Accounting practices (Continued)

### 2.2. Summary of significant accounting practices (Continued)

uncertainties involved in the estimate process. Management monitors and reviews these estimates and assumptions on a regular and timely basis.

### 2.3. New pronouncements and standards published

The Entity has adopted all (new or revised) pronouncements and interpretations issued by the Brazilian FASB (CPC), which were effective at December 31, 2014. No other standards or interpretations were issued before the date of these financial statements.

## 3. Cash and cash equivalents

	<u>2014</u>	<u>2013</u>
Cash	289	441
Bank checking account	132.446	194.343
Short-term investments	578.393	447.770
Total	<u>711.128</u>	<u>642.554</u>

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 2015 surgical missions.

## 4. Inventories

	<u>2014</u>	<u>2013</u>
Inventories	76.766	5.683
Total	<u>76.766</u>	<u>5.683</u>

Inventory amounts correspond to materials intended for future programs. Durable materials are returned to the warehouse at the end of each program.

## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 5. Property and equipment, net

Breakdown is as follows:

Cost	% - Depreciation	12/31/2013	Additions	Write- offs	12/31/2014
	rate				
Medical equipment	10	39.392	-	-	39.392
Computers and peripherals	20	14.836	6.259	-	21.095
Furniture and facilities	10	42.001	-	-	42.001
Machinery and equipment	10	3.827	-	-	3.827
		<u>100.056</u>	6.259	-	<u>106.315</u>
<b>Depreciation</b>		<b>12/31/2013</b>	<b>Additions</b>	<b>offs</b>	<b>12/31/2014</b>
Medical equipment		(9.066)	(3.939)	-	(13.005)
Computers and peripherals		(5.474)	(3.716)	-	(9.190)
Furniture and facilities		(9.566)	(4.200)	-	(13.766)
Machinery and equipment		(1.141)	(383)	-	(1.524)
		<u>(25.247)</u>	<u>(12.238)</u>	-	<u>(37.485)</u>
Property and equipment, net		<u>74.809</u>	<u>(5.979)</u>	-	<u>68.830</u>

### 6. Intangible assets, net

Cost	12/31/2013	Additions	12/31/2014
Software and applications	320	20.019	20.339
<b>Total</b>	<u>320</u>	<u>20.019</u>	<u>20.339</u>
<b>Amortization</b>	<b>12/31/2013</b>	<b>Additions</b>	<b>12/31/2014</b>
Amortization of software and applications	(109)	(3.745)	(3.854)
<b>Total</b>	<u>(109)</u>	<u>(3.745)</u>	<u>(3.854)</u>
<b>Intangible assets, net</b>	<u>211</u>	<u>16.274</u>	<u>16.485</u>

## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 7. Accounts payable

	<b>2014</b>	<b>2013</b>
Allez Viagens e Turismo Ltda.	-	3.415
CAFFO Artes de Diagramação	<b>671</b>	-
Celso Lopes Martins Eireli	<b>2.092</b>	-
Champion Logistica Promocional Ltda.	-	2.000
Gomes Saldanha Com. de Prods. Papelaria	<b>9.708</b>	-
JPSS Restaurantes Ltda.	<b>375</b>	-
MKM Service Com. e Locação	<b>534</b>	903
Perspectiva Org. Contábil	-	1.186
Riema Empreendimento Imobiliário	<b>482</b>	448
Salustriano Farias da Costa	-	1.500
Tristar Administração e Participação	<b>3.278</b>	2.850
Other	<b>1.047</b>	498
	<b>18.187</b>	<b>12.800</b>

### 8. Labor and social security liabilities

	<b>2014</b>	<b>2013</b>
Social Security Tax (INSS) payable	<b>9.320</b>	5.425
Unemployment Compensation Fund (FGTS) payable	<b>3.045</b>	1.934
Accrued vacation pay and 13th month salary	<b>35.678</b>	25.033
Charges on accrued vacation pay	<b>12.773</b>	8.962
Total	<b>60.816</b>	41.354

### 9. Tax liabilities

	<b>2014</b>	<b>2013</b>
Withholding Income Tax (IRRF) on salaries payable	<b>5.142</b>	3.020
IRRF payable	<b>330</b>	148
PIS on salaries payable	<b>380</b>	305
	<b>5.852</b>	3.473

# Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

## 10. Taxes

### 10.1. 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.

### 10.2. 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.

### 10.3. 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%.

## 11. Equity

	<b>2014</b>	<b>2013</b>
Net worth	<b>582.663</b>	158.200
Donations reserve	<b>102.881</b>	102.881
Surplus for the year	<b>125.851</b>	424.463
	<b>811.395</b>	685.544

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.



## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 12. Revenues

#### 12.1. 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 2014, revenues from volunteer work amounted to R\$236,759 (R\$ 141,395 at December 2013).

#### 12.2. Unrestricted operating revenue

	<u>2014</u>	<u>2013</u>
Corporate donations (a)	<b>592.578</b>	585.661
Individual donations (c)	<b>186.124</b>	115.107
Anonymous donations	<b>33.740</b>	32.321
	<b>812.442</b>	733.089
Donations from United Way / White Martins	<b>129.360</b>	42.707
Donations of materials and services (d)	<b>513.726</b>	3.180.466
Foreign donations (b)	<b>462.333</b>	737.644
	<b>1.105.419</b>	3.960.817
	<b>1.917.861</b>	4.693.906

##### 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 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Abbot Laboratório do Brasil Ltda.	-	25.000
Ahead TS Traduções	-	640
Antena Um Radiodifusão Ltda.	-	10.000
Aumund Ltda.	<b>31.000</b>	-
Associação Citiesperança	<b>50.000</b>	68.150
Bichara, Barata & Costa Advogados	<b>1.200</b>	5.320
Bradesco Seguros	<b>70.000</b>	-
Colgate Palmolive Comercial Ltda.	<b>150.000</b>	150.000
Comerc Comercializadora Energia Elétrica Ltda.	<b>84.000</b>	84.000
Comercial Nicks de Art. Esportivos Ltda.	<b>30.000</b>	-

## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 12. Revenues (Continued)

#### 12.2. Unrestricted operating revenue (Continued)

##### a) Corporate donations (Continued)

	<u>2014</u>	<u>2013</u>
Hypermarcas S/A	-	50.000
Schiwartche Advogados	<b>18.000</b>	-
Icatu Seguros S/A	<b>50.000</b>	59.100
Instituto Azzi	<b>44.000</b>	-
Johnson e Johnson Br. Ind. E Com. Prod. Saude Ltda.	-	18.319
LDS Church	<b>22.602</b>	-
Loteria do Estado do Rio de Janeiro	-	50.522
Pepsi Cola Industria da Amazônia Ltda.	<b>5.560</b>	8.600
The British School – Associação Britânica de Educação	<b>17.121</b>	1.800
Unicred	-	6.300
Voltalia Energia do Brasil Ltda.	-	10.000
Other	<b>19.095</b>	37.910
	<b><u>592.578</u></b>	<b><u>585.661</u></b>

##### b) Foreign donations

These are funds received in foreign currency from the head office (Operation Smile Inc.) or other international partner organizations, as follows:

	<u>2014</u>	<u>2013</u>
Operation Smile	<b>255.557</b>	737.644
Temasek Holdings	<b>206.776</b>	-
Total	<b><u>462.333</u></b>	<b><u>737.644</u></b>

##### c) Individual donations

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

## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 12. Revenues (Continued)

#### 12.2. Unrestricted operating revenue (Continued)

##### 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:

	<b>2014</b>	<b>2013</b>
Alfa Computer Assessoria em Informática	<b>6.090</b>	-
Auto Suture do Brasil Ltda.	<b>25.297</b>	-
Azul Linhas Aéreas	<b>226.635</b>	82.570
Bionexo do Brasil S.A.	<b>61.200</b>	61.200
Cristália Prods. Químicos Farmacêuticos Ltda.	<b>54.498</b>	24.573
Enox On Life Media	-	280.800
Johnson & Johnson BR Ind. e Com. Prod. Saúde Ltda.	<b>76.303</b>	90.767
Microsoft Citizenship & Public Affairs	<b>18.604</b>	-
Nazca S & S Publicidade Ltda.	-	2.556.150
Pepsi Cola Ind. Da Amazônia Ltda.	-	43.956
Ruanda Serv. de Publicidade Ltda.	<b>10.170</b>	-
Schiwartche Advogados	<b>15.000</b>	-
Other	<b>19.929</b>	40.450
	<b>513.726</b>	3.180.466

### 13. 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.

	<b>Period</b>	<b>Surgical procedures rendered</b>	<b>Funds R\$ (*)</b>
Expenses from own resources	2013	212	(1,046,662) (*)
	2014	230	(1,017,250)

(\*) 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 2013:** 451 people were screened, resulting in 4,059 medical appointments, 212 surgeries and 291 surgical procedures carried out.

