

# **Financial Statements**

## **United Way Brasil.**

December 31, 2020 and 2019

with Independent Auditor's Report

# United Way Brasil

Financial Statements  
December 31, 2020 and 2019

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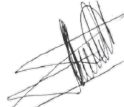
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## United Way Brasil

Statements of financial position  
December 31, 2020 and 2019  
(In Reais)

Assets	<u>Notes</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
<b>Current</b>			
Cash and cash equivalents	5	92,150	128,525
Marketable securities	6	3,881,269	1,263,030
Accounts receivable	8	1,540,431	173,522
Prepaid expenses	7	32,266	7,346
Other assets		20,162	5,539
		<b>5,566,278</b>	<b>1,577,962</b>
<b>Non-current</b>			
Collateral and pledge deposit		6,600	19,258
Property and equipment	9	4,736	7,196
		<b>11,336</b>	<b>26,454</b>
<b>Total Assets</b>		<b>5,577,614</b>	<b>1,604,416</b>
<b>Liabilities and net equity</b>			
<b>Current</b>			
Trade payables		44,016	2,826
Labor charges	10	162,868	137,374
Associated projects to be carried out	12	3,810,290	720,823
Unearned income	13	350,817	294,056
Tax charges	11	48,072	33,192
		<b>4,416,063</b>	<b>1,188,271</b>
<b>Net equity</b>			
Accumulated surplus		416,145	536,464
Surplus/(deficit) for the year		745,406	(120,319)
Total net equity		<b>1,161,551</b>	<b>416,145</b>
<b>Total Liabilities and Net Equity</b>		<b>5,577,614</b>	<b>1,604,416</b>

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




Rogério Gerlah Paganatto  
CRC 131987/o-3  
CPF 129.306.908-60

## United Way Brasil

Statements of surplus (deficit)  
December 31, 2020 and 2019  
(In Reais)

	<u>Notes</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
<b>Revenue – voluntary contributions and donations</b>			
Specific international projects		334,520	333,698
Specific projects		1,517,051	292,804
Common fund		2,701,831	1,811,838
	15	<u>4,553,402</u>	<u>2,438,340</u>
<b>Operating revenue</b>			
Institutional donations	16	2,636,693	1,775,373
Reversal – provision for contingencies		-	14,847
Sustainability fund	17	414,000	172,500
Voluntary work	21	77,800	88,390
		<u>3,128,493</u>	<u>2,051,110</u>
<b>(-) Operating costs and expenses</b>			
General and administrative expenses	19	(5,004,800)	(2,817,139)
Personnel expenses	20	(1,816,820)	(1,731,787)
Voluntary work	21	(77,800)	(88,390)
		<u>(6,899,420)</u>	<u>(4,637,316)</u>
<b>Operating surplus (deficit) before finance income (costs)</b>		<u>782,475</u>	<u>(147,866)</u>
Finance income	18	47,671	74,387
Finance costs	18	(84,740)	(46,841)
<b>Finance income (costs)</b>		<u>(37,069)</u>	<u>27,546</u>
<b>Surplus/(deficit) for the year</b>		<u>745,406</u>	<u>(120,319)</u>

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## United Way Brasil

Statements of comprehensive surplus (deficit)  
December 31, 2020 and 2019  
(In Reais)

	<u>12/31/2020</u>	<u>12/31/2019</u>
Surplus/(deficit) for the period	745,406	(120,319)
Other comprehensive surplus (deficit)	-	-
Comprehensive surplus (deficit) for the period	<u><b>745,406</b></u>	<u><b>(120,319)</b></u>

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

A handwritten signature in black ink, appearing to be "Rogério Gerlah Paganatto".


