

Financial Statements (Individual and Consolidated)

Associação Saúde Criança Renascer

December 31, 2015

with Independent Auditors' report on the Financial Statements

Associação Saúde Criança Renascer

Individual and consolidated financial statements

December 31, 2015

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Independent auditors' report on the financial statements.

Management

Associação Saúde Criança Renascer

Rio de Janeiro, RJ

We have examined the individual and consolidated financial statements of Associação Saúde Criança Renascer ("Association"), identified as parent company and consolidated respectively, consisting of the balance sheets as of December 31, 2015 and the related statements of operations, the comprehensive statements of operations, the statement of changes in equity and statements of cash flows for the year then ended, in addition to the summary of the main accounting practices and other notes to the financial statements.

Management responsibility for the financial statements

Association management is responsible for preparing and adequately presenting these individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil, including specific rules applying to nonprofit foundations and entities, especially CFC Resolution 1409/12 - Non-profit entities, and the internal controls necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements, relying on our audit conducted in accordance with Brazilian and international auditing standards. The standards require compliance with ethical standards by the auditors and that the audit be planned and implemented so as to provide reasonable assurance that 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 our 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, we consider internal control relevant to the entity'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 entity'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.



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 aforementioned individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial and equity position of Associação Saúde Criança Renascer as of December 31, 2015, and the individual and consolidated performance of its operations and respective cash flows for the financial year then ended, in accordance with accounting practices adopted in Brazil, including specific rules applying to nonprofit foundations and entities, especially CFC Resolution 1409/12 - Non-profit entities.

Other matters

Audit of the prior year's figures

The individual and consolidated financial statements of Associação Saúde Criança Renascer for the year ended December 31, 2014, presented to facilitate a comparative analysis, were audited by other independent auditors which issued an unmodified opinion on them dated August 4, 2015.

Rio de Janeiro, June 17, 2016. ERNST

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



Wilson J. O. Moraes
Accountant CRC-1RJ 107.211/O-1

Associação Saúde Criança Renascer

Statement of financial position
As of December 31, 2015 and 2014
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	3	2,209	1,191	2,211	1,193
Securities	4	6,826	12,395	6,828	12,397
Accounts receivable		47	28	47	28
Advances		28	12	28	12
Recoverable taxes		3	1	3	1
Inventories		76	29	76	29
Prepaid expenses		2	1	2	1
Total current assets		9,191	13,657	9,195	13,661
Noncurrent assets					
Securities	4	4,321	-	4,321	-
Property, plant and equipment	5	6,181	3,565	6,181	3,565
Intangible assets	6	151	238	151	238
Total non-current assets		10,653	3,803	10,653	3,803
Total assets		19,844	17,460	19,848	17,464
Liabilities and equity					
Current liabilities					
Trade payables		147	12	151	16
Payroll and labor charges		51	40	51	40
Tax liabilities		32	12	32	12
Provision for vacations and 13th month salary		156	160	156	160
Obligations on incentivized projects	7	1,394	869	1,394	869
Other		3	6	3	6
Total current liabilities		1,783	1,099	1,787	1,103
Equity Capital					
Accumulated surplus	9	16,361	15,451	16,361	15,451
Total equity		1,700	910	1,700	910
Total liabilities and equity		18,061	16,361	18,061	16,361
Total liabilities and equity		19,844	17,460	19,848	17,464

See the accompanying notes to the financial statements.

Associação Saúde Criança Renascer

Statement of operations
 Years ended December 31, 2015 and 2014
 (in thousands of Reais)

