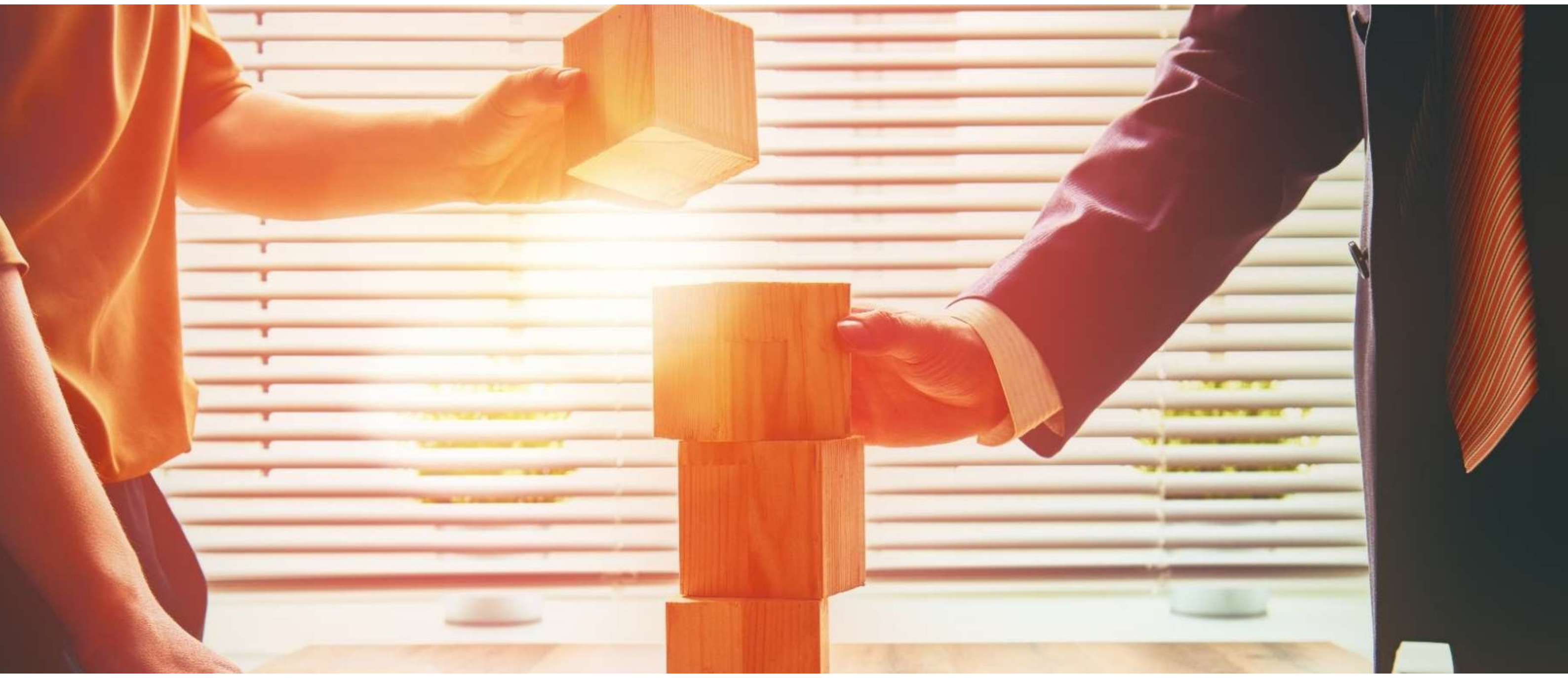

ASSOCIAÇÃO OPERAÇÃO SORRISO DO BRASIL

FINANCIAL STATEMENTS
DECEMBER 31, 2019
With independent auditor's report

ASSOCIAÇÃO OPERAÇÃO SORRISO DO BRASIL

FINANCIAL STATEMENTS

DECEMBER 31, 2019

Contents

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Independent auditor's report

To the Management and Associates
Associação Operação Sorriso do Brasil
São Paulo - SP

Opinion

We have audited the financial statements of Associação Operação Sorriso do Brasil ("Association"), which comprise the statement of financial position as at December 31, 2019, the statement of surplus or deficit, statement of comprehensive surplus or deficit, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Associação Operação Sorriso do Brasil as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil applicable to non-profit entities.

