

**Associação Saúde
Criança Renascer**
Parent company and
consolidated financial statements at
December 31, 2013
and independent auditor's report



Independent auditor's report

To the Management
Associação Saúde Criança Renascer

We have audited the accompanying financial statements of Associação Saúde Criança Renascer ("Association"), which comprise the balance sheet as at December 31, 2013 and the statements of surplus, changes in net worth and cash flows for the year then ended, as well as the accompanying consolidated financial statements of Associação Saúde Criança Renascer and its subsidiary ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2013 and the consolidated statements of surplus, changes in net worth and cash flows for the year then ended, and a summary of significant accounting policies 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 for small and medium sized companies – Technical Pronouncement - CPC PMEs (R1) - "Accounting for small and medium sized companies", including the provisions of the Resolution of the Accounting Federal Council No. 1,409/12, which approved the Technical Interpretation ITG 2002 - "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.

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 the 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 Association's preparation and fair presentation of the 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Associação Saúde Criança Renascer

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 Saúde Criança Renascer and of Associação Saúde Criança Renascer and its subsidiary as at December 31, 2013, and the parent company financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year then ended, in accordance with accounting practices adopted in Brazil for small and medium sized companies – Technical Pronouncement - CPC PMEs (R1) - "Accounting for small and medium sized companies", including the provisions of the Resolution of the Accounting Federal Council No. 1,409/12, which approved the Technical Interpretation ITG 2002 - "Non-profit entities".

Emphasis of matter

As described in Note 12, in March 2010, management applied for renewal of the Certificate of Not-for-profit Welfare Entity (CEBAS). However, up to the date of our audit report, the Ministry of Development had not concluded the analysis of the process. As permitted by Law No. 12,101/09, up to the conclusion of the analysis of the renewal of the CEBAS, the Association continues to have the right of enjoying all tax benefits. According to management's evaluation, it has been complying will all of the necessary requirements for the renewal of this certificate. Our opinion is not qualified in respect of this matter.

Rio de Janeiro, September 11, 2014


PricewaterhouseCoopers
Auditores Independentes
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Ivan Michael Clark
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Associação Saúde Criança Renascer

Balance sheet at December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated			Parent company		Consolidated	
	2013	2012	2013	2012		2013	2012	2013	2012
Assets					Liabilities				
Current assets					Current liabilities				
Current assets	1,221	2,112	1,223	2,114	Accounts payable	3	8	7	12
Cash and cash equivalents (Note 3)	11,747	14,551	11,749	14,553	Labor and social charges	14	29	14	29
Marketable securities (Note 4)	22	30	22	30	Tax liabilities	36	28	36	28
Donations and transfers receivable	3		3		Labor provisions	162	160	162	160
Advances	12	52	12	52	Liabilities with incentive projects (Note 7)	1,236	1,869	1,236	1,869
Inventories	43	44	43	44	Other liabilities	4	47	4	47
Prepaid expenses	1		1			1,455	2,141	1,459	2,145
	<u>13,049</u>	<u>16,789</u>	<u>13,053</u>	<u>16,793</u>					
Non-current assets					Net worth (Note 10)				
Property and equipment (Note 5)	3,532	452	3,532	452	Net worth	15,512	12,087	15,512	12,087
Intangible assets (Note 6)	325	413	325	413	Accumulated surplus (losses)	(61)	3,426	(61)	3,426
	<u>3,857</u>	<u>865</u>	<u>3,857</u>	<u>865</u>		<u>15,451</u>	<u>15,513</u>	<u>15,451</u>	<u>15,513</u>
Total assets	<u>16,906</u>	<u>17,654</u>	<u>16,910</u>	<u>17,658</u>	Total liabilities and net worth	<u>16,906</u>	<u>17,654</u>	<u>16,910</u>	<u>17,658</u>