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## United Way Brasil

Statements of changes in net equity  
December 31, 2020 and 2019  
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	<u>Accumulated surplus</u>	<u>Surplus/(deficit) for the year</u>	<u>Total</u>
<b>Balances at December 31, 2018</b>	<b>712,615</b>	<b>(176,151)</b>	<b>536,464</b>
Transfer to accumulated surplus	(176,151)	176,151	-
Deficit for the year	-	(120,319)	(120,319)
<b>Balances at December 31, 2019</b>	<b>536,464</b>	<b>(120,319)</b>	<b>416,145</b>
Transfer to accumulated surplus	(120,319)	120,319	-
Surplus for the year	-	745,406	745,406
<b>Balances at December 31, 2020</b>	<b>416,145</b>	<b>745,406</b>	<b>1,161,551</b>

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




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## United Way Brasil

Statements of cash flows  
December 31, 2020 and 2019  
(In Reais)

	<u>12/31/2020</u>	<u>12/31/2019</u>
From operating activities		
(Deficit) surplus for the year	745,406	(120,319)
Adjustments to reconcile (deficit) surplus for the year with net cash		
From operating activities:		
Depreciation	2,460	3,185
Finance income from marketable securities	47,671	74,387
(Reversal) establishment of provision for contingencies	-	(14,847)
Changes in current and non-current assets and liabilities		
Decrease/(increase) in assets		
Accounts receivable	(1,366,909)	(173,522)
Prepaid expenses	(24,920)	4,282
Other assets	(1,965)	(10,765)
(Decrease)/increase in liabilities		
Trade accounts payable	41,190	(42,672)
Salaries and labor charges and accruals	25,494	30,993
Taxes payable	14,880	244
Associated projects to be carried out	3,089,467	(583,689)
Other liabilities	56,760	(38,856)
Net cash used in operating activities	<u>2,629,534</u>	<u>(871,579)</u>
Cash flows from investing activities		
Marketable securities	(2,665,910)	578,055
Net cash from investing activities	<u>(2,665,910)</u>	<u>578,055</u>
Net change in cash and cash equivalents	<u>(36,376)</u>	<u>(293,525)</u>
Cash and cash equivalents		
At beginning of period	128,525	422,049
At end of period	92,150	128,525
Net change in cash and cash equivalents	<u>(36,376)</u>	<u>(293,525)</u>

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



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## United Way Brasil

Notes to financial statements  
December 31, 2020 and 2019  
(In reais, except when stated otherwise)

### 1. General information

United Way Brasil ("Association" or "Entity"), founded on March 26, 2001, is a not-for-profit, charitable civil association that engages in promoting and developing cultural, scientific, artistic, educational, social, sports, charitable, research and assistance projects in Brazil.

The Association may also promote all acts inherent to these purposes, as well as carry out any activity related thereto, raising and managing its funds in order to meet its objectives. The donations received come from individuals and legal entities, whether associated or not, national or foreign. Donations made by the Association must have a close and specific relationship with its purpose and be in accordance with the budget program prepared by the Board, in accordance with its Charter.

The Association develops Early Childhood and Juvenile Programs, namely:

- **Early Childhood Program** - The “Crescer Aprendendo” Program has the role of enhancing the development of Early Childhood, by training parents and caregivers by providing quality knowledge and information in person and online, and support in the training of daycare center educators and improvement of the infrastructure of these spaces to ensure the full development of the children who attend public units of early childhood education in Brazil.
- **Juvenile Program** - The “Competências para a Vida” Program aims to work on socio-emotional skills, to respond to the current challenges of the insertion of young people in the labor market, looking at future trends through (a) "Individual Mentoring" (they consist of meetings in which employees of the associated companies make their time available and share experience with the young people from the supported projects (b) face-to-face meetings in the program are structured in modules and missions, working on self-knowledge, expansion of the social and cultural repertoire, qualification and generation of opportunities for insertion in productive life. Led by the Aspen Institute, United Way Brasil coordinates a Management Group whose purpose is to promote the productive inclusion of young people in situations of social vulnerability in the city of São Paulo

The Association is part of the United Way Worldwide network, the entity that originated it, and since August 2008 it is named United Way Brasil, for strategic reasons and aiming to expand the channels of contacts and partnerships.

### 2. Presentation of financial statements and summary of significant accounting practices

#### 2.1. Basis of presentation and preparation of financial statements

The financial statements of the Association, which comprise the statement of financial position at December 31, 2020 and 2019 and the respective statements of surplus (deficit), of comprehensive surplus (deficit), of changes in net equity and of cash flows for the period then ended, as well as the



## United Way Brasil

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summary of significant accounting practices and other notes thereto, were authorized by the chairman of the board of directors for issuance and disclosure on March 31, 2021.

The financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil applicable to small and medium-sized entities (NBC TG 1000), which encompass the Brazilian corporation law and technical pronouncements, guidelines and technical interpretations issued by the Brazilian FASB (CPC), which have already been approved by Brazil's National State Boards of Accountancy (CFC), in light of Technical Interpretation ITG 2002 – Not-for-profit Entity.

The accounting estimates involved in the preparation of the Association's financial statements were supported by objective and subjective factors, based on Management's judgment to determine the appropriate amount to be recorded in the respective financial statements. Significant items subject to these estimates and assumptions have been described in Note 3.

The financial statements were prepared based on the historical cost, except for certain financial instruments, when they exist, measured at their fair values, as described in the accounting practices below. The historical cost is generally based on the fair value of the consideration paid in exchange for assets.

All amounts presented in these financial statements are expressed in reais, unless otherwise stated.

### **2.2. Functional currency and translation of balances and transactions in foreign currency**

#### 2.2.1. Functional and reporting currency

The financial statements were prepared and are presented in reais (R\$), which is the Association's functional currency. The amounts disclosed in these financial statements are expressed in thousands, except when stated otherwise.

#### 2.2.2. Transactions and balances in foreign currency

Foreign currency transactions, that is, all those that were not carried out in the entity's functional currency, were translated at the exchange rate on the date that the transactions were carried out. Monetary assets and liabilities in foreign currency are translated into the entity's functional currency at the exchange rate on the base date of the accounting information. Non-monetary items in foreign currency recognized at their fair value are translated at the exchange rate in effect on the date when the fair value was determined.

### **2.3. Summary of significant accounting practices**

#### 2.3.1. Financial instruments

The Entity's financial assets and liabilities are recognized as of the date it becomes part of the contractual provisions of such financial instruments and mainly include cash and cash

## United Way Brasil

Notes to financial statements

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(In reais, except when stated otherwise)

equivalents. The Entity's financial assets and liabilities are initially recorded at fair value, and their term is less than 360 days.

Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through surplus or deficit are recognized immediately in the statement of surplus (deficit), and their subsequent measurement occurs at each date of the statement of financial position in accordance with the rules established for each type of classification of financial assets and liabilities.

### 2.3.2. Cash and cash equivalents

Cash and cash equivalents are assets held for the purpose of paying short-term obligations and not for investment or other purposes.

For an investment to be qualified as cash equivalents, it must be readily convertible into a known cash value, that is, be highly liquid, and subject to a low risk (which is insignificant) of variation in the fair market value.

Cash and cash equivalents include cash, bank accounts, demand deposits and other short-term assets such as marketable securities with original maturity of 90 days from the date of contract or shorter period (where applicable).

### 2.3.3. Property and equipment

Property and equipment are recorded at cost, which includes all expenses incurred in the acquisition or preparation of assets, less depreciation. Depreciation is calculated and recognized using the straight-line method, according to the estimated economic useful life and projected net book value of each item.

The Association reviews at least annually its estimates of the useful lives of its assets and, if it observes significant changes in the estimates, recognizes the effects of these changes in the statement of surplus (deficit) in a prospective way.

Estimated useful lives for the current and comparative periods are as follows:

Furniture and fixtures	10 years
IT and communication equipment	5 years

An item of property and plant is written off when sold or when no future economic benefit is expected from its use or sale. Any gain or loss resulting from the write-off of the asset (calculated as the difference between the net sale value and the book value of the asset) is included in the statement of surplus (deficit), in the year in which the asset is written off.

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### 2.3.4. Valuation at recoverable amount of assets

Non-current assets are revised annually to identify evidence of non-recoverable losses, or, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When this is the case, the recoverable amount is calculated to check for losses. When there is a loss, it is recognized for the amount for which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price and the value in use of an asset. For valuation purposes, assets are grouped into the smallest group of assets for which there are separately identifiable cash flows. In the years 2019 and 2018, no losses on assets were recognized by the Entity's management.