**Year 2014:** 450 people were screened, resulting in 4,050 medical appointments, 230 surgeries and 356 surgical procedures carried out.

## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 13. Costs with programs (Continued)

In meeting the provisions in item VI, article 3, of Decree No. 2536/98, in 2014 and 2013, the Entity provided the following free social assistance, as follows:

	<b>2014</b>	<b>2013</b>
Distributions of premiums, kits and gifts	<b>(18.451)</b>	(3.167)
Air tickets	<b>(397.134)</b>	(197.252)
Meals	<b>(36.110)</b>	(43.174)
Cargo warehousing services	<b>(22.339)</b>	(3.705)
Media relations services	<b>(12.000)</b>	(9.450)
IT advisory services	<b>(6.090)</b>	-
Legal advisory services	<b>(15.000)</b>	-
Conference call services	<b>(6.996)</b>	(3.446)
Hosting services	<b>(67.500)</b>	(98.428)
Use license services of Plataforma Bionexo/Enox TV	<b>(61.200)</b>	(342.000)
Publicity services	<b>(10.170)</b>	(2.556.150)
Transportation services	<b>(17.099)</b>	(34.867)
Customs technical services	<b>(18.000)</b>	(10.346)
Medical supplies	<b>(226.860)</b>	(209.696)
Other than medical supplies	<b>(64.992)</b>	(4.521)
Telephone	<b>(12.899)</b>	(8.413)
Transportation services	<b>(10.617)</b>	(16.733)
Other	<b>(13.793)</b>	(61.465)
	<b><u>(1.017.250)</u></b>	<b><u>(3.602.812)</u></b>

## Associação Operação Sorriso do Brasil

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### 14. Personnel and administrative expenses

Administrative expenses for 2014 and 2013 are broken down as follows:

	<b>2014</b>	<b>2013</b>
Personnel expenses	<b>(341.520)</b>	(368.296)
Social charges	<b>(147.509)</b>	(123.969)
	<b>(489.029)</b>	(492.265)
Rent	<b>(42.161)</b>	(36.160)
Rent of office equipment	<b>(5.382)</b>	(4.928)
Internet	<b>(903)</b>	(2.583)
Office supplies	<b>(1.444)</b>	(977)
Air tickets	<b>(9.505)</b>	(291)
Domain/website registration services	<b>(9.201)</b>	(17.486)
Accounting advisory services	<b>(19.446)</b>	(10.850)
IT advisory services	<b>(3.118)</b>	(2.928)
HR advisory services	-	(4.550)
Audit services	<b>(8.163)</b>	(8.799)
Biding/printing/laminating services	-	(235)
Courier/mail pouch services	<b>(3.232)</b>	(2.615)
Assistance and advisory services	<b>(178.462)</b>	-
Telephone	<b>(4.635)</b>	(12.129)
Other	<b>(15.311)</b>	(12.201)
	<b>(300.963)</b>	(116.732)
	<b>(789.992)</b>	(608.997)

### 15. Exemptions and tax expenditures

Pursuant to ITG 2002 R1 - Not-for-profit entities, approved by CFC Resolution No. 1409/12, the Entity presents below the amount of tax expenditures calculated for 2014 and 2013 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:

	<b>2014</b>	<b>2013</b>
PIS and COFINS (0.65% and 3.0% on revenues)	78,644	176,488
IRPJ and CSLL (34% on surplus for the year)	42,789	144,317
	<b>121,433</b>	<b>320,805</b>

## **Associação Operação Sorriso do Brasil**

Notes to financial statements (Continued)  
December 31, 2014 and 2013  
(Amounts expressed in reais, unless otherwise stated)

### **16. Allocation of surplus (deficit)**

Surplus calculated for the year will be allocated for the maintenance of activities, including the purchase of supply for 2015 surgical missions, in compliance with the Entity's going concern accounting principle and legal provisions in force applicable to not-for-profit entities.