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

Associação Saúde Criança Renascer

Statement of surplus Years ended December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	2013	2012	2013	2012
Operating revenue (Note 11)				
Assistance revenues	5,670	7,067	5,670	7,067
Sales of products	315	287	315	287
	<u>5,985</u>	<u>7,354</u>	<u>5,985</u>	<u>7,354</u>
Cost				
Assistance costs (Note 12)	(3,097)	(1,560)	(3,097)	(1,560)
Cost of sales	(60)	(25)	(60)	(25)
	<u>(3,157)</u>	<u>(1,585)</u>	<u>(3,157)</u>	<u>(1,585)</u>
Gross surplus	<u>2,828</u>	<u>5,769</u>	<u>2,828</u>	<u>5,769</u>
General and administrative expenses (Note 13)	(2,586)	(4,057)	(2,586)	(4,057)
Services rendered	(525)	(370)	(539)	(393)
Operating surplus (losses)	<u>(283)</u>	<u>1,454</u>	<u>(297)</u>	<u>1,431</u>
Finance income	273	2,117	4,287	3,861
Finance costs	(51)	(33)	(4,051)	(1,754)
Finance income, net (Note 14)	<u>222</u>	<u>2,084</u>	<u>236</u>	<u>2,107</u>
Surplus (losses) for the year	<u>(61)</u>	<u>3,426</u>	<u>(61)</u>	<u>3,426</u>

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

Associação Saúde Criança Renascer

Statement of changes in net worth

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>Net worth</u>	<u>Accumulated surplus (losses)</u>	<u>Total</u>
At December 31, 2011	11,156	931	12,087
Incorporation of accumulated surplus	931	(931)	
Surplus for the year		3,426	3,426
At December 31, 2012	12,087	3,426	15,513
Incorporation of accumulated surplus	3,426	(3,426)	
Losses for the year		(61)	(61)
At December 31, 2013	<u>15,513</u>	<u>(61)</u>	<u>15,452</u>

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

Associação Saúde Criança Renascer

Statement of cash flows Years ended December 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash flows from social activities				
Surplus (losses) for the year	(61)	3,426	(61)	3,426
Adjustments for:				
Unrealized finance result	(272)	(2,117)	(272)	(2,117)
Gain in the sale of property and equipment	(19)		(19)	
Depreciation and amortization	168	78	168	78
Change in assets/liabilities				
Inventories	1	(23)	1	(23)
Accounts receivable	8	(15)	8	(15)
Advances	40	(7)	40	(7)
Prepaid expenses	(1)	3	(1)	3
Accounts payable	(5)	2	(5)	3
Tax liabilities	8	(1)	8	(1)
Labor and social security provisions	2	32	2	32
Other liabilities	(43)	41	(43)	41
Liabilities with incentive projects	(633)	(353)	(633)	(353)
Cash provided by (used in) social activities	<u>(807)</u>	<u>1,066</u>	<u>(807)</u>	<u>1,067</u>
Investment activities				
Redemption (application) of marketable securities	3,076	(205)	3,076	(205)
Acquisition of property and equipment and intangible assets	(3,160)	(236)	(3,160)	(236)
Cash used in investment activities	<u>(84)</u>	<u>(441)</u>	<u>(84)</u>	<u>(441)</u>
Increase (decrease) in cash and cash equivalents	<u>(891)</u>	<u>625</u>	<u>(891)</u>	<u>626</u>
At the beginning of the year	2,112	1,487	2,114	1,488
At the end of the year	<u>1,221</u>	<u>2,112</u>	<u>1,223</u>	<u>2,114</u>
Increase (decrease) in cash and cash equivalents	<u>(891)</u>	<u>625</u>	<u>(891)</u>	<u>626</u>

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

Associação Saúde Criança Renascer

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All amounts in thousands of reais unless otherwise stated

1 General information

Associação Saúde Criança Renascer ("Association") is a non-profit civil philanthropic society incorporated and domiciled in Brazil. Its headquarters are located in Rio de Janeiro, State of Rio de Janeiro and it was established on October 25, 1991 in order to carry out social welfare and human development activities and offer support to underprivileged children from the Hospital da Lagoa, as well as their families, during the hospitalization period and mainly after hospital discharge. This support is provided when socioeconomic needs are verified among families, which are then referred to the Association through a nomination letter from the multidisciplinary evaluation commission of the Hospital da Lagoa.

The Association maintains, through donations that are spontaneous or made by its partners and may be in cash, items such as food, medicine and clothes, as well as providing services, among others. To better serve the families, the Association implemented various social projects, such as "Madrinha" (Godmother), "Aconchego" (Comfort) and "Moradia" (Housing).