### 2.3.5. Financial liabilities

The Entity recognizes financial liabilities initially on the date they are originated. All other financial liabilities are initially recognized on the trade date on which the Entity becomes a party to the contractual provisions of the instrument. The Entity writes off a financial liability when its contractual obligations are withdrawn or canceled.

### 2.3.6. Determination of surplus (deficit)

Revenues and expenses are recognized in accordance with the accrual method and with NBC TG 07 – Government Grants and Assistance.

Donation revenues are classified into three subgroups: (a) donations for specific international projects; (b) donations for specific national projects; and (c) donations to the common fund. The purpose of this practice is to demonstrate how the Association's revenues are captured and to align donations for specific purposes with the corresponding expenses.

Amounts received and used in projects are recorded as follows:

- **Receipt of funds:** When the receipt of funds is recognized, the debit to cash and cash equivalents or marketable securities and the credit to associated projects to be carried out in current liabilities.
- **Consumption and expense:** In case of expenses with donations and tax incentive funds, the related expenses are recognized as a contra-entry to debit to liabilities of associated projects to be carried out.

Revenues from contributions and donations are recorded on a cash basis, i.e. in accordance with donations values incoming to bank current account, after the foreign exchange procedures.

In case of surplus in accounts in a given year, surplus (deficit) is fully allocated to the maintenance and to the development of the Association purposes.

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### 2.3.7. Determination of fair value

Various policies and accounting disclosures of the Association require the determination of fair value, both for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods presented in Note 14.1. Where applicable, additional information on the assumptions used in determining fair values is disclosed in notes specific to that asset or liability.

## 3. Significant accounting judgments, estimates and assumptions

### (i) Judgments

The preparation of the Association's financial statements requires Management to make judgments and estimates and adopt assumptions that affect the amounts presented for revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the base date of the financial statements. Assets and liabilities subject to estimates and assumptions include mainly: provisions for impairment of assets, where applicable, in addition to the provision for legal claims.

### (ii) Estimates and assumptions

The main assumptions related to sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the date of the statement of financial position, which may result in different amounts at settlement, are discussed below:

#### a) *Impairment of assets*

Management reviews annually and/or when a specific event occurs the net book value of assets in order to assess events or changes in economic, operational or technological circumstances, which may indicate impairment or loss of their recoverable value. If such evidence is identified and the net book value exceeds the recoverable value, a provision for impairment is set up, adjusting the net book value to the recoverable value. These losses are charged to the statement of surplus (deficit) for the year when identified. At December 31, 2019 and 2018, based on management's assessment, no evidence of impairment was identified, whereupon no provision was recognized.

#### b) *Provisions for legal contingencies*

The Association is not a party to legal and/or administrative proceedings. Provisions, where applicable, are established for claims related to lawsuits for which it is probable that an outflow of funds will be made to settle the claim and a reasonable estimate can be made. The assessment of the likelihood of loss includes the assessment of available evidence, the hierarchy of laws, case law, most recent court decisions and their significance in the legal system, as well as the assessment of external lawyers.

Provisions are reviewed and adjusted to take into account changes in circumstances, such as the

## United Way Brasil

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applicable statute of limitations, conclusions of tax inspections or additional exposures identified based on new matters or court decisions. Actual results may differ from Management's estimates.

Contingent liabilities assessed as possible losses are only disclosed in a note and contingent liabilities assessed as remote losses are neither established nor disclosed.

### 4. Pandemic Impacts – COVID 19

Due to the events related to the Covid-19 pandemic, Management assessed the possible impacts for the Association in relation to the end of the year ended December 31, 2020 and concluded that there are no impacts that require additional adjustments or disclosures in the financial statements.

### 5. Cash and cash equivalents

	<u>12/31/2020</u>	<u>12/31/2019</u>
Cash and banks – unrestricted	1,693	40,081
Cash and banks - restricted	90,457	88,444
	<u><b>92,150</b></u>	<u><b>128,525</b></u>

Cash equivalents are held for the purpose of meeting short-term cash commitments and are comprised of cash balances and demand bank deposits.