	Note	Parent Company		Consolidated	
		2015	2014	2015	2014
Revenue	10				
Welfare revenue		6,176	6,627	6,176	6,627
Sales of goods		620	443	620	443
Other revenue		45	-	45	-
		<u>6,841</u>	<u>7,070</u>	<u>6,841</u>	<u>7,070</u>
Costs					
Welfare costs	11	(2,639)	(3,351)	(2,639)	(3,351)
Cost of sales		(104)	(97)	(104)	(97)
		<u>(2,743)</u>	<u>(3,448)</u>	<u>(2,743)</u>	<u>(3,448)</u>
Gross surplus		<u>4,098</u>	<u>3,622</u>	<u>4,098</u>	<u>3,622</u>
General and administrative expenses	12	(3,549)	(3,171)	(3,563)	(3,185)
Outsourced services	12	(381)	(505)	(381)	(505)
Operating surplus (deficit)		<u>168</u>	<u>(54)</u>	<u>154</u>	<u>(68)</u>
Finance income	13	1,881	1,459	1,895	1,473
Finance costs	13	(349)	(495)	(349)	(495)
Financial income, net		<u>1,532</u>	<u>964</u>	<u>1,546</u>	<u>978</u>
Surplus for the year		<u><u>1,700</u></u>	<u><u>910</u></u>	<u><u>1,700</u></u>	<u><u>910</u></u>

See the accompanying notes to the financial statements.

Associação Saúde Criança Renascer

Comprehensive statement of operations
Years ended December 31, 2015 and 2014
(in thousands of Reais)

	<u>2015</u>	<u>2014</u>
Surplus for the year	<u>1,700</u>	910
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>1,700</u></u>	<u>910</u>

See the accompanying notes to the financial statements.

Associação Saúde Criança Renascer

Statements of changes in equity as of December 31, 2015 and 2014
(In thousands of reais)

	Equity	Accumulated surplus (deficit)	Total
Balance at December 31, 2013	15,512	(61)	15,451
Incorporation of surplus	(61)	61	-
Surplus for the year	-	910	910
Balance at December 31, 2014	15,451	910	16,361
Incorporation of surplus	910	(910)	-
Surplus for the year	-	1,700	1,700
Balance at December 31, 2015	16,361	1,700	18,061

See the accompanying notes to the financial statements.

Associação Saúde Criança Renascer

Statement of cash flow
Years ended December 31, 2015 and 2014
(in thousands of Reais)

	Parent Company		Consolidated	
	2015	2014	2015	2014
Cash flow from social activities				
Surplus for the year	1,700	910	1,700	910
Adjustments to reconcile surplus for the year to cash provided by operating activities				
Unrealized finance income	(1,441)	(1,016)	(1,441)	(1,016)
Depreciation and amortization	180	151	180	151
(Increase) decrease in assets and increase (decrease) in liabilities				
Inventories	(47)	14	(47)	14
Accounts receivable	(19)	(3)	(19)	(3)
Advances	(16)	-	(16)	-
Recoverable taxes	(2)	-	(2)	-
Trade payables	135	9	135	9
Tax liabilities	20	2	20	2
Labor provisions and payroll charges	7	(2)	7	(2)
Obligations on incentivized projects	525	(367)	525	(367)
Other	(5)	2	(5)	2
Net cash provided by (used in) operating activities	1,037	(300)	1,037	(300)
Cash flows from investment activities				
Redemption of securities	2,690	368	2,690	368
Acquisition of property, plant and equipment and intangible assets	(2,709)	(98)	(2,709)	(98)
Net cash provided (used) in investment activities	(19)	270	(19)	270
Increase (decrease) in cash and cash equivalents	1,018	(30)	1,018	(30)
Cash and cash equivalents at beginning of year	1,191	1,221	1,193	1,223
Cash and cash equivalents at end of year	2,209	1,191	2,211	1,193

See the accompanying notes to the financial statements.

Associação Saúde Criança Renascer

Notes to the financial statements as of December 31, 2015 and 2014
(In thousands of reais)

1. General information

Associação Saúde Criança Renascer ("Association") is a charity based and established in Brazil, having its registered offices in Rio de Janeiro - RJ. It was founded on October 25, 1991 to provide social welfare, improve living standards and to provide support to needy children at the Lagoa Federal Hospital and their relatives during their hospitalization and, above all, after being discharged. Support is given to vulnerable families, who are referred to the Association by way of a letter of presentation from Lagoa Hospital's multidisciplinary triage team.

The Association relies on voluntary donations and donations from its partners, which may come in the form of cash, items like meals, medication and clothing, and services, amongst others. The Association runs a number of social projects, including Madrinha, Aconchego and Moradia, to better serve families.