In order to accomplish its objectives, Associação Saúde Criança Renascer is built around the following areas:

- Health - Donation of food, medicine, medical devices, among others, as well as providing free support to families by psychologists, psychiatrists, nutritionists, social workers and referrals to health care units.
- Citizenship - Assistance to obtain documents and social and legal guidance, in order to ensure basic citizenship rights for the families.
- Housing - Ensure that the family home has minimum habitable conditions, such as running water, treated sewage, walls and roof without seepage; in short, provide a healthy environment where children can recover and maintain their health.
- Education - Raise awareness in the family of the importance of education for the children and the country's future, also monitor the child's school life and provide support in the areas in which a need is identified.
- Income generation - Professional courses according to the interest and skills of the heads of the household, aiming at the family's self-sufficiency and independence.

Associação Saúde Criança Renascer is exempted from income tax and social contribution, in accordance with Law 9,532/97, which establishes in Article 15 that, in order to qualify for this exemption and in a cumulative manner, the Association must:

- (a) not pay, in any form, its officers for the services rendered;
- (b) apply the whole of its funds in the maintenance and development of its social objectives;
- (c) maintain complete records of its income and expenses in accounting books duly vested in the legal formalities which ensure their accuracy;

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- (d) keep in good order, for five years, as from the issue date, the documents that prove the source of its revenues and the carrying out of its expenses, as well as the realization of any other acts or operations that may change its financial situation; and
- (e) present the statement of surplus on an annual basis.

2 Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation and presentation

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil for small and medium sized companies – Technical Pronouncement - CPC PME's (R1) - "Accounting for small and medium sized companies", including the provisions of the Resolution of the Accounting Federal Council No. 1,409/12, which approved the Technical Interpretation ITG 2002 - "Non-profit entities".

The preparation of financial statements in compliance with these Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Association's accounting policies. However, there are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

These financial statements were approved in Annual General Meeting on March 24, 2014.

(a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC). The Association has an exclusive investment fund ("Saúde Criança Fundo de Investimento Multimercado Investimento no Exterior") and presented consolidated financial statements.

(b) Parent company financial statements

The parent company financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the CPC and are presented together with the consolidated financial statements.

2.2 Changes in accounting policies

(i) Project Income

On January 1, 2013, Management changed the accounting policies of appropriation of deferred income of donations for programs and projects. For the years presented years, the transfers carried out by the sponsors are now recorded as liabilities and reduced by the project expenses.

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Through 2012, this accounting had been to transfer income and expense accounts only at the end of the year. As from 2013, the deferred liabilities are reduced by the project at the end of each month, with a corresponding entry in the sponsored projects income account, with no offsetting rectifier account.

This policy change has been applied because Management has a contractual obligation to comply with the rules for use of donations as well as to reflect the obligation which is analyzed and submitted to the approval of the sponsors.

Accordingly, the expenses and costs incurred in the sponsors' projects, managed by the Association, are recognized in the same proportion as the income, in order that, at the end of the year, these expenses and income do not impact the Association's results.

The effects of these changes are as follows:

	Year ended December 31, 2012					
	Parent company			Consolidated		
	Originally presented	Adjusts	Adjusted	Originally presented	Adjusts	Adjusted
Individual and corporate donations	2,724		2,724	2,724		2,724
Incentive projects - Sponsors	208	2,404	2,612	208	2,404	2,612
Voluntary work	185		185	185		185
Subsidies and exempted taxes	1,546		1,546	1,546		1,546
Income from sale of goods	287		287	287		287
Total operating income	4,950		7,354	4,950		7,354
Goods sold	(25)		(25)	(25)		(25)
Assistance	(699)	(861)	(1,560)	(699)	(861)	(1,560)
Total costs	(724)		(1,585)	(724)		(1,585)
Gross result	4,226		5,769	4,226		5,769
General and administrative expenses	(178)	(1,543)	(1,721)	(178)	(1,543)	(1,721)
Personnel and social charges expenses	(439)		(439)	(439)		(439)
Voluntary work expenses	(185)		(185)	(185)		(185)
Expenses with tax exemption and subsidized rental	(1,732)		(1,732)	(1,732)		(1,732)
Professional services provided	(370)		(370)	(393)		(393)
Other results	20		20	20		20
Total operating expenses	(2,884)		(4,427)	(2,907)		(4,450)
Net finance result	2,084		2,084	2,107		2,107
Surplus for the year	3,426		3,426	3,426		3,426

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(ii) Assistance costs

On January 1, 2013, Management modified its accounting policies to record, as costs, all direct assistance costs and project assistance expenditures previously recorded as general and administrative expenses. This change also affected the replication expenditures, which are disbursements made by the Association in favor of entities that are committed to replicate the Association's assistance activities and methodology.

