



ASSOCIAÇÃO OPERAÇÃO SORRISO DO BRASIL

FINANCIAL STATEMENTS
DECEMBER 31, 2022
With independent auditor's report

ASSOCIAÇÃO OPERAÇÃO SORRISO DO BRASIL

FINANCIAL STATEMENTS

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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, 2022, 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, 2022, 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.

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, March 14, 2023.

Crowe Macro Auditores Independentes
CRC 2SP033508/O-1

A handwritten signature in blue ink, appearing to read "Roberson de Sousa Cardoso".

Roberson de Sousa Cardoso
Accountant - CRC1SP 325546/O-9

A handwritten signature in blue ink, appearing to read "Fabio Debiaze Pino".

Fabio Debiaze Pino
Accountant - CRC1SP 251154/O-9

Associação Operação Sorriso do Brasil

Statements of financial position as at December 31

In reais (R\$)

Assets	Note	2022	2021	Liabilities and net worth	Note	2022	2021
Current assets				Current liabilities			
Cash and cash equivalents	4	799,052	605,452	Accounts payable		473	1,052
Inventories	5	75,697	83,880	Labor obligations	8	150,834	126,034
Other receivables	6	62,069	24,114	Tax obligations		396	280
		936,818	713,446	Other obligations	6	57,015	-
						151,703	127,366
Noncurrent assets				Current liabilities			
Property and equipment	7	1,220,722	1,273,859	Provision for contingent liabilities	9	247,918	247,918
		1,220,722	1,273,859			304,933	247,918
Net worth				Net worth			
				Net worth	10	1,509,140	1,192,484
				Donations reserve		102,881	102,881
				Surplus for the year		88,883	316,656
						1,700,904	1,612,021
Total assets		2,157,540	1,987,305	Total assets		2,157,540	1,987,305

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\$)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Operating revenues			
With restriction			
Volunteer work	12.1	341,027	143,476
Without restriction			
Individual donations		21,521	89,928
Corporate donations	12.2	1,114,245	406,150
Anonymous donations		174,207	130,471
Donations from abroad	12.2	1,822,058	4,399,303
Donations of products and services	12.2	323,165	292,853
Total revenues without restriction		3,455,196	5,318,705
Total operating revenues		3,796,223	5,462,181
Costs of programs			
Cost of assistance programs	13	(1,886,949)	(3,669,263)
Volunteer work	12.1	(341,027)	(143,476)
Total costs of programs		(2,227,976)	(3,812,739)
Operating expenses			
Personnel expenses	14	(844,312)	(700,094)
Administrative expenses	15	(677,066)	(659,410)
Other income (expenses), net		2,500	-
		(1,518,878)	(1,359,504)
Surplus before finance income (costs)		49,369	289,938
Finance income (costs), net	16	39,514	26,718
Surplus for the year		88,883	316,656

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\$)

	<u>2022</u>	<u>2021</u>
Surplus for the year	88,883	316,656
Other comprehensive surplus (deficit)	-	-
Total comprehensive surplus (deficit)	<u>88,883</u>	<u>316,656</u>

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, 2020	1,080,888	102,881	111,596	1,295,365
Transfer of surplus for the prior year	111,596	-	(111,596)	-
Surplus for the year	-	-	316,656	316,656
Balances at December 31, 2021	1,192,484	102,881	316,656	1,612,021
Transfer of surplus for the prior year	316,656	-	(316,656)	-
Surplus for the year	-	-	88,883	88,883
Balances at December 31, 2022	1,509,140	102,881	88,883	1,700,904

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\$)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Surplus for the year	88,883	316,656
Adjustments to reconcile surplus for the year to funds from operating activities		
Provision for contingent liabilities	-	108,767
Depreciation and amortization	163,671	98,964
	252,554	524,387
Cash flows from operating activities		
Inventories	8,183	17,635
Other receivables	(37,955)	146,377
Accounts payable	(579)	982
Labor obligations	24,800	29,282
Tax obligations	116	13
Other obligations	57,015	-
Net cash generated by operating activities	304,134	718,676
Cash flows from investing activities		
Purchase of property and equipment	(110,534)	(1,114,969)
Cash used in investing activities	(110,534)	(1,114,969)
Net increase (decrease) in cash and cash equivalents	193,600	(396,293)
Cash and cash equivalents at the beginning of the year	605,452	1,001,745
Cash and cash equivalents at the end of the year	799,052	605,452
Net increase (decrease) in cash and cash equivalents	193,600	(396,293)

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

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

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.

The COVID-19 pandemic, decreed in 2020 by the World Health Organization - WHO, continued in 2021 as one of the great challenges around the world. In 2020, the Association started the movement Together for you, with the aim of raising funds to buy and donate personal protective equipment (PPE) to health professionals who worked in hospitals on the front line of the pandemic. The campaign had the participation of the public, companies and partners.

In 2021, the movement continued and gained even more strength, and was essential in saving lives. The Association mobilized important donations from partners and Operation Smile International to acquire and donate equipment that allowed the expansion of intensive care unit (ICU) beds used in the care of Covid patients in serious condition.