To achieve its goals Associação Saúde Criança Renascer works around the following areas:

- Healthcare - donations of food products, medications, medical devices and other items in addition to free access for families to psychologists, psychiatrists, nutritionists and social workers and referrals to health clinics.
- Citizenship - Assistance for obtaining documents and social and legal advice, in order to ensure families can secure their basic rights.
- Housing - Assuring the family home is fit for human habitation, for the child to recover and maintain their health. This includes having running water, treated sewage, walls and roofs that do not leak.
- Education - Making families more aware about the importance of education for the future of their children and the parents, monitoring school life and providing support found to be necessary.
- Income creation - Vocational training nurturing the existing interests and skills of heads of families, so they can become self-sufficient and independent.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

1. General information--Continued

Associação Saúde Criança Renascer is exempt from income and social contribution taxes under Law 9532/97, article 15 of which establishes that in order for Associations to qualify for this exemption:

- (a) Directors shall receive no compensation for the services rendered.
- (b) All funds shall be used to maintain and develop its institutional objectives.
- (c) Maintain complete bookkeeping of revenue and expenses in appropriate accounting books which can confirm the accuracy thereof.
- (d) Adequate maintenance, for the term of five years as from the date of issuance, of documents which confirm the origin of the revenue and incurring of expenses, and the performance of any other acts or transactions which change their financial situation.
- (e) Submit annual tax returns.

2. Significant accounting policies

The main accounting policies used to prepare these financial statements are as follows. These policies have been consistently applied to all the years presented, unless stipulated otherwise.

2.1. Basis of preparation and presentation

The individual and consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the provisions of Resolution 1409/12 issued by the Federal Accounting Council, which approved Technical Interpretation ITG 2002 "Nonprofit Entities – ITG 2002 (R1)", combined with NBC TG 1000 ("CPC PME") - "Accounting for Small and Middle-Market Companies".

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

2. Summary of significant accounting policies--Continued

2.1. Basis of preparation and presentation--Continued

The preparation of financial statements in accordance with the aforesaid standards requires the use of certain accounting estimates. It also requires Association management to exercise its judgment in the process of applying the accounting policies. However, there are no more complex areas or situations involving a higher degree of judgment or estimates significant to the financial statements.

The Annual General Meeting approved these financial statements on March 29, 2016.

2.2. Consolidation

Subsidiaries are all entities (including the specific purpose companies) over which the Association has the power to determine the financial and operating policies, and in which it generally holds over half the voting rights (voting stock). 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 investment fund ("Saúde Criança Fundo de Investimento Multimercado Investimento no Exterior") and; it therefore consolidates this exclusive fund into its financial statements, and publishes consolidated financial statements.

2.3. Functional currency and reporting currency

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

2.4. Cash and cash equivalents

Consists of cash and bank deposits stated at cost, and short-term investments, with immediate liquidity and a low risk of impairment, stated at cost plus income accrued up to the reporting date, and charged to profit or loss for the year.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

2. Summary of significant accounting policies--Continued

2.5. Financial instruments

Upon recognition, financial instruments are firstly stated at fair value, plus any transaction costs directly attributable to acquisition or issuance, except in the case of financial assets and liabilities classified under their values through profit and loss, where such costs are directly entered in the statement of operations for the year.

They are subsequently valued at each reporting date, in accordance with the classification of financial instruments in the following categories of financial assets.

- Fair value through profit or loss - cash and cash equivalents and securities are recognized in this category, with fair value changes recognized as finance income.
- Receivables - nonderivative financial assets with fixed or determinable payments that are not quoted on an active market. After initial measurement, these financial assets are measured at amortized cost using the effective interest rate method, less any impairment.

As of December 31, 2014 and 2013 there were no financial instruments classified as available-for-sale or held-to-maturity.

Financial liabilities are initially recognized on the trade date when the Company becomes a party to the instrument's contractual provisions and are written off only when the obligations are withdrawn, canceled or expire.

Financial liabilities are initially recognized at their fair value plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost, adjusted based on the monetary variance and exchange rates and include the interest incurred up to the reporting date, in accordance with the underlying contract.