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 Association in accordance with the relevant ethical principles set out in the Code of Ethics for Professional Accountants and professional standards issued by the Federal Accounting Board ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

Restatement of financial statements

As disclosed in note 2.5, in 2019 accountings adjustments referring to the prior year were identified. Therefore, the corresponding amounts related to the financial statements for the prior year, presented for comparison purposes, have been adjusted and are being restated in accordance with the requirements in NBC TG 23 (R2) – Accounting Policies, Changes in Accounting Estimates and Errors. As part of our audit of the financial statements for 2019, we have also audited the adjustments made to change the financial statements for 2018. We concluded that these adjustments are appropriate and have been properly made.

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

The management of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil applicable to non-profit entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Association'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 Association or to cease its operations, or has no other realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit 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.

- Obtain 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association'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 Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, April 27, 2020.

Crowe Macro Auditores Independentes
CRC 2SP033508/O-1

Danilo dos Santos Lopes
Accountant - CRC1SP 294551/O-7

Fábio Debiaze Pino
Accountant - CRC1SP 251154/O-9

Associação Operação Sorriso do Brasil

Statements of financial position at December 31
In reais (R$)

Assets	Note	2019	2018	Liabilities and net worth	Note	2019	2018
			(Restated)				**(Restated)**
Current assets				**Current liabilities**			
Cash and cash equivalents	**4**	750,516	590,733	Accounts payable	**8**	70,607	60,784
Inventories	**5**	379,303	414,922	Labor and social security obligations	**9**	81,383	70,494
Other receivables	**6**	175,030	188,768	Tax obligations	**10**	445	1,574
		1,304,849	**1,194,423**			**152,435**	**132,852**
				Current liabilities			
				Provision for contingent liabilities	**11**	139,151	139,151
						139,151	**139,151**
Noncurrent assets							
Property and equipment	**7**	170,506	152,683				
Intangible assets	**-**	-	320	**Net worth**			
		170,506	**153,003**	Net worth	**12**	972,542	971,648
				Donations reserve		102,881	102,881
				Surplus for the year		108,346	894
						1,183,769	**1,075,423**
Total assets		**1,475,355**	**1,347,426**	**Total liabilities and net worth**		**1,475,355**	**1,347,426**

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

Associação Operação Sorriso do Brasil

Statements of surplus or deficit for the years ended December 31
In reais (R$)

	Note	2019	2018
Operating revenues			
With restriction			
Volunteer work	**14.1**	**310,782**	**425,674**
Without restriction			
Individual donations		56,899	97,580
Corporate donations	**14.2**	1,876,059	1,804,105
Anonymous donations		16,525	21,587
Donations from abroad	**14.2**	503,407	562,211
Donations of products and services	**14.2**	446,102	514,582
Revenues from events		74,574	-
Other revenues		-	2,638
Total revenues without restriction		**2,973,566**	**3,002,703**
Total operating revenues		**3,284,348**	**3,428,377**
Costs of programs			
Cost of assistance programs	**15**	(1,681,539)	(1,710,952)
Volunteer work	**14.1**	(310,782)	(425,674)
Total costs of programs		**(1,992,321)**	**(2,136,626)**
Operating expenses			
Personnel expenses	**16**	(466,273)	(520,444)
Administrative expenses	**17**	(865,465)	(713,214)
Other income (expenses), net		134,440	(50,853)
		(1,197,298)	**(1,284,511)**
Surplus before finance income (costs)		**94,729**	**7,240**
Finance income (costs), net	**18**	13,617	(6,346)
Surplus for the year		**108,346**	**894**

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

Associação Operação Sorriso do Brasil

Statements of comprehensive surplus or deficit for the years ended December 31
In reais (R$)

	2019	2018
Surplus for the year	108,346	894
Other comprehensive surplus (deficit)	-	-
Total comprehensive surplus (deficit)	**108,346**	**894**

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

Associação Operação Sorriso do Brasil

Statements of changes in net worth
In reais (R$)