It was not practicable to reflect this change retroactively because these cost are recognized together with other costs; however, the Association's net result was not affected.

2.3 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

(i) Subsidiary

Subsidiaries are all entities (including special purpose entities) over which the Association has the power to govern the financial and operating policies generally accompanying a participation of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Association. They are deconsolidated from the date that control ceases. The Association has an exclusive fund (Note 5) and, therefore, has presented consolidated financial statements.

2.4 Functional and presentation currency

The financial statements are presented in thousands of reais, which is the Association's functional currency and also its presentation currency.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits stated at cost and other short-term highly liquid investments with immaterial risk of change in value, stated at cost plus earnings up to the balance sheet date, with a counterpart in the result for the year.

2.6 Financial assets

2.6.1 Classification

The Association classifies its financial assets, at initial recognition, in the following categories: measured at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired mainly for the purpose of selling in the short-term. All financial assets in this category are classified as current assets.

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(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Association's loans and receivables comprise Cash and cash equivalents and Accounts receivable, which basically refer to credit card sales.

2.6.2 Recognition and measurement

Purchases and sales of financial assets are typically recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of surplus. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are presented in the statement of surplus within "Finance income and costs" in the period in which they arise.

Dividends on financial assets at fair value through profit or loss are recognized in the statement of surplus as part of "Finance income, net" when the Association's right to receive dividends is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Association establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.6.3 Impairment of financial assets

(a) Assets carried at amortized cost

The Association assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recognized in the Association's statement of surplus.

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2.6.4 Derivative financial instruments

There were no transactions with derivative financial instruments in 2013 or 2012.

2.7 Inventories

The inventories represented by the acquired input and finished products related to the "Anzol" project were valued by their cost or sale value, less, when applicable, the provision to cover eventual losses in its realization, with a corresponding entry in the result for the year.

2.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to preparing the asset for its intended use.

Depreciation is charged so as to reduce the cost of assets to their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Furniture and fittings	10 years
Computers and peripherals	5 years
Facilities	10 years
Vehicles	10 years

2.9 Intangible assets

Computer software

Computer software licenses acquired are capitalized on the basis of the costs incurred to acquire and bring to use the specific software, the same criterion is used for computer software custom developed for the Association. These costs are amortized over the software's estimated useful life of five years. Costs associated with maintaining computer software programs are recognized as expense as incurred.

2.10 Provisions and current and non-current liabilities

A provision is recognized in the balance sheet when the Association has a legal or constructive obligation as a result of a past event and it is probable that an outflow of funds will be necessary to settle it. Provisions are recorded based on the best estimates of the risk involved.

Current and non-current liabilities are stated at known or estimated amounts including, when applicable, the related charges and monetary variations incurred up to the balance sheet date.

2.11 Liabilities with incentive projects

The contributions to the Association's projects made by the sponsors (agreements) are recorded in the liabilities accounts and reduced by the expenses incurred for each project at each month end, with a corresponding entry in the sponsored projects income. This policy is applied because the Association's management has the contractual obligation of complying with rules for the utilization of the donations, as well as the obligation of rendering annual accounts, which are analyzed and subject to the approval of sponsors.

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All amounts in thousands of reais unless otherwise stated

Accordingly, expenses and costs incurred in sponsor projects managed by the Association are recognized in the same proportion of the income so that, at the end of the year, this income and expenses do not impact the Association's result for the year.

2.12 Determination of surplus for the year and recognition of revenues from donations

Surplus for the year is determined in compliance with the accrual basis of accounting.

Revenues from donations and voluntary contributions from third-parties originate from individuals and companies and are accounted for when received due to the impossibility of accuracy of the amounts and receipt dates, and they are applied in the educational projects that the Association develops.

The Association recognizes revenue when: (i) the amount of revenue can be reliably measured; (ii) it is probable that future economic benefits will flow to the Association; and (iii) specific criteria have been met for each of the Association's activities.

(a) Linked donations and covenants

The donations received that are linked to projects are recorded, when received, in liabilities (Deferred Income) being appropriated to the result on a monthly and straight-line basis as the funds are being used in accordance with rules established by the donator/sponsor.

(b) Interest income

Interest income comprises basically the income from interest on financial investments. Interest income is recognized using the effective interest method. Interest income from funds destined to projects is recognized against liabilities, if they have not yet been fully realized.