The Association was not using derivatives as of December 31, 2015 and 2014.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

2. Summary of significant accounting policies--Continued

2.6. Inventories

Inventory consisting of consumables acquired and finished goods related to the "Anzol" project were valued at cost or realization value, less the provision for any impairment, when applicable, charged to the specific profit or loss item for the year.

2.7. Property, plant and equipment

Items of property, plant and equipment are stated at the historical cost of acquisition less accumulated depreciation and any accumulated impairment losses. The historic cost includes expenses directly attributable necessary to prepare the asset for the use intended by management.

Depreciation is calculated using the straight-line method to allocate the cost, less their residual values over their estimated useful lives, as follows:

The estimated useful lives for current and comparative periods are as follows:

Furniture and fixtures	10 years
Computers and accessories	5 years
Facilities	10 years
Vehicles	10 years

2.8. Intangible assets

Software licenses are capitalized based on costs incurred to acquire the software and render it ready for use. The same procedure applies to software created on order for the Association. These costs are amortized during the software's estimated useful life of five years. The costs associated with software maintenance are expensed when incurred.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

2. Summary of significant accounting policies--Continued

2.9. Provisions and current and noncurrent 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 economic resources will be required to settle the obligation. Provisions are recorded using best estimates of the risk involved.

Current and noncurrent liabilities are stated at the known amounts or estimated, plus, when applicable, the corresponding charges and monetary and exchange variance incurred up to the reporting date.

2.10. Obligations on incentivized projects

Contributions to the Association's projects made by sponsors are recorded in liability accounts less expenses incurred by each project at the end of each month, and are charged to the sponsored project revenue account. This policy exists because Association Management is contractually obliged to follow rules for using donations and to report its accounts, which are examined by and subject to the approval of the sponsors.

Costs and expenses incurred in the sponsors' projects, administrated by the Association, are therefore recognized to the same proportion of revenue, meaning that at the end of the year such revenue and expenses do not impact the Association's profit or loss for the year.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

2. Summary of significant accounting policies--Continued

2.11. Determining the surplus for the year and recognizing donation revenue

The surplus for the year is recognized on the accrual basis for the year.

Donation revenue and independent voluntary contributions come in the form of donations from individuals and companies and are recorded upon receipt as we cannot precisely determine the values and dates of receipt, and allocated to the welfare projects implemented by the Association.

Donations received for projects are recorded upon receipt in liabilities, and appropriated to profit and loss on a monthly and straight-line basis as the funds are used, according to the rules established by the donor/sponsor.

Benefits

Interpretation ITG 2002 issued by the Federal Accounting Council (CFC) determines the measurement and accounting recognition of free benefits awarded, such as: voluntary work, exemption from property rental and tax exemptions.

- (i) The value of voluntary labor is measured by Association Management according to market values practiced by the Association in similar services. The amount for FY 2015 was R\$ 344 (2014 - R\$ 381).
- (ii) The value of the federal tax exemption is calculated by the presumed profit methodology, and the total revenue received by the Association and in its payroll in respect of employer's INSS, as described in Note 2.12, pursuant to Law No. 12101/2009. The amount for FY 2015 was R\$ 1,825 (2014 - R\$ 1,677).
- (iii) The value of the property rental exemption for the Association's head office (Note 15) is calculated based on the square meter price in force in the Rio de Janeiro real estate sector. The amount for FY 2015 was R\$ 145 (2014 - R\$ 169).

No cash disbursements were made for the amounts above, and were recognized in 2015 as revenue and expenses in profit or loss in the same amounts, without impacting the surplus for the year.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

2. Summary of significant accounting policies--Continued

2.12. Taxes and contributions

The Association is exempt from the Contribution for Social Security Financing (COFINS) and employer's INSS.

Until November 2015, the Association paid PIS at a rate of 1% on monthly payroll, as defined by the Labor Legislation. However, following the judgment of ordinary tax proceeding 0059775- 49.2015.4.02.5101(2015.51.01.059775-0), dated November 6, 2015 at the 7th Circuit Court of Rio de Janeiro, it was declared that the Association was not required to pay this tax to the Government in accordance with article 13 (III) of Provisional Law 2.158-35/2001. The Association immediately ceased paying this tax.