In addition, the Association continues to follow the guidance 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 entire staff has been working remotely since March 17, 2020. As of the second half of 2021, the Association adopted the hybrid work regime, in which employees work partially in a remote way and partially on-site, always considering their safety with a small number of people in the office and the adoption of security protocols such as wearing masks and social distancing.

In 2021, the Association’s surgical programs were resumed, being held in the cities of Santarém/state of Pará (November) and Porto Velho/state of Rondônia (December). Both followed strict protocols to prevent the spread of COVID-19, which resulted in two safe surgical programs and without any case of contamination among the participants.

In 2022, surgical programs were performed in Santarém/PA (May) and Porto Velho (June). A partnership was also formalized with the Brazilian Navy and a patient identification program was carried out on the Amazon River, in the Parintins/AM region. The year was also marked by support for the development of multidisciplinary care centers for patients with cleft lip and palate in Santarém/PA, Porto Velho/RO and Natal/RN, through the donation of instruments and surgical equipment and continued training of local professionals.

The Association’s Management believes that, once again, the Covid-19 pandemic had no impact on the financial statements for the year ended December 31, 2022 and 2021, and emphasizes that there was a positive balance of donations, considering the continuation of contribution of funds received from the private sector, individual donors and international partners to support healthcare professionals and hospitals in the context of the Covid-19 pandemic, as well as for the direct care programs for people with cleft lip and palate in Brazil.

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

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 March 14, 2023

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.

3. Summary of significant accounting policies

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

(a) Financial instruments

The Association financial assets are classified in the "Loans and receivables" category. The classification depends on the purpose for which financial assets were acquired or financial liabilities were incurred. This category includes nonderivative financial assets with fixed or determinable receipts and payments that are not quoted in an active market. They are recognized in current assets or current liabilities, except for maturities greater than 12 months after the end of the reporting period, which are classified as noncurrent assets or noncurrent liabilities.

Financial liabilities are measured at amortized cost using the effective interest method.

At December 31, 2022 and 2021, the Association financial instruments comprise cash and cash equivalents (Note 4), other receivables (Note 6), accounts payable and other obligations (Note 6).

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021

In reais (R\$)

(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 are 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.

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

4. Cash and cash equivalents

Description	2022	2021
Cash	379	16
Banks	110	10
Financial investments	798,563	605,426
Total	799,052	605,452

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	2022	2021
Supplies inventory	75,697	83,880
Total	75,697	83,880

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	2022	2021
Sponsorship receivables - (a)	57,015	-
Advances to suppliers	233	17,159
Other receivables	4,821	6,955
Total	62,069	24,114

(a) - The values of the sponsorship receivables correspond to a donation made by Azul Linhas Aéreas in April 2022. Azul granted a credit in the amount of BRL 250,000, of which: BRL 125,000 for use in AZUL airline tickets, in national stretches, to support the project and BRL 125,000 to use in cargo transportation. On the other hand, the Association undertakes to give visibility to the Azul's brand, through disclosure on their website - on the partners page, annual report, videos of the missions (if any), banners, reports and apostille of the volunteers in the missions (when available) and publicizing the partnership on social networks and the media.

Sponsorship movement in 2022

Description	Valor
Acquired receivables	250,000
write-offs made	(192,985)
Total	57,015

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

7. Property and equipment

Description	Depreciation rate	2022		2021
		Cost	Accumulated amortization	Net
Machinery and equipment	10%	3,578	(1,599)	1,979
Furniture and fixtures	10%	28,257	(20,083)	8,174
Medical equipment	10%	1,463,699	(316,133)	1,147,566
Computers and peripherals	20%	133,381	(70,378)	63,003
		1,628,915	(408,193)	1,220,722

Changes in 2022

Description	2021	Additions	2022
Cost			
Machinery and equipment	3,578	-	3,578
Furniture and fixtures	28,257	-	28,257
Medical equipment (i)	1,353,165	110,534	1,463,699
Computers and peripherals	133,381	-	133,381
Total cost	1,518,381	110,534	1,628,915
(-) Accumulated depreciation	(244,522)	(163,671)	(408,193)
Property and equipment, net	1,273,859	(53,137)	1,220,722

(i) The additions refer to 1 (one) Fiber Nasopharyngolaryngoscope, medical and surgical equipment to reduce import costs and allow greater autonomy for the Association in scheduling surgical programs in Brazil.

Changes in 2021

Description	2020	Additions	2021
Cost			
Machinery and equipment	1,330	2,248	3,578
Furniture and fixtures	28,257	-	28,257
Medical equipment	328,183	1,024,982	1,353,165
Computers and peripherals	45,642	87,739	133,381
Total cost	403,412	1,114,969	1,518,381
(-) Accumulated depreciation	(145,558)	(98,964)	(244,522)
Property and equipment, net	257,854	1,016,005	1,273,859

8. Labor obligations

Description	2022	2021
Provision for vacation pay and related charges	111,346	93,859
Payroll taxes payable	39,488	32,175
Total	150,834	126,034

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

9. 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, 2022 and 2021, 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, 2022 and 2021 amounting to R\$ 247,918 refer to potential labor liabilities under discussion, for which there are no administrative or judicial proceedings in progress at the moment.