(c) Gratuities

Interpretation ITG 2002 of the Federal Accounting Council (CFC) establishes the measurement and recognition of benefits granted as gratuities, such as: voluntary labor, real estate rent exemption and tax and contribution exemptions.

- (i) Voluntary work is measured by the Association's management based on available market values and values used by the Association in similar services. In 2013, the related balance amounted to R\$ 422 (2012 – R\$ 185)
- (ii) Federal tax exemptions and federal contributions are calculated using the presumed profit methodology and are based on the total amount of revenue earned by the Association and in its payroll regarding the employer's INSS, as disclosed in Note 2.13, in compliance with Law No. 12,101/2009. In 2013, the balance amounted to R\$ 1,298 (2012 – R\$ 1,422).
- (iii) Rental exemption of the Association's headquarters (Note 16) is calculated based on the amount per square meter available in Rio de Janeiro's real estate market. In 2012, the related balance amounted to R\$ 148 (2012 – R\$ 124).

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There were no corresponding disbursements for the amounts mentioned above, and the latter were recognized in 2013 as operating income and expenses in the statement of surplus, in equal amounts, with no effect on the surplus for the year.

2.13 Taxes and contributions

The Association is exempt from the payment of Income tax, Social Contribution and Social Contribution on Revenues (COFINS) and of the employer's INSS quota.

However, non-profit entities which have employees, pursuant to labor legislation, are obliged to pay the Social Integration Program (PIS) with a fixed quota of 1% levied on the monthly payroll.

3 Cash and cash equivalents and cash related to projects

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Cash	11	18	11	18
Banks	365	407	367	409
Financial investments (*)	845	1,687	845	1,687
	<u>1,221</u>	<u>2,112</u>	<u>1,223</u>	<u>2,114</u>

(*) Highly-liquid short-term investments are readily convertible into a known amount of cash, and are subject to an insignificant risk of change in value. The Association has financial investments in Interbank Deposit (DI) investment funds, saving account and Bank Deposit Certificates (CDB).

4 Marketable securities

At fair value through profit or loss	<u>Parent company</u>	
	<u>2013</u>	<u>2012</u>
Saúde Criança FIM - Investimento no Exterior (a)	10,631	13,513
Riverside Fundo de Investimentos (b)	<u>1,116</u>	<u>1,038</u>
	<u>11,747</u>	<u>14,551</u>

(a) Saúde Criança Fundo de Investimento Multimercado - Investimento no Exterior is designed for the exclusive investment of the Association and is part of the "Renascer para Sempre" (Rebirth always) project, with the purpose of strengthening, through a long-term policy, the Association's financial sustainability, assuring financial stability necessary for good institutional performance without relying on variable donations. The fund's resources are applied as follows:

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	<u>2013</u>	<u>2012</u>
Repurchase commitments	83	125
Investment fund quotas	5,804	5,867
Government securities	4,746	7,523
Amounts payable	(4)	(4)
Cash	<u>2</u>	<u>2</u>
	<u>10,631</u>	<u>13,513</u>

(b) "Riverside Fundo de Investimento em Cotas de Fundos de Investimento Multimercado" is established as an open condominium, for an undetermined period, and is a pooling of resources for investment in marketable securities, as well as any other available assets in capital and financial markets.

5 Property and equipment

	<u>Parent company and Consolidated</u>			
	<u>2012</u>	<u>2013</u>		
	<u>Cost</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Changes in cost				
Buildings	545			545
Facilities	75			75
Machinery and equipment	55	8		63
Furniture and fittings	63			63
Vehicles and accessories	56	69	(19)	106
IT equipment	129	7		136
Communication equipment	6			6
Property and equipment in course (*)		<u>3,076</u>		<u>3,076</u>
	<u>929</u>	<u>3,160</u>	<u>(19)</u>	<u>4,070</u>

Associação Saúde Criança Renascer

Notes to the financial statements at December 31, 2013

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	<u>2012</u>	<u>2013</u>		
	<u>Depreciation</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Depreciation changes				
Buildings	(200)	(22)		(222)
Facilities	(40)	(8)		(48)
Machinery and equipment	(52)	(4)		(56)
Furniture and fittings	(41)	(6)		(47)
Vehicles and accessories	(56)	(13)	19	(50)
IT equipment	(83)	(27)		(110)
Communication equipment	(5)			(5)
	<u>(477)</u>	<u>(80)</u>	<u>19</u>	<u>(538)</u>
Net book amount	<u>452</u>	<u>3,080</u>		<u>3,532</u>

(*) Property and equipment in course records all the expenditures in the purchase of the Association's new headquarter, at Rua das Palmeiras, in Botafogo. The property will be upgraded to receive the Association's activities, all property purchase expenditures and related taxes are being recorded in this account. Upgrade expenditures incurred with the improvements will be recorded in the samemanner.