Description	Net worth	Donations reserve	Surplus for the year	Total
Balances at December 31, 2017	**851,099**	**102,881**	**120,549**	**1,074,529**
Transfer of surplus for the prior year	120,549	-	(120,549)	**-**
Surplus for the year	-	-	894	**894**
Balances at December 31, 2018 (Restated)	**971,648**	**102,881**	**894**	**1,075,423**
Transfer of surplus for the prior year	894	-	(894)	**-**
Surplus for the year	-	-	108,346	**108,346**
Balances at December 31, 2019	**972,542**	**102,881**	**108,346**	**1,183,769**

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

Associação Operação Sorriso do Brasil

Statements of cash flows for the years ended December 31
In reais (R$)

	2019	2018
Cash flows from operating activities:		
Surplus for the year	**108,346**	**894**
Adjustments to reconcile surplus for the year to funds from operating activities		
Depreciation and amortization	26,182	28,266
	134,528	**29,160**
Cash flows from operating activities		
Accounts receivable	-	408,000
Inventories	35,619	(76,784)
Other receivables	13,738	437
Accounts payable	9,823	23,977
Labor and social security obligations	10,889	16,736
Tax obligations	(1,129)	765
Net cash generated by operating activities	**203,468**	**402,291**
Cash flows from investing activities		
Purchase of property and equipment	(43,685)	(1,095)
Net cash used in investing activities	**(43,685)**	**(1,095)**
Net increase in cash and cash equivalents	**159,783**	**401,196**
Cash and cash equivalents at the beginning of the year	590,733	189,537
Cash and cash equivalents at the end of the year	750,516	590,733
Net increase in cash and cash equivalents	**159,783**	**401,196**

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

1. General information

Associação Operação Sorriso do Brasil ("Association") is a non-profit civil association governed by private law and engaged in philanthropic activities, whose operations started on December 8, 2006. The Association is located at Avenida Brigadeiro Faria Lima, nº 2.413, São Paulo, SP, and its activities are governed by its statutes, the provisions of Law 9,790 of March 23, 1999 and Decree 3,100 of June 30, 1999, and other applicable legal provisions. The Association was established to operate for an indeterminate period of time.

The purpose of the Association is to provide support and assistance for the carrying out of scientific, medical and educational actions in the areas of reconstructive plastic surgery and aesthetic surgery for children, teenagers and youth, and occasionally to underprivileged adults as well, in compliance with the provisions of the sole paragraph of Article 3 of Law 9,790 of March 23, 1999.

2. Presentation and preparation of the financial statements

2.1 Statement of compliance in respect of accounting practices

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, including the provisions of Resolution 2015/ITG2002(R1) of the Federal Accounting Council (CFC), which approved Technical Interpretation ITG 2002 (R1) - "Non-profit Entities".

The financial statements were approved by the Association's management on April 27, 2020.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except for non-derivative financial instruments that are measured at fair value through profit or loss.

2.3 Functional currency

These financial statements are presented in Brazilian reais (R$), which is the Association's functional currency. All financial information presented in reais has been rounded to the nearest thousand, unless otherwise indicated.

2.4 Use of estimates and judgments

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2.5 Restatement of the financial statements previously published

In compliance with the requirements in standard NBC TG 23 (R2) – Accounting Policies, Changes in Accounting Estimates and Errors, the Association prepared a retrospective restatement of the financial statements for the year ended December 31 2018, which are identified with the nomenclature "Restated".

For a better presentation of the financial statements, due to the improvement in inventory controls in 2019, there was an addition to inventories as at December 31, 2018 in the amount of R$ 220,667, classified as "Inventories in transit", arising from materials returning from assignments that were recorded in inventories only in 2019.

3. Summary of significant accounting policies

Significant accounting policies adopted in the preparation of the financial statements are as follows:

(a) Financial instruments

Under IFRS 9/ NBC TG 48, on initial recognition, a financial asset is classified as: at amortized cost; at fair value through other comprehensive income ("FVOCI") - debt instrument; at FVOCI - equity instrument; and at fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 / NBC TG 48 is substantially based on the business model in which a financial asset is managed and on its contractual cash flow characteristics. The new significant accounting policies are described below:

Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. The interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

• the financial asset is held within a business model with the objective of holding assets in order to collect contractual cash flows; and

• the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

• The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets are substantially represented by investments (Note 4) classified as at fair value through profit or loss.

