

**Associação Vaga Lume**  
**Auditor's report Statements accounting**  
**As of December 31 , 2020**

## **ASSOCIAÇÃO VAGA LUME**

**Statements accounting In 31 of  
December of 2020**

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## REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS

To the  
Directors and Administrators of the  
**Vaga Lume Association**  
São Paulo - SP

### Opinion

We have examined the financial statements of **Associação Vaga Lume (“Entity”)**, which comprise the balance sheet as of December 31, 2020 and the related statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Association Vaga Lume** on 31 December 2020, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil applicable to small and medium - sized companies (NBC TG 1000) and non-profit entities (ITG 2002 - R1).

### Basis for opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibility, in accordance with such standards are described in the following section entitled "Responsibilities of the auditor for the audit of statements accounting". We are independent from the Entity, in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council (CFC), and we comply with other ethical responsibilities in accordance with these standards.

### Emphasis

#### Tax of Transmission Cause Mortis and Donation (ITCMD)

According to Explanatory Note No. 19, the Entity, on November 5, 2015, was assessed for not having paid the ITCMD in the period from 2010 to 2014, in the updated amount of BRL 788,478, as the inspection found that the Entity is a taxpayer of the state tax. The process will take a new session of the trial, no date to occur because the updated on December 31, 2020 is of R \$ 808,505.

In 19 of October of 2018 the body was assessed by the same subject just that in periods of 2016 and 2017 the value date of this cause is for R \$ 129,311, in 05 of June of 2020 the Entity entered with the feature of action for annulment of debts tax.

The cases are being dealt with by its legal advisors, who consider, in their best understanding, the probability of loss as “possible”. Our opinion is not qualified on this matter.

## **Responsibilities of Directors and the governance by demonstrations accounting**

The Administration is responsible for the preparation and proper presentation of statements accounting in accordance with accounting practices adopted in Brazil, applicable to small and medium enterprises (NBC TG 1000) and Non-profit purposes (ITG 2002 (R1)) and the internal controls it determined as necessary to enable the preparation of financial statements free from material misstatement, regardless of whether caused by fraud or error.

In preparing the statements accounting, the Administration is responsible for the evaluation of the ability of the entity to continue operating, releasing, when applicable, the matters related to its continued operation and use of this accounting basis in preparing the financial statements, unless the Management intends to liquidate the Entity or cease its operations, or does not have any realistic alternative to avoid the closure of operations. Those responsible for the Entity's governance are those responsible for overseeing the process of preparing the financial statements.

## **Responsibilities of the auditor for the audit of the statements financial**

Our goals are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and send report of audit containing our opinion. Safety reasonable is one high level of security, but no one guarantee of that the audit performed in accordance with the standards Brazilian and international auditing always detect any existing misstatement. The distortion may be due to fraud or error and are considered relevant when, individually or together, can influence, within the one prospect reasonable, the decisions economic users taken with base in these statements accounting.

As part of the audit conducted in accordance with the standards Brazilian and international of audit exercise judgment professional and maintain skepticism professional to over the audit. Besides that:

- We identify and assess the risks of material misstatement in the financial statements, regardless of whether caused by fraud or error, plan and perform audit procedures in response to such risks, and obtain sufficient appropriate audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from error, since fraud can involve the act of circumventing the controls internal, collusion, forgery, omission or representations false intentional;
- We obtain understanding of internal control relevant to the audit to we plan procedures of auditing appropriate to the circumstances, but not with the purpose of expressing opinion on the effectiveness of internal controls of the Entity;
- We assess the adequacy of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- conclude on the appropriateness of the use by management, the accounting basis of continuing operational and based on the obtained audit evidence if there is significant uncertainty in relation to events or conditions that may raise doubt significant in relation to the ability to continue operating the Entity. If we conclude that there is uncertainty relevant, we must draw attention in our report of audit to the respective disclosures in demonstrations accounting or include modification in our opinion, if the disclosures are inadequate. Our conclusions are based on evidence of audit obtained by the date of our report. However, future events or conditions may lead the body to not more to keep continuing operating;



evaluate the presentation general, the structure and the content of the statements accounting, including the disclosures and whether the statements accounting represent the corresponding transactions and the events of way compatible with the aim of presenting appropriate.

We communicate with those charged with governance regarding, among other things, the scope planned, the time of the audit and the findings significant to audit, including the possible deficiencies significant in controls internal that identified during our work.

São Paulo, May 17, 2021.



**BDO RCS Auditores Independentes SS**  
CRC 2 SP 013846/O-1

A handwritten signature in black ink, appearing to read 'Mauro de Almeida Ambrósio', written over a light gray rectangular background.