6 Intangible assets

	<u>Parent company and Consolidated</u>			
	<u>2012</u>	<u>2013</u>		
	<u>Closing balance</u>	<u>Additions</u>	<u>Disposal</u>	<u>Closing balance</u>
Changes in cost				
Rights of use of software	456			456
Amortization changes				
Rights of use of software	(43)	(88)		(131)
Net book amount	<u>413</u>	<u>(88)</u>		<u>325</u>

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7 Liabilities with incentive projects

	Parent company and Consolidated	
	2013	2012
White Martins Praxair Foundation	533	1.178
Skoll Foundation	238	310
Johnson & Johnson Family of Companies	112	79
Construtora Queiroz Galvão S.A.	206	61
Ursula Zindel Hilti Stifling Foundation	31	46
Vale	49	15
Johnson & Johnson Mamãe Bebê	44	
Unimed	10	
Kinder	7	
Metro	3	
Maersk	3	
Others		180
	<u>1,236</u>	<u>1,869</u>

Projects to be incurred represent the obligations that the Association has in the realization of the respective projects because the financial funds (partial or total) have already been received. Liabilities are accreted monthly with a corresponding entry in the projects income account in the proportion that the received funds are allocated to project executions.

White Martins - Praxair Foundation

Projects named "Profissão" (Profession) and "Replicação" (Replication). In 2013, R\$ 698 was raised (2012 - R\$ 682) and during 2013, R\$ 1,343 was realized (2012 - R\$ 584), leaving a balance of R\$ 533 at December 31, 2013 (2012 - R\$1,178).

Skoll Foundation

Projects named "Replicação" (Replication) and "Fortalecimento" (Strengthening). In 2013, there was no new funding (2012 - R\$ 629), and R\$ 73 in 2013 (2012 - R\$ 639) leaving a balance of R\$ 238 at December 31, 2013 (2012 - R\$ 310). A significant part of the funds of Skoll Foundation was used in the development of an Assistance Care Software for the Association, the liability is being amortized on a straight-line basis.

Johnson & Johnson Family of Companies

"Aconchego Mães" (Comfort - mothers) and "Aconchego Adolescentes" (Comfort - teenagers) projects. During 2013, R\$ 224 was raised (2012 - R\$ 259) and R\$ 190 was realized (2012 - R\$ 254), leaving a balance of R\$ 112 at December 31, 2013 (2012 - R\$ 79).

Construtora Queiroz Galvão S.A.

"Moradia" (Housing) project. During 2013, R\$ 374 was raised (2012 - R\$ 384) and R\$ 229 was realized (2012 - R\$ 400), leaving a balance of R\$ 206 at December 31, 2013 (2012 - R\$ 61).

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Ursula Zindel Hilti Stifling Foundation

"Replicação" (Replication) and "Saúde" (Health) projects, including direct costs for the realization of these projects. In 2013, R\$ 414 was raised (2012 - R\$ 332) and R\$ 428 was realized (2012 - R\$ 735), leaving a balance of R\$ 31 at December 31, 2013 (2012 - R\$ 46).

Project Vale

"Replicação" (Replication) project, during 2013, R\$ 60 was raised, and R\$ 11 was realized, leaving a balance of R\$ 49 at December 31, 2013.

Project J&J Mamãe Bebê

"Mãe e Bebê" (Mother and Baby) project, during 2013, R\$ 66 was raised, and R\$ 23 was realized, leaving a balance of R\$ 43 at December 31, 2013.

Project Unimed

"Nutrição" (Nutrition) project, during 2013, R\$ 32 was raised, and R\$ 110 was realized, leaving a balance of R\$ 10 at December 31, 2013.

Project Kinder

"Bolsas" (Allowances) project, during 2013, R\$ 77 was raised (2012 - R\$ 88) and R\$ 76 was realized (2012 - R\$ 82), leaving a balance of R\$ 7 at December 31, 2013 (2012 - R\$ 6).