In accordance with IFRS 9 / NBC TG 48, on initial recognition, financial liabilities were classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently carried at amortized cost using the effective interest method. Interest expenses and exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The Association's financial liabilities are substantially represented by trade payables (Note 10), which are classified as subsequently measured at amortized cost.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks readily convertible into a known amount of cash and subject to an insignificant risk of change in value. They are stated at cost, plus yield accrued which does not exceed their fair value.

(c) Accounts receivable

Accounts receivable comprise donations received from domestic or foreign companies that commit to making donations.

(d) Property and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation calculated under the straight-line method at annual rates that take into consideration the estimated useful life and residual value of the assets (see note 7).

(e) Intangible assets

Software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring the software to its specific use. These costs are amortized over the estimated useful life under the straight-line method.

(f) Impairment testing of assets

Management reviews annually the net carrying amount of the assets to assess events or changes in economic, operating or technological circumstances that may indicate evidences of impairment. Whenever these evidences are identified, and the net carrying amount exceeds the recoverable amount, a provision for impairment is recognized adjusting the net carrying amount to the recoverable amount.

(g) Provision for contingent liabilities

Provisions are recognized when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

(h) Net worth

This balance comprises donations received from third parties, plus or less the surplus or deficit for each year.

The transfer of surplus/deficit to net worth occurs upon approval of the associates' meeting.

(i) Other noncurrent assets and liabilities

Current and noncurrent assets and liabilities at stated at known or estimated amounts, plus, when applicable, the related charges, inflation adjustment and/or exchange rate changes through the end of the reporting period.

(j) New standards, revisions and interpretations

Amendments to standards that were initially adopted for annual periods beginning on or after January 1, 2018:

- **IFRS 15 - Revenue from Contracts with Customers (NBC TG 47)** – The standard sets forth the principles that an entity should apply to determine the measurement of revenue and how and when it should be recognized. The amendments establish the criteria for the measurement and recognition of revenues, in the manner they were actually carried out with their appropriate disclosure, as well as their recording by the amounts to which the entity is entitled in the operation, considering any estimated impairment. The Association's management assessed the effects arising from the adoption of the standard and did not identify changes or impacts on the recognition of its revenues.

- **IFRS 9 - Financial Instruments (NBC TG 48)** – The standard addresses the classification, measurement and recognition of financial assets and liabilities. The main amendments are related to the new criteria for the classification of financial assets into two categories (measured at fair value and measured at amortized cost) depending on the characteristics of each instrument, which may be classified into finance income (costs) or comprehensive income, the new impairment model for financial assets which is a hybrid of expected and incurred losses, in replacement of the current model of incurred losses, and relaxation of the requirements for adoption of hedge accounting.

  The Association's management has assessed the new standard and, considering its current transactions, has not identified changes that could have a material impact on its financial statements, since the financial instruments it holds are not complex, do not pose risk of impact on their revaluation, and do not pose risk of impairment or significant impairment due to expected future losses.

Amendments to standards that were initially adopted for annual reporting periods beginning on or after January 1, 2019:

- **IFRS 16 - Leases - NBC TG 06 (R3):** This replaces the existing standard on leases and establishes the principles for recognition, measurement, presentation and disclosure of leases for both lessors and lessees. The Association's management assessed the new standard and, considering its current transactions, did not identify changes that could have impact on its financial statements.

4. Cash and cash equivalents

Description	**2019**	**2018**
Cash	252	839
Banks	10	10
Financial investments	750,254	589,884
Total	**750,516**	**590,733**

The Association has investment policies that determine investments in low-risk securities with a yield based on percentages of the CDI (interbank deposit certificate rate) variation. This balance refers basically to investments in low-risk investment funds at traditional institutions.