2.13. Statement of cash flow

The statement of cash flows was prepared in accordance with the indirect method.

3. Cash and cash equivalents

	Parent Company		Consolidated	
	2015	2014	2015	2014
Cash	22	16	22	16
Banks	411	192	413	194
Short-term (*)	1,776	983	1,776	983
	2,209	1,191	2,211	1,193

(*) High-liquidity short-term investments are promptly convertible into a known cash amount and are subject to an insignificant risk of changes in value. The Association has short-term investments in DI investments funds, and savings and CDB.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

4. Securities

	Parent company	
	2015	2014
At fair value through profit or loss		
Short-term		
Saúde Criança FIM (a)		
Investment fund quotas	5,785	6,267
Sovereign debt securities	-	5,172
Securities held under repurchase agreements	51	82
Amounts payable	(4)	(4)
Cash and banks	2	2
Riverside Fundo de Investimentos (b)	994	876
	6,828	12,395
Long-term		
Saúde Criança FIM (a)		
Sovereign debt securities	4,321	-
	11,147	12,395

- (a) Saúde Criança Fundo de Investimento Multimercado is the Association's exclusive investment fund and a part of the "Renascer para Sempre" project. By way of a long-term policy, this fund aims to bolster the Association's financial sustainability, guaranteeing the minimum financial stability required for a sound institutional performance without relying on uncertain donations. Funds recorded as non-current in FY 2015 consist of investments in government securities maturing through 2045.
- (b) The Riverside Fundo de Investimento em Cotas de Fundos de Investimento Multimercado was founded as an open-end investment fund for an indefinite term. It is a pool of funds to be invested in securities and any other assets available in the financial capital market.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

5. Property, plant and equipment

	Annual depreciation rate	2015		Net	2014
		Cost	Accumulated depreciation		Net
Buildings	4%	545	(266)	279	301
Facilities	10%	75	(63)	12	20
Plant and equipment	10%	66	(64)	2	8
Fixtures and fittings	10%	64	(59)	5	11
Vehicles and accessories	20%	106	(85)	21	42
IT equipment	20%	154	(152)	2	13
Communication equipment	20%	6	(6)	-	1
Property, plant and equipment in progress		5,860	-	5,860	3,169
		6,876	(695)	6,181	3,565

	Annual depreciation rate	2014	Write-offs/			Depreciation	2015
			Acquisitions	Disposals	Transfers		
Buildings	4%	301	-	-	-	(22)	279
Facilities	10%	20	-	-	-	(8)	12
Plant and equipment	10%	8	-	-	-	(6)	2
Fixtures and fittings	10%	11	-	-	-	(6)	5
Vehicles and accessories	20%	42	-	-	-	(21)	21
IT equipment	20%	13	18	-	-	(29)	2
Communication equipment	20%	1	-	-	-	(1)	-
Property, plant and equipment in progress (*)		3,169	2,691	-	-	-	5,860
		3,565	2,709	-	-	(93)	6,181

(*) All expenses incurred on acquiring the Association's new head offices at Rua das Palmeiras, Botafogo, Rio de Janeiro, are recorded in property, plant and equipment. The property will be retrofitted for use by the Association. All expenses incurred on property purchases and related taxes are recorded in this account, along with the expenses incurred on renovating the property.

	Annual depreciation rate	2013 Acquisitions	Write-offs/		Depreciation	2014
			Sales	Transfers		
Buildings	4%	323	-	-	(22)	301
Facilities	10%	27	-	-	(7)	20
Plant and equipment	10%	7	3	-	(2)	8
Fixtures and fittings	10%	16	1	-	(6)	11
Vehicles and accessories	20%	56	-	-	(14)	42
IT equipment	20%	26	-	-	(13)	13
Communication equipment	20%	1	-	-	-	1
Property, plant and equipment in progress		3,075	94	-	-	3,169
		3,531	98	-	(64)	3,565

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

6. Intangible assets

	Parent Company and Consolidated			
	2014	2015		
	Closing balance	Additions	Write-off	Closing balance
Change in the cost				
Software licenses	456	-	-	456
Change in amortization				
Software licenses	(218)	(87)	-	(305)
Net balance	238	(87)	-	151