10. 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.

11. 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.

12. Operating revenues

12.1 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 2022, the amount determined was R\$ 341,027 (R\$ 143,476 in 2021).

12.2 Operating revenues without restriction

(a) Corporate donations

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

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

Description	2022	2021
Energia Sustentável do Brasil S.A. - ESBR	582,789	-
Igreja de Jesus Cristo dos Santos dos últimos Dias - LDS	340,800	-
Associação CITIESPERANÇA	65,000	50,000
Comerc Comercializadora de Energia Elétrica - COMERC	50,400	100,800
Drogasil S.A.	26,756	-
Citibank	21,000	-
Auto Suture do Brasil Ltda.	15,000	-
Cartos Sociedade de Crédito Direto S. A	10,000	-
Engie Brasil Energia S.A. - ENGIE	-	145,250
Icatu Seguros S.A.	-	50,000
SAP Brasil	-	40,000
Andressa Nunes da Silva ME – DAY PHARMA	-	9,000
Others	2,500	11,100
Total	1,114,245	406,150

(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	2022	2021
Operation Smile	1,502,470	3,743,418
White Martins	254,821	182,019
The UK Online Giving Foundation	59,442	-
YourCause, LLC	2,790	-
United Way Worldwide	2,535	-
United Way -White Martins	-	223,695
Temasek	-	205,920
Pepsi Cola Industrial da Amazônia Ltda.	-	44,251
Total	1,822,058	4,399,303

(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:

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021
In reais (R\$)

Description	2022	2021
Azul Linhas Aéreas	192,985	125,000
Alfa Computer Assessoria em Informática	39,840	39,840
Johnson & Johnson BR Ind. e Com. Ltda.	29,381	29,775
Schivartche Advogados	25,000	25,000
Hasbro	16,010	7,692
Cristália Prod. Químico Farmacêuticos Ltda.	10,157	39,500
White Martins Gases Industriais LTDA	5,300	-
Eco Diagnóstica LTDA	4,492	-
Silimed	-	24,840
Belcorp do Brasil Distr. de Cosméticos Ltda	-	-
Others	-	1,206
Total	323,165	292,853

13. Costs of programs

In compliance with the provisions of item VI of Article 3 of Decree 2,536/98, in 2022 and 2021 the Association granted the following gratuities for the execution of assistance programs:

Description	2022	2021
Air tickets	(530,352)	(322,411)
Personnel expenses	(434,098)	(313,257)
Medical supplies	(271,625)	(422,110)
Transportation services	(212,643)	(186,158)
Lodging services	(183,888)	(107,415)
Non-medical supplies	(69,015)	(17,413)
Meals	(67,337)	(38,343)
Warehousing	(47,707)	(27,025)
Forms of materials	(26,488)	766)
Courses and training	(7,626)	(19,412)
Training and education	(6,575)	(14,274)
Distribution of gifts/prizes/presents/kits	(3,528)	(7,455)
Covid-19 donations program	-	(2,124,139)
Others	(26,067)	(56,085)
	(1,886,949)	(3,669,263)

14. Personnel expenses

Description	2022	2021
Personnel expenses (salaries)	(592,276)	(492,296)
Personnel charges	(252,036)	(207,798)
Total	(844,312)	(700,094)

Associação Operação Sorriso do Brasil

Notes to the financial statements at December 31, 2022 and 2021

In reais (R\$)

15. Administrative expenses

Description	2022	2021
Depreciation	(163,671)	(98,964)
Advisory and consulting services	(153,365)	(137,477)
Communication and marketing	(123,317)	-
IT advisory services	(47,477)	(74,292)
Rentals	(42,000)	(39,000)
Accounting advisory services	(33,230)	(23,608)
Common area maintenance fees and water	(15,979)	(19,163)
Maintenance	(15,194)	(6,288)
Telephone	(14,187)	(13,490)
Postal/motorcycle delivery/express delivery (DHL) services	(9,683)	(12,524)
Office supplies	(3,002)	(5,911)
Website expenses	(1,606)	(3,083)
Contingencies	-	(108,767)
Courses and training	-	(51,864)
Office equipment lease	-	(120)
Others	(54,355)	(64,859)
Total	(677,066)	(659,410)

16. Finance income (costs), net

Description	2022	2021
Finance income	56,587	37,110
Finance costs	(17,073)	(10,392)
Total	39,514	26,718

17. 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.

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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.

18. 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.

19. 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 2022 and 2021 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	2022	2021
PIS and COFINS (3.65% on revenues)	138,562	199,370
IRPJ and CSLL (34% on the surplus for the year)	30,220	107,663
Total	168,782	307,033

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20. Events after the reporting period

In conformity with Brazilian accounting standards, Management made its assessments and reached the conclusion that there are no significant events to be disclosed between the end of the reporting period and the date of approval of the financial statements.

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