5. Inventories

Description	2019	2018
		(Restated)
Supplies inventory	281,092	194,255
Inventories in transit	98,211	220,667
Total	**379,303**	**414,922**

The inventory amounts refer to materials to be used in future programs. Durable materials return to the storeroom at the end of each program. The inventories comprise materials or consumer goods that will be used in the assignments of the Association

6. Other receivables

Description	2019	2018
Advances to suppliers	167,348	167,260
Other receivables	7,682	21,508
Total	**175,030**	**188,768**

The "Advance to suppliers" line item comprises substantially an import of equipment in progress which is pending the licenses required by the Brazilian Health Surveillance Agency (ANVISA) for its proper nationalization.

7. Property and equipment

		2019			**2018**
Description	**Depreciation rate**	**Cost**	**Accumulated depreciation**	**Net**	**Net**
Machinery and equipment	10%	1,330	(1,050)	280	400
Furniture and fixtures	10%	28,158	(12,762)	15,396	18,212
Medical equipment	10%	202,785	(69,602)	133,183	130,392
Computers and peripherals	20%	48,289	(26,642)	21,647	3,679
		280,562	**(110,056)**	**170,506**	**152,683**

Changes in 2019

Description	2018	Additions	Write-offs	2019
Cost				
Machinery and equipment	1,330	-	-	1,330
Furniture and fixtures	28,158	-	-	28,158
Medical equipment	180,100	22,685	-	202,785
Computers and peripherals	27,478	21,000	(189)	48,289
Total cost	**237,066**	**43,685**	**(189)**	**280,562**
(-) Accumulated depreciation	(84,383)	(25,862)	189	(110,056)
Property and equipment, net	**152,683**	**17,823**	**-**	**170,506**

Changes in 2018

Description	2017	Additions	Write-offs	2018
Cost				
Machinery and equipment	1,330	-	-	1,330
Furniture and fixtures	28,158	-	-	28,158
Medical equipment	180,100	-	-	180,100
Computers and peripherals	26,383	1,095	-	27,478
Total cost	**235,971**	**1,095**	**-**	**237,066**
(-) Accumulated depreciation	(60,122)	(24,261)	-	(84,383)
Property and equipment, net	**175,849**	**(23,166)**	**-**	**152,683**

8. Accounts payable

Description	2019	2018
Suppliers	70,607	53,353
Professional services payable	-	3,386
Rentals payable	-	3,600
Independent contractors	-	445
Total	**70,607**	**60,784**

9. Labor and social security obligations

Description	2019	2018
Provision for vacation pay and related charges	61,706	52,682
Payroll taxes payable	19,677	17,812
Total	**81,383**	**70,494**

10. Tax obligations

Description	2019	2018
IRRF (withholding income tax)	47	1,126
PIS/COFINS (taxes on revenue) and CSLL (social contribution on profit)	172	302
ISS (service tax) payable	226	146
Total	**445**	**1,574**

11. Provision for contingent liabilities

In the normal course of its activities, the Association is subject to tax, civil and labor lawsuits. As at December 31, 2019 and 2018, the Association was not a party to any lawsuits.

Management, based on the opinion of its legal counsel and experts, when applicable, assesses the matters that may give rise to future challenges and determines the need to recognize a provision for contingent liabilities. The balances as at December 31, 2019 and 2018 amounting to R$ 139,151 refer to potential labor liabilities under discussion, for which there are no administrative or judicial proceedings in progress at the moment.

12. Net worth

Net worth is presented in inflation adjusted amounts and comprises the opening net worth, plus the surplus less the deficit incurred since the Association's foundation date.

13. Tax aspects

(a) Corporate Income Tax (IRPJ) and Social Contribution on Profit (CSLL)

Since the Association is a non-profit entity, it is entitled to exemption from the federal taxes levied on profit, in accordance with Articles 167 to 174 of the Income Tax Regulation approved by Decree 3,000 of March 26, 1999 and Article 195 of the Federal Constitution.

(b) PIS and COFINS

As regards the social contribution to the Social Integration Program (PIS), the Association is subject to the payment of this contribution, calculated on the payroll at the rate of 1%, as provided for in Article 13 of Executive Act 2,158-35 of August 24, 2001.

In regard to the Social Contribution for Social Security Financing (COFINS), the Association is entitled to exemption from the payment of this tax on revenues related to its activities, pursuant to Laws 9,718/98 and 10,833/03, and is subject to the payment of this tax on its other revenues.