### 6. Marketable securities

	<u>12/31/2020</u>	<u>12/31/2019</u>
Short-term investments - unrestricted	775,107	383,176
Sustainability fund	586,500	172,500
Short-term investments - restricted	2,519,662	707,354
	<u><b>3,881,269</b></u>	<u><b>1,263,030</b></u>

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These short-term investments refer substantially to bank deposit certificates and fixed income funds and are remunerated at rates ranging between 80% and 93% of the Interbank Deposit Certificate (CDI) in 2020 and 2019.

The sustainability fund was created to provide greater security for the organization, having a reserve in case of our association ceases to exist in order to settle severance pay, but also having the possibility to invest safely in financial crises. In the long run, a reserve fund must be maintained to make up for the organization's fixed costs for a time and to have reserves for decommissioning.

### 7. Prepaid expenses

	<u>12/31/2020</u>	<u>12/31/2019</u>
Associação Usina da Imaginação	32,266	7,346
	<u><b>32,266</b></u>	<u><b>7,346</b></u>

The so-called Canal Canoa Project is coordinated by Associação Usina da Imaginação, which is the undertaking NGO. The project takes place in the North of Brazil producing audiovisual material together with local communities - cartoons, fiction films and documentaries about the myths and narratives that deal with conception, pregnancy, birth, and early childhood.

United Way provides financial resources to support the Canal Canoa project, and the cooperation agreement is carried out through the rendering of accounts by Associação Usina da Imaginação.

### 8. Accounts receivable

	<u>12/31/2020</u>	<u>12/31/2019</u>
Specific International Projects	1,215,374	-
UWB Management	232,690	74,830
Common Fund Projects	75,190	90,574
Specific National Projects	17,177	8,119
	<u><b>1,540,431</b></u>	<u><b>173,522</b></u>

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These are transfers from members that are made monthly, and the accrued amounts refer to December, with the exception of Specific International Projects, which are joint projects of the Bernard Van Leer Foundation, where the transfers will be made according to the contract. One of the four expected tranches has already been received by the Association.

Monthly transfers are intended to support projects “Crescer Aprendendo” and “Competências para Vida”.

### 9. Property and equipment

The property and equipment balance is comprised as follows:

	Annual depreciation rate	2020			2019
		Cost	Depreciation	Net	Net
Furniture and fixtures	10%	2,200	(1,191)	1,009	1,229
IT equipment	20%	19,925	(16,198)	3,728	5,967
		<b>22,125</b>	<b>(17,389)</b>	<b>4,736</b>	<b>7,196</b>

#### 9.1. Movement of property and equipment cost

	2019	Acquisition	Disposal	2020
Furniture and fixtures	2,200	-	-	2,220
IT equipment	19,925	-	-	19,925
	<b>22,125</b>	<b>-</b>	<b>-</b>	<b>22,125</b>

#### 9.2. Movement of property and equipment depreciation

	2019	Acquisition	Disposal	2020
Furniture and fixtures	(971)	(220)	-	(1,191)
IT equipment	(13,958)	(2,240)	-	(16,198)
	<b>(14,929)</b>	<b>(2,460)</b>	<b>-</b>	<b>(17,389)</b>

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### 10. Labor charges

	<u>12/31/2020</u>	<u>12/31/2019</u>
Accrual for vacation and related charges	114,272	96,715
INSS payable	43,819	33,835
FGTS payable	4,219	6,059
Others	558	764
	<u><b>162,868</b></u>	<u><b>137,374</b></u>

### 11. Tax charges

	<u>12/31/2020</u>	<u>12/31/2019</u>
Withholding income tax – IRRF	41,448	32,731
Social Contribution Tax on Gross Revenue for Social Security Funding – COFINS	168	192
CSLL/COFINS/PIS – Law No. 10833	5,556	210
Service Tax – ISS	900	59
	<u><b>48,072</b></u>	<u><b>33,192</b></u>

### 12. Associated projects to be carried out (projects in progress)

Following we present the projects in progress during the year and their movement, showing total funds received, as well as the amounts used in the execution of the projects (consumption):