Project Metro

"Profissão Beleza" (Job: Beauty) project, during 2013, there was no fund raising and R\$ 83 was realized, leaving a balance of R\$ 3 at December 31, 2013.

Project Maersk

"Profissão Culinária" (Job: Cook) project, during 2013, R\$ 53 was raised, and R\$ 51 was realized, leaving a balance of R\$ 2 at December 31, 2013.

Project RWJF

"Profissionalizante" (Vocational) project, during 2013, R\$ 168 was raised, and R\$ 168 was realized, leaving a balance of zero at December 31, 2013.

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at December 31, 2013

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8 Contingencies

There were no disputes or claims against the Association at December 31, 2012 and 2011, that might be considered as a contingency.

9 Related parties

The main balances of liabilities at December 31, 2013 and 2012, as well as the transactions that influenced the surplus for the year, in respect of related party transactions, refer to the remuneration of the superintendents in 2013 and 2012, that represent respectively R\$ 83 and R\$ 77, which were allocated to the projects that they develop and/or are directly responsible for.

The Association's management is not remunerated, and there are no post-employment benefits, termination of employment benefits or other long-term benefits for management and their employees.

10 Net worth

Income generated by Associação Saúde Criança Renascer is fully applied in its social objectives, as commented on in Note 1.

If the Association is terminated, which occurs only upon the approval by two thirds of the General Meeting's members, the assets will be allocated to another non-profit entity with a similar a nature and registered with the National Council of Social Welfare (CNAS), under the approval of the D.A. Office.

Associação Saúde Criança Renascer

Notes to the financial statements at December 31, 2013

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11 Revenues

The Association develops assistance projects with the purpose of serving the community. The expenditure and expenses related with these projects for 2013 and 2012, as well as the basic revenue, are as follows:

	Parent company and consolidated	
	2013	2012
Revenues from donations		
Revenues from donations from individuals and corporates	1,065	2,861
Revenue from exemption of taxes and subsidies	1,447	1,422
Revenue from voluntary work	422	173
Sale of goods	315	287
	<u>3,249</u>	<u>4,743</u>
Revenues from donations for programs and projects		
White Martins Praxair Foundation	1,343	605
Ursula Zindel Hilti Stifling Foundation	428	311
Construtora Queiroz Galvão S.A.	229	360
Project RWJF	168	
Johnson & Johnson Family of Companies	124	168
Unimed Rio Coop. de Trab. Médicos do Rio de Janeiro	110	92
Concessão Metroviária do Rio de Janeiro S.A. - MetrôRio	83	145
Kinder	77	81
Skoll Foundation	73	620
Project Maersk	51	
Project J&J Mamãe Bebê	23	
Lírio family	15	
Project Vale	11	
Project Avina	1	22
Other projects		207
Total revenue of incentive projects	<u>2,736</u>	<u>2,611</u>
Total operating revenue	<u>5,985</u>	<u>7,354</u>

Associação Saúde Criança Renascer

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All amounts in thousands of reais unless otherwise stated

12 Assistance costs

	Parent company and Consolidated	
	2013	2012
Personnel costs – Assistance	729	
Food – families	249	266
Medicines – families	165	178
Cost with public services and occupation – Assistance	162	
Social charges with personnel - Assistance	123	
Courses and training - families	117	
Housing – maintenance, repair and rentals - families	115	317
Transportation – families	105	120
Donations to families	99	262
Provided services - families	73	27
General costs – Assistance	72	
Donation of work tools - families	63	
Professional services - Assistance	45	87
Material for course – families	33	
Medical tests - families	24	11
Cost with communication - Assistance	22	
Basic food - families	3	292
Assistance/Gratuities – Care	2.199	1.560
Transfers of project to congeners entities	433	
Personnel expenses – Replication	330	
General costs - Replication	102	
Social charges with personnel – Replication	33	
Assistance costs - Replication (1)	898	
Assistance costs	3.097	1.560

- (1) The costs with replication refer to the expenditures with financings of the programs developed by the Association carried out by related Entities in other states.

The Association's management believes that the funds allocated to the activities are appropriate and fulfill the requirements of Law 12,101/09. The approval of the calculations, as well as of the assumptions used by the Association, is linked to the future presentation of the accounts to the National Council of Social Welfare ("Conselho Nacional de Assistência Social – CNAS").