14. Operating revenues

14.1 Operating revenues with restriction

The corrective surgeries of Operação Sorriso do Brasil are performed by a team of volunteer health professionals. This work is recognized as donation and accounted for through "working hours" in accordance with the professional category, and the rate per professional is determined according to the table disclosed and collective agreements of the labor unions of each category. In 2019, the amount determined was R$ 310,782 (R$ 425,674 in 2018).

14.2 Operating revenues without restriction

(a) Corporate donations

These consist of donations made by companies through deposits into the Association's current account, as follows:

Description	**2019**	**2018**
Atlântica V. Parque Eólico – **CPFL**	-	521,685
Energia Sustentável do Brasil S.A. - **ESBR**	400,000	501,120
Usina de Energia Eólica Santo Cristo SPE S.A - **VOLTALIA**	827,231	355,131
Comerc Comercializadora de Energia Elétrica - **COMERC**	100,800	92,400
Johnson & Johnson BR Ind. e Com. Ltda. – **J&J**	136,839	60,850
Associação Citiesperança	50,000	50,000
Icatu Seguros S.A.	50,000	50,000
Bradesco Saúde S.A.	50,000	-
Aumund Ltda.	44,400	43,862

SAP Brasil	39,000	-
Cooperativa de Economia e Crédito Mutuo dos Empregados da J&J	32,640	-
Andressa Nunes da Silva ME – **DAY PHARMA**	36,574	36,100
Irmãos Guimarães Correto de Seguros Ltda.	21,000	-
Others	87,575	92,957
Total	**1,876,059**	**1,804,105**

(b) Donations from abroad

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

Description	**2019**	**2018**
Operation Smile	471,940	29,953
Pepsi Cola Industrial da Amazônia Ltda.	31,467	-
Temasek Holding PTE LTD	-	377,912
United Way - White Martins	-	154,346
Total	**503,407**	**562,211**

(c) Individual donations

These consist of donations made by individuals through direct deposits into the Association's current account.

(d) Donations of products and services

These comprise donations of surgical products from manufacturers of these products, as well as services rendered to the Association on a pro-bono basis, and are broken down as follows:

Description	**2019**	**2018**
Azul Linhas Aéreas	239,374	227,236
Johnson & Johnson BR Ind. e Com. Ltda.	38,258	14,120
LDS Church	-	130,769
Cristália Prod. Químico Farmacêuticos Ltda.	67,497	-
Abbvie Brasil	-	13,545
Alfa Computer Assessoria em Informática	39,144	35,100
SAP Brasil	21,000	-
Schivartche Advogados	20,000	-
Others	20,829	93,812
Total	**446,102**	**514,582**

15. Costs of programs

In compliance with the provisions of item VI of Article 3 of Decree 2,536/98, in 2019 and 2018 the Association granted the following gratuities for the execution of assistance programs:

Description	**2019**	**2018**
Air tickets	(513,538)	(383,170)
Meals	(61,883)	(73,002)
Medical supplies	(311,787)	(327,021)

Lodging	(183,043)	(234,317)
Cargo storage services	(54,985)	(49,229)
Transportation services	(187,088)	(324,652)
Customs clearance	(13,795)	(45,976)
Forms of materials	(7,064)	(6,891)
Phone calls	-	(4,370)
Advisory services	-	(43,397)
Press advisory services	-	(4,167)
Distribution of gifts/prizes/presents/kits	(7,822)	(18,150)
Training and education	(1,700)	(42)
Non-medical supplies	(16,478)	(44,161)
Personnel expenses	(282,592)	(113,568)
Others	(39,764)	(38,839)
	(1,681,539)	**(1,710,952)**

16. Personnel expenses

Description	**2019**	**2018**
Personnel expenses (salaries)	(316,462)	(429,753)
Personnel charges	(149,811)	(90,691)
Total	**(466,273)**	**(520,444)**