	<u>Balances at 01/01/2020</u>	<u>Amounts received</u>	<u>Interest income</u>	<u>Consumption</u>	<u>Balances at 12/31/2020</u>
Specific International Projects (a)	138,555	1,935,603	(2,338)	(334,520)	1,737,300
Specific National Projects (b)	17,065	1,551,326	-	(1,517,051)	51,340
Common Fund (c)	565,204	4,160,576	(2,299)	(2,701,831)	2,021,650
<b>Total associated projects to be carried out</b>	<u><b>720,823</b></u>	<u><b>7,647,505</b></u>	<u><b>(4,637)</b></u>	<u><b>(4,553,402)</b></u>	<u><b>3,810,290</b></u>



## United Way Brasil

Notes to financial statements

December 31, 2020 and 2019

(In reais, except when stated otherwise)

- **Amounts received/raised:** amounts received or raised to support associated projects;
- **Consumption:** expenses incurred in long-term projects throughout the year;
- **Interest income:** yield from short-term investments intended for the projects.

The nature of the associated projects is as follows:

All funds whose nature is Specific International Projects, Specific National Projects and Common Fund Projects are intended for the United Way Brasil Programs: with a focus on young people in the “Competências para Vida” Program and “O Futuro é Jovem (Goyn) Program which aims to work on social and emotional skills, to respond to the current challenges of the insertion of young people in the labor market, looking at future trends through (a) "Individual Mentoring" (b) face-to-face meetings; and (c) personal finance mentoring; and (d) promoting productive inclusion in labor market. And for early childhood in the “Crescer Aprendendo” Program it plays the role of enhancing the Early Childhood development, through the training of parents and caregivers, providing quality knowledge and information in person and online. And support in the training of daycare center educators and improvement of the infrastructure of these spaces to ensure the full development of the children who attend public units of early childhood education in Brazil.

a) **Specific international projects:**

These consist of funds managed by companies/organizations which play as international partners associated with the focus of performance of education for young people in the “Competências para Vida” Program, early childhood in the “Crescer Aprendendo” Program and Emergency Support.

b) **Specific national projects:**

These consist of funds managed by companies/organizations which play as national partners associated with the focus of performance of education for young people in the “Competências para Vida” Program, early childhood in the “Crescer Aprendendo” Program and Emergency Support.

c) **Common fund:**

These consist of funds managed by associated companies by calling for funds from employees and matching from related parties associated with the focus of performance of education for Young people in the “Competências para Vida” Program, early childhood in the “Crescer Aprendendo” Program and emergency support.

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### 13. Unearned income

Amounts for payment of directors' costs for the 12-month period in the subsequent year.

	<u>12/31/2020</u>	<u>12/31/2019</u>
Unearned income	350,817	294,056
	<u><b>350,817</b></u>	<u><b>294,056</b></u>

### 14. Financial instruments

The Association operates only with non-derivative financial instruments that include financial investments and cash and cash equivalents, as well as accounts payable and salaries, vacation and charges, whose values are stated at the respective market values.

#### Sensitivity analysis of financial instruments

Considering the aforesaid financial instruments indexed to rates previously set in the contract, the Association considers the opportunity cost due to a possible devaluation of the interest rate applied to the market, however it hedges itself from fluctuations inherent to the operation and adapts its fundraising to the projected cash flow, therefore being able to maintain fixed installments of scheduled disbursements that are in line with the applied strategy.

In order to analyze the sensitivity of short-term investments, Management adopted as a probable scenario the depreciation of 25% of the current Interbank Deposit Certificate (CDI), as follows:

			<b>Base scenario</b>	<b>Adverse scenario</b>	<b>Remote scenario</b>
	12/31/2020	Risk	14.25%	25%	50%
				10.69%	7.13%
Short-term investments classified as	3,881,269	CDI	553,080	59,124	39,434
marketable securities					

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(In reais, except when stated otherwise)

### 14.1 Estimated fair value

The book values included in the statement of financial position, when compared with the values potentially arising from their trading in an active market or, in their absence, with net present value adjusted based on the current interest rate in the market. During this year, the Association did not engage in any transactions with derivatives.