7. Obligations on incentivized projects

	Parent Company and Consolidated	
	2015	2014
White Martins Praxair Foundation (i)	592	372
Skoll Foundation (ii)	118	178
Johnson & Johnson Family of Companies (iii)	2	97
Construtora Queiroz Galvão S.A. (iv)	32	136
Ursula Zindel Hilti Stifling Foundation (v)	367	15
Vale (vi)	-	3
Johnson & Johnson Mamãe Bebê (vii)	245	24
Unimed (viii)	-	11
Kinder (ix)	5	1
Metro (x)	3	3
Air France (xi)	24	-
RWJF (xii)	6	11
Unesco (xiii)	-	18
	1,394	869

Unincurred projects represents the obligations the Association has on realizing the respective projects based on financial funds (partial or total) already received. The liability is written down monthly and charged to project revenue to the extent the funds received are used in delivering the projects.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

7. Obligations on incentivized projects--Continued

(i) White Martins - Praxair Foundation

"Criança" project. R\$ 984 was raised in 2015 (2014 - R\$ 710) and R\$ 764 realized in FY 2015 (2014 - R\$ 871), resulting in a balance as of December 31, 2015 of R\$ 592 (2014 - R\$ 372).

(ii) Skoll Foundation

"Replicação" and "Fortalecimento" projects. No funds were raised in 2015 (or 2014) and R\$ 60 was realized (2014 - R\$ 60), resulting in a balance as of December 31, 2015 of R\$ 118 (2014 - R\$ 178). A substantial part of the Skoll Foundation's funds were used to develop a welfare service software for the Association, where the liability is being written down on a straight-line basis according to the amortization of the aforesaid software.

(iii) Johnson & Johnson Family of Companies

"Aconchego Mães" and "Aconchego Adolescentes" projects. No funds were raised in FY 2015 (2014 - R\$ 156) and R\$ 95 was realized (2014 - R\$ 172), resulting in a balance as of December 31, 2015 of R\$ 2 (2014 - R\$ 97).

(iv) Construtora Queiroz Galvão S.A.

"Moradia" project R\$ 90 was raised in FY 2015 (2014 - R\$ 286) and R\$ 194 was realized (2014 - R\$ 355), resulting in a balance as of December 31, 2015 of R\$ 32 (2014 - R\$ 136).

(v) Ursula Zindel Hilti Stifling Foundation

"Replicação" and "Saúde" projects, including indirect costs for realizing these projects. R\$ 623 was raised in 2015 (2014 - R\$ 501) and R\$ 271 realized (2014 - R\$ 517), resulting in a balance as of December 31, 2015 of R\$ 367 (2014 - R\$ 15).

(vi) Vale Project

"Replicação" project No funds were raised in FY 2015 and R\$ 3 was realized (2014 - R\$ 46), resulting in a balance as of December 31, 2015 of zero (2014 - R\$ 3).

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

7. Obligations on incentivized projects--Continued

(vii) J&J Mamãe Bebê Project

"Mãe e Bebê" project, R\$ 305 was raised in FY 2015 (2014 - R\$ 137) and R\$ 84 realized (2014 - R\$ 157), resulting in a balance as of December 31, 2015 of R\$ 245 (2014 - R\$ 24).

(viii) Unimed Project

"Nutrição" project No funds were raised in FY 2015 (2014 - R\$ 37) and R\$ 11 was realized (2014 - R\$ 36), resulting in a balance as of December 31, 2015 of zero (2014 - R\$ 11).

(ix) Kinder Project

"Bolsas" project R\$ 28 was raised in FY 2015 (2014 - R\$ 46) and R\$ 24 realized (2014 - R\$ 52), resulting in a balance as of December 31, 2015 of R\$ 5 (2014 - R\$ 1).

(x) Metro Project

"Profissão Beleza" project No funds were raised in FY 2015 (or 2014) and no amount was realized in the period (2014 - R\$ 1), resulting in a balance as of December 31, 2015 of R\$ 3 (2014 - R\$ 3).