17. Administrative expenses

Description	**2019**	**2018**
Meals	-	(3,293)
Rentals	(40,206)	(43,137)
Office equipment lease	(4,744)	(11,504)
IT advisory services	(40,124)	(35,100)
Office supplies	(14,721)	(2,610)
Lodging services	-	(2,251)
Website expenses	(6,451)	(4,400)
Accounting advisory services	(21,677)	(20,363)
Transportation services	-	(52,316)
Postal/motorcycle delivery/express delivery (DHL) services	(7,380)	(5,262)
Advisory and consulting services	(552,250)	(422,040)
Phone calls	(12,726)	(15,059)
Depreciation	(26,182)	(28,266)
Maintenance	(64,092)	-
Others	(74,912)	(67,613)
Total	**(865,465)**	**(713,214)**

18. Finance income (costs), net

Description	**2019**	**2018**
Finance income	27,305	8,279
Finance costs	(13,688)	(14,625)
Total	**13,617**	**(6,346)**

19. Risk management

Through its operations, the Association is exposed to the following financial risks:

- Credit risk;
- Liquidity risk.

As in all other businesses, the Association is exposed to risks arising from the use of financial instruments. This note describes the Association's objectives, policies and processes to manage these risks and the methods used to measure them. Further quantitative information on these risks is presented throughout these financial statements.

General objectives, policies and processes:

Management has overall responsibility for determining the Association's risk management objectives and policies and holds the ultimate responsibility for them. It has assigned the authority to design and operate processes that ensure the effective implementation of the objectives and policies to the Association's finance function.

Management's general objective is to establish policies that seek to reduce the risk, to the extent possible, without inappropriately affecting the Association's competitiveness and flexibility. Further details on these policies are presented below.

a) Credit risk

Credit risk is the risk of financial loss to the Association if an associate or counterparty to a financial instrument does not fulfill its contractual obligations. The financial instruments potentially subject to credit risk for the Association comprise mainly cash and cash equivalents, which are held with creditworthy financial institutions and can be redeemed at any moment upon request.

The carrying amount of the financial assets represents the maximum credit exposure. All cash and cash equivalents are held with first-tier Brazilian banks.

b) Liquidity risk

Liquidity risk is the risk of the Association not being able to fulfill its financial obligations as they become due. The Association's policy is to ensure that it will always have sufficient cash to enable it to fulfill its obligations when they become due, under normal and stress conditions, without incurring unacceptable losses or risking damages to the Association's reputation.

The key to success in liquidity management is the degree of certainty in cash flow projections. If the future cash flows are very uncertain, the liquidity risk increases.

The Association monitors the risk of cash shortage by monitoring the maturity dates of the existing financial liabilities. The Association's financial liabilities are comprised of trade payables and labor and tax obligations.

20. Insurance coverage

The Association has insurance coverage in amounts considered sufficient by Management to cover any risks on its assets and/or liabilities.
The scope of the work of our auditors does not include the issuance of an opinion on the sufficiency of the insurance coverage.

21. Exemptions enjoyed and tax relief

In compliance with ITG 2002 (R1) – Non-profit Entities, approved by CFC Resolution 1,409/12, the Association presents below the amount of tax relief determined in 2019 and 2018 if the tax obligation was due. Therefore, in our judgment, we considered the following taxes and contributions and related rates and point out that they refer to estimated calculations of tax relief covering the main taxes and contributions, since the Association is not required to maintain tax bookkeeping. The amounts are comprised as follows:

Below we present the amount of tax relief determined:

Description	**2019**	**2018**
PIS and COFINS (3.65% on revenues)	119,879	125,136
IRPJ and CSLL (34% on the surplus for the year)	184,156	304
Total	**304,035**	**125,440**

22. Events after the reporting period

Recently, the World Health Organization - WHO declared that the outbreak of the Coronavirus COVID-19 constitutes a pandemic on a global scale. This pandemic has already caused significant impacts, including the closure of business premises, the creation of challenging working conditions and the interruption of the global supply chain, which could affect the availability of certain social benefits normally met by the Association.

The Association has been following the guidelines of the WHO and the local Health Authorities and has taken several measures to protect its employees from the epidemic, seeking to maintain operational activity.

The Association's management believes that there was no impact on the December 31, 2019 financial statements as a result of subsequent events and has been following events related to the pandemic to mitigate significant risks to operational continuity.

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