### 14.2 Non-derivative financial instruments

All “non-derivative” financial assets (including assets designated at fair value through profit or loss) are initially recognized on the trading date on which the Association becomes a party to the contractual provisions of the instrument.

CPC 38 – Financial Instruments: Recognition and Measurement sets out a three-level hierarchy for fair value, which prioritizes information when the Association measures fair value in order to maximize the use of observable information and minimize the use of non-observable information. CPC 38 outlines three levels of information that must be used to measure fair value:

**Level 1** – Prices traded (non-adjusted) in active markets for identical assets or liabilities;

**Level 2** – Other information available, except that of Level 1, where traded (non-adjusted) prices for similar assets and liabilities in non-active markets or other information available and that can be used indirectly (derived from prices);

**Level 3** – Information not available in connection with a minor or no market activity which are significant for definition of fair value of assets and liabilities.

Measuring the fair value of the Association’s financial instruments is classified as Level 2 (represented by short-term investments).

Due to the characteristics and form of operation and equity position at December 31, 2020, the Association is subject to the following factors:

#### *Liquidity risk*

Liquidity risk is the risk that the Association will have difficulties in fulfilling the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Association's approach to liquidity management is to ensure, as much as possible, that it always has sufficient liquidity to meet its obligations upon maturity, under normal and stress conditions, without causing unacceptable losses or at risk of damaging the Association's reputation.

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### *Market risk*

Market risk is the risk that changes in market prices, such as interest rates, have on the Association's earnings, on the value of its holdings in financial instruments. These fluctuations in prices and fees can cause changes in the Association's revenues and costs. The objective of market risk management is to manage and control exposures to market risks, within acceptable parameters, and at the same time optimize the return.

In relation to interest rates, aiming to mitigate this type of risk, the Association centralizes its investments in operations with profitability rates that follow the variation of the CDI and fixed income funds.

## 15. Revenues – voluntary contributions and donations

They are made up of donations from individuals and companies and consist of programs in which employees of associated companies donate their time and share technical experience with the young people in the supported projects. English, accounting and personnel department routines are taught, as well as advice in the areas of entrepreneurship and personal finance, as well as community activities.

These consist of values donated to the Association by the employees and associated companies listed below:

### a) Donations received from Specific International Projects

	<u>12/31/2020</u>	<u>12/31/2019</u>
Donations received from specific international projects	334,520	333,698
	<u><b>334,520</b></u>	<u><b>333,698</b></u>

### b) Donations to specific projects

	<u>12/31/2020</u>	<u>12/31/2019</u>
Donations received from specific national projects - companies	1,395,570	292,804
Donations received from specific national projects - individuals	121,481	-
	<u><b>1,517,051</b></u>	<u><b>292,804</b></u>

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### c) Donations to Common Fund program

	<u>12/31/2020</u>	<u>12/31/2019</u>
Donations to fund activities – individuals	514,310	905,839
Donations to fund activities – companies	2,187,521	905,999
	<u>2,701,831</u>	<u>1,811,838</u>
<b>Revenues from donations to projects - total</b>	<u><b>4,553,402</b></u>	<u><b>2,438,340</b></u>

## 16. Institutional donations

In 2020, the company Ely Lilly donated R\$ 526,225.00 (corresponding to USD 97,000) to strengthen the institutional area of United Way Brasil. The funds were used to pay the Executive Board of United Way Brasil.

In 2020, Owens Illinois (O-I) donated R\$ 201,070,000 (corresponding to USD 50,000) to strengthen the institutional area of United Way Brasil. The funds were used to pay the Institutional Relations and Communication manager's salary.

## 17. Sustainability fund

	<u>12/31/2020</u>	<u>12/31/2019</u>
Development fund	414,000	172,500
	<u>414,000</u>	<u>172,500</u>

The sustainability fund was created to provide greater security for the organization, having a reserve in case of our association ceases to exist in order to settle severance pay, but also having the possibility to invest safely in financial crises.

In the long run, a reserve fund must be maintained to make up for the organization's fixed costs for a time and to have reserves for decommissioning.