(xi) Air France Project

"Aconchego Adolescentes " project, R\$ 29 was raised in FY 2015 and R\$ 5 realized, resulting in a balance as of December 31, 2015 of R\$ 24.

(xii) RWJF Project

"Profissionalizante" project, No funds were raised in FY 2015 (2014 - R\$ 172) and R\$ 5 was realized (2014 - R\$ 161), resulting in a balance as of December 31, 2015 of R\$ 6 (2014 - R\$ 11).

(xiii) UNESCO Project

"Profissão Beleza" project No funds were raised in FY 2015 (2014 - R\$ 63) and R\$ 18 was realized (2014 - R\$ 45), resulting in a balance as of December 31, 2015 of zero (2014 - R\$ 18).

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

8. Contingencies

Based on the opinion of its legal advisers, Association Management concluded there was no litigation or claims against the Association as of December 31, 2015 requiring a provision or disclosure.

9. Equity

Denotes the initial equity resulting from initial contributions from its founders, plus surpluses (less deficits) made over its lifetime.

Net income for the year is added to equity the following year, after approval by the Oversight Board in accordance with its Bylaws.

Associação Saúde Criança Renascer's income is allocated entirely to the core activities mentioned in Note 1.

In the event the Association is wound down, which can only occur if approved by two thirds of general meeting members, its assets shall be allocated to another non-profit association of a similar nature, registered at CNAS - National Social Welfare Council, under the approval of the Public Prosecutor's Office.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

10. Revenue

The Association carries out welfare projects for the benefit of the community. The expenses related to these projects for FYs 2014 and 2013 and the underlying revenue are as follows:

	<u>Parent Company and Consolidated</u>	
	<u>2015</u>	<u>2014</u>
Donation revenue		
Revenue from individual and company donations	2,327	1,951
Revenue from tax exemptions and subsidies	1,970	1,846
Revenue from voluntary work	344	381
Sales of goods	620	443
	<u>5,261</u>	<u>4,621</u>
Revenue from donations to programs and projects		
White Martins Praxair Foundation	764	871
Ursula Zindel Hilti Stifling Foundation	271	492
Construtora Queiroz Galvão S.A.	194	355
RWJF Project	6	161
Johnson & Johnson Family of Companies	95	172
Unimed Rio Coop. de Trab. Médicos do Rio de Janeiro	11	36
Concessão Metroviária do Rio de Janeiro S.A. - MetrôRio	-	1
Kinder	24	52
Skoll Foundation	60	59
Maersk Project	-	2
J&J Mamãe Bebê Project	84	157
Unesco	18	45
Vale Project	3	46
Air France Project	5	-
Total revenue from incentivized projects	<u>1,535</u>	<u>2,449</u>
Other revenue	45	-
Total operating revenue	<u>6,841</u>	<u>7,070</u>

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

11. Welfare costs

	<u>Parent Company and Consolidated</u>	
	<u>2015</u>	<u>2014</u>
Personnel cost - welfare	(767)	(835)
Healthcare (medication and food) - families	(655)	(589)
Public service and occupation cost - welfare	(155)	(186)
Personnel charges - welfare	(149)	(134)
Course and training - families	(28)	(123)
Housing - maintenance, repairs and rental - families	(162)	(303)
Transport - families	(97)	(95)
Donations to families	(38)	(75)
Services provided - families	(21)	(8)
General costs - welfare	(47)	(51)
Donation of working instruments - family	(2)	(53)
Professional Services - welfare	(85)	(93)
Material for courses - family	(6)	(19)
Medical examinations - families	(24)	(9)
Communications cost - welfare	-	(10)
Food hampers – families	(3)	(53)
Welfare costs/benefits - care	<u>(2,239)</u>	<u>(2,636)</u>
Project pass-throughs to similar entities	(232)	(395)
Personnel cost - replication	(126)	(267)
General replication expenses	(30)	(30)
Personnel charges -	(12)	(23)
Welfare costs - replication (i)	<u>(400)</u>	<u>(715)</u>
Welfare costs	<u>(2,639)</u>	<u>(3,351)</u>

(i) Replication costs denote the expenses incurred on financing the programs delivered by the Association to reproduce the same methodology and modus operandi established by the Association at similar Entities.