Certificate of Not-for-profit Welfare Association

The National Council of Social Welfare confirmed on August 16, 1995 that Associação Saúde Criança Renascer is registered in that entity, pursuant to Resolution 83/95 of August 1995, published in the Official Federal Gazette of August 18, 1995, based on the judgment of the proceeding 28990.014753/1994-60.

Associação Saúde Criança Renascer

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On December 18, 2007, the National Council of Social Welfare assigned to Associação Saúde Criança Renascer the Certificate of Not-for-profit Welfare Entity (CEBAS), valid from March 18, 2006 to March 17, 2009. The request of renewal of the Association's certificate was dismissed by the Resolution 1,366 of MDS of 11/23/2012, being object of appeal with suspensive effect, and as permitted by Laws No. 12,101/09 and 12.868/2013, up to the conclusion of the analysis of renewal of CEBAS, the Association continues to have the right of enjoying all tax and tax related benefits, and there will be no retroactivity of the effects if the dismissal is maintained. In March 2009, a proceeding was filed for renewal for the three-year period from 2009 to 2012, through the proceeding 71000.047451/2009-03, which is in the administrative process.

13 General and administrative expenses

	Parent company		Consolidated	
	2013	2012	2013	2012
Personnel expenses	658	439	658	439
General and administrative expenses	497	1,721	497	1,721
Expenses with services provided	525	370	539	393
Expenses with voluntary work	155	185	155	185
Provision for tax exemptions and subsidized rental	1,299	1,732	1,299	1,732
Other results	(23)	(20)	(23)	(20)
	<u>3,111</u>	<u>4,427</u>	<u>3,125</u>	<u>4,450</u>

14 Net finance income and costs

	Parent company		Consolidated	
	2013	2012	2013	2012
Finance income				
Financial investments	272	2,117	4,286	3,861
Other income	1		1	
	<u>273</u>	<u>2,117</u>	<u>4,287</u>	<u>3,861</u>
Finance costs				
Bank fees	(36)	(30)	(36)	(30)
Losses on investments (*)			(4,000)	(1,721)
Other expenses	(15)	(3)	(15)	(3)
	<u>(51)</u>	<u>(33)</u>	<u>(4,051)</u>	<u>(1,754)</u>
	<u>222</u>	<u>2,084</u>	<u>236</u>	<u>2,107</u>

(*) The losses with investments in 2013 arises basically from the devaluation.

Associação Saúde Criança Renascer

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15 Insurance

The Association adopts the policy of contracting insurance coverage against fire and sundry risks for the property and equipment items, which is considered sufficient to cover possible losses, which were defined through the guidance of experts and take into account the nature of the activities and the degree of risks involved. The risk assumptions adopted, given their nature, are not part of the scope of the audit of financial statements and, accordingly, were not audited by the independent auditors.

The Association has insurance coverage as follows:

(a) Property at Rua Jardim Botânico, 414, Rio de Janeiro - State of Rio de Janeiro

Events: lightning and explosions of any kind - R\$ 500, theft and/or robbery of goods and assets - R\$ 5, electrical damage - R\$ 20, gales - R\$ 5.

(b) Property at Rua Jardim Botânico, 86, Rio de Janeiro - State of Rio de Janeiro

Events: lightning and explosions of any kind - R\$ 350 theft and/or robbery of goods and assets - R\$ 5, electrical damage - R\$ 20, gales - R\$ 5.

(c) Vehicles: VW Kombi (2013) and Fiat Uno Mille (2013)

16 Other information

(a) Headquarters

Associação Saúde Criança Renascer is headquartered at Rua Jardim Botânico, [414 or 86], in the city of Rio de Janeiro, in a building ceded by the Federal Government, through an assignment of a free use contract, dated May 23, 2002, and an authorization published in the Official Federal Gazette, Section I, of August 6, 1999. The occupation term is for an indefinite period, but the Federal Government has the right to revoke the aforementioned contract and require the property at any time for its own use.

This property is part of the historical and cultural patrimony of the city of Rio de Janeiro and, therefore, the Association is responsible for its conservation, according to specifications and directives that may be established by the Historical and Artistic Heritage Institute (IPHAN), also subject to the rules of the Brazilian Environmental Institute (IBAMA). Accordingly, all the expenses with the conservation of the property are recorded with an offsetting entry to the result, and up to the date of conclusion of these financial statements, there were no obligations to be recognized arising from a possible withdrawal from the property.

(b) Sureties, pledges and guarantees

The Association did not provide guarantees or take part in any transactions as a guarantor during 2013 and 2012.

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