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### 18. Finance income (costs)

	<u>12/31/2020</u>	<u>12/31/2019</u>
<b>Finance income:</b>		
Short-term investment gains	47,671	74,387
	<u><b>47,671</b></u>	<u><b>74,387</b></u>
<b>Finance costs:</b>		
IRRF on short-term investments	(10,493)	(13,176)
Foreign exchange differences payable	(41,582)	(18,300)
Tax on Financial Transactions (IOF)	(19,073)	(4,000)
Other finance costs	(13,592)	(11,365)
	<u><b>(84,740)</b></u>	<u><b>(46,841)</b></u>

### 19. General expenses

	<u>12/31/2020</u>	<u>12/31/2019</u>
General and administrative	(3,230,980)	(803,389)
Third party services	(1,275,267)	(1,684,676)
Travel expenses	(290,270)	(224,053)
Marketing and funding from joint activities	(207,979)	(104,749)
Tax expenses	(304)	(272)
	<u><b>(5,004,800)</b></u>	<u><b>(2,817,139)</b></u>

### 20. Personnel expenses

	<u>12/31/2020</u>	<u>12/31/2019</u>
Salaries, vacation and 13th monthly pay	(1,245,588)	(1,173,782)
Labor charges	(345,476)	(348,373)
Benefits	(225,756)	(209,633)
	<u><b>(1,816,820)</b></u>	<u><b>(1,731,787)</b></u>

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### 21. Voluntary work

Revenues from voluntary work, when available, are measured at fair value, taking into account the amounts that the Association would pay if it contracted these services in a similar market. As established in ITG2002 (R1) – Not-for-profit Entities, the Association values revenues from voluntary work, including members of the management bodies. Revenues from voluntary work are recognized in the statement of surplus (deficit) for the year as revenues in the operating income group as a contra-entry to operating expenses.

At December 31, 2020 and 2019, the Association received voluntary work from members of the Management bodies, in the exercise of their administrative and financial functions, which would be equivalent to total fair value of R\$ 77,800 in 2020 and R\$ 88,390 in 2019.

### 22. Management fees

The Association's charter provides for the non-compensation of members of the Association's bodies, with the exception of compensation for the Managing Director. The Association does not distribute amounts of equity or income for any purpose, and fully invests in the country the funds allocated to the maintenance of its activities.

### 23. Tax immunity

The Association is not-for-profit, thus enjoying tax exemption, which ensures the non-payment/withholding of Corporate Income Tax (IRPJ), Social Contribution on Net Profit (CSLL), being subject however to the payment of the Social Contribution on Gross Revenue for the Social Security Program (PIS) based on payroll, of the Social Contribution on Gross Revenue for the Social Security Funding (COFINS) based on financial revenues earned, and contributions due to Social Security.

#### *23.1 Foregone tax revenues:*

The Association enjoys tax exemption, according to Law No. 9532, of December 10, 1997, which requires the maintenance of certain obligations, such as: (a) fully investing its funds in maintaining and developing its objectives; (b) keeping a complete bookkeeping of surplus and deficit with formalities that ensure the respective accuracy; (c) regularly preserving for a five-year period from the date of issue the documents that demonstrate the origin of surplus and incurring of expenses, as well as the performance of any other acts or operations that may change equity situation; (d) filing an annual income tax return, in accordance with the provisions of an act of the Brazilian IRS; and (e) other requirements determined by law.

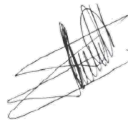
In compliance with item 27, letter “c” of ITG 2002 (R1) – Not-for-profit Entity, following is the list of taxes subject to the tax subject matter of foregone tax revenues for the years ended December 31, 2020 and 2019. For such purpose, in our view, we considered the following taxes and contributions and respective rates, levied on revenue (5% ISS and 3.65% PIS/COFINS - cumulative regime deducted from PIS on payroll paid in the year); and levied on the surplus for the year (34% IRPJ and CSSL).

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### 24. Accumulated surplus

The calculated surplus is accumulated to be used in activities related to the Entity and cannot be distributed in any form.



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