Association Management understands that the funds allocated to activities are adequate and meet the requirements of Law No. 12101/09. Approval of the calculations and the assumptions made by the Association is conditional on the future submission of accounts to CNAS - National Social Welfare Council.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

11. Welfare costs--Continued

Certificate of a Charitable Association for Social Welfare

On August 16, 1995 the National Social Welfare Council attested that Associação Saúde Criança Renascer is registered at it in accordance with Resolution 83/95 issued August 1995, published in the Official Government Press on August 18, 1995, following the judgment of case 28990.014753/1994-60.

On August 27, 2014 the National Social Welfare Council awarded Associação Saúde Criança Renascer the Social Welfare Charitable Organization Certificate - CEBAS, valid from March 18, 2010 to March 17, 2015.

The Association submitted a renewal application for this certification on 3/13/2015, which was by the deadline. The certificate is regular and valid until the case is judged, pursuant to art. 24 (2) of Law 12101, issued November 30, 2009 and art. 8 of Decree 8242 issued May 23, 2014.

12. General and administrative and expenses and outsourced services

	Parent Company		Consolidated	
	2015	2014	2015	2014
Personnel expenses	(1,092)	(814)	(1,092)	(814)
General and administrative expenses	(544)	(600)	(558)	(614)
Voluntary work expenses	(88)	(80)	(88)	(80)
Provision for exempt taxes (i)	(1,825)	(1,677)	(1,825)	(1,677)
	(3,549)	(3,171)	(3,563)	(3,185)
Expenses on services provided	(381)	(505)	(381)	(505)
	(3,930)	(3,676)	(3,944)	(3,690)

(i) Amounts denoting the following taxes: Services tax (ISS), Value Added Tax on Sales and Service (ICMS), Social integration program (PIS), Contribution for social security financing (COFINS), INSS, Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), as described in Note 2.11.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
December 31, 2015 and 2014
(In thousands of reais)

13. Net finance income

	Parent Company		Consolidated	
	2015	2014	2015	2014
Finance income				
Short-term investments	1,861	1,458	1,875	1,472
Other revenue	20	1	20	1
	<u>1,881</u>	<u>1,459</u>	<u>1,895</u>	<u>1473</u>
Finance costs Bank expenses	(52)	(41)	(52)	(41)
Devaluation of investments (*)	(265)	(435)	(265)	(435)
Other expenses	(32)	(19)	(32)	(19)
	<u>(349)</u>	<u>(495)</u>	<u>(349)</u>	<u>(495)</u>
	<u>1,532</u>	964	<u>1,546</u>	978

(*) Investment losses in 2015 and 2014 were mainly caused by devaluation of securities.

14. Insurance coverage

The Association has the policy of taking out insurance coverage for PP&E against fire and various risks in amounts considered sufficient to cover possible damages, which were determined in accordance with the orientation of experts, and take into consideration the nature and the level of risk involved. Given their nature, the adopted risk assumptions do not comprise the scope of a financial statements audit and were not therefore examined by our independent auditors.

Associação Saúde Criança Renascer

Notes to the Financial Statements--Continued
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(In thousands of reais)

15. Other information

a) Head office

Associação Saúde Criança Renascer has its registered office at Rua Jardim Botânico, 414, Parque Lage, in Rio de Janeiro, in a building ceded by the federal government, by way of a free use assignment agreement dated May 23, 2002 and the authorization published in the Official Government Press (Section I) on August 6, 1999. The term of occupation is indefinite, although the federal government is entitled to revoke this agreement and take back the property at any time for its own use.

This property comprises the cultural heritage of Rio de Janeiro, where the Association is responsible for its conservation according to specifications and guidelines established by the Brazilian Historic and Artistic Heritage Institute - IPHAN, and also subject to the rules of the Brazilian Institute of the Environment and Renewable Natural Resources - IBAMA. All property conservation expenses are therefore charged to profit and loss, and by the conclusion of these financial statements there were no obligations to be recognized as a result of vacating the property.

b) Guarantees

The Association did not submit collateral or participate in transactions as an intervening guarantor in FYs 2015 and 2014.