**Mauro de Almeida Ambrósio**  
Contador CRC 1 SP 199692/O-5

# ASSOCIAÇÃO VAGA LUME

## Balance equity sheets

As of December 31, 2020 and 2019

(In Reais)

Assets				Liabilities and equity			
	Explanatory notes	2020	2019		explanatory notes	2020	2019
<b>Current</b>				<b>Current</b>			
<b>Own resources</b>				<b>Own resources</b>			
Cash and cash equivalents	4a	3.629.207	2.532.773	Labor obligations	7	76.938	61.638
Receivables	5	560.078	231.829	tax obligations	8	38.829	18.135
Stocks		20.895	42.275	Other bills to pay	9	316.118	2.817
Taxes recoverable		218	732			<b>431.885</b>	<b>82.590</b>
advances		29.293	76.121	Restricted resources			
Prepaid expenses		1.062	869	Projects to be incurred	10	4.874.052	3.341.946
		<b>4.240.753</b>	<b>2.884.599</b>			<b>4.874.052</b>	<b>3.341.946</b>
<b>Restricted resources</b>				<b>Deferred income</b>			
Cash and cash equivalents	4b	4.874.052	3.341.946			96	192
		<b>4.874.052</b>	<b>3.341.946</b>			<b>96</b>	<b>192</b>
<b>Non Current</b>				<b>Non Current</b>			
Fixed assets	6	30.656	19.244	Deferred income		-	127.161
		<b>30.656</b>	<b>19.244</b>			<b>-</b>	<b>127.161</b>
<b>Net worth</b>				<b>Net worth</b>			
				Social equity	11	557.410	557.410
				Accumulated surplus		3.282.018	2.136.490
						<b>3.839.428</b>	<b>2.693.900</b>
<b>Total assets</b>		<b>9.145.461</b>	<b>6.245.789</b>	<b>Total liabilities and equity</b>		<b>9.145.461</b>	<b>6.245.789</b>

Management's explanatory notes are an integral part of the financial statements

  
Sylvia Alberthaz Machado do Carmo Guimarães

CPF: 281.200.488-65

Presidente

  
Rogério Gerlah Paganatto

CRC 1SP 131987/O-3



# ASSOCIAÇÃO VAGA LUME


## Balance equity sheets

As of December 31, 2020 and 2019

(In reais)

	Explanatory notes	2020	2019
Operating income with restrictions			
pronac resources	10	1.666.019	2.310.770
Condeca	10	964	-
		<b>1.666.983</b>	<b>2.310.770</b>
No restrictions			
Sponsorships	12	609.409	511.656
voluntary donations	13	1.394.807	1.151.446
Project donations		127.161	42.387
Notices		-	13.776
Awards		50.000	60.000
Services provided		474.394	569.911
sale of products		4.690	1.400
(-) Taxes levied		(67.756)	(78.974)
		<b>2.592.705</b>	<b>2.271.602</b>
Free Recipes			
volunteers	14	608.980	932.057
Free Sponsorships	14	504.617	364.570
		<b>1.113.597</b>	<b>1.296.627</b>
Total operating income			
(-) Project costs			
Operational with restrictions	15	(1.666.983)	(2.310.770)
Operational without restrictions	16	(1.278.646)	(642.297)
volunteers	14	(608.980)	(932.057)
Free Sponsorships	14	(504.617)	(364.570)
		<b>(4.059.226)</b>	<b>(4.249.694)</b>
(=) Gross result		<b>1.314.059</b>	<b>1.629.305</b>
(+/-) Operating expenses and income			
General and Administrative Expenses		(220.936)	(298.190)
other recipes		1.716	3.026
(=) Result before financial operations	17	<b>(219.220)</b>	<b>(295.164)</b>
Financial income		74.867	186.463
financial expense		(24.178)	(38.684)
(=) Net result		<b>50.689</b>	<b>147.779</b>
(=) Surplus for the year		<b>1.145.528</b>	<b>1.481.920</b>

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Sylvia Albernaz Machado do Carmo Guimarães  
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Presidente

  
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# ASSOCIAÇÃO VAGA LUME

Balance equity sheets  
As of December 31, 2020 and 2019  
(In reais)

	2020	2019
Surplus for the year	1.145.528	1.481.920
Other comprehensive results	-	-
Total comprehensive income for the year	1.145.528	1.481.920

Management's explanatory notes are an integral part of the financial statements



Sylvia Albernaz Machado do Carmo Guimarães  
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# ASSOCIAÇÃO VAGA LUME

## Equity changes statements (in reais)

	Social Capital	Accumulated surplus	Total
Balances as of December 31, 2018	557.410	654.570	1.211.980
Surplus for the year	-	1.481.920	1.481.920
Balances as of December 31, 2019	557.410	2.136.490	2.693.900
Surplus for the year	-	1.145.528	1.145.528
Balances as of December 31, 2020	557.410	3.282.018	3.839.428

Management's explanatory notes are an integral part of the financial statements



Sylvia Albernaz Machado do Carmo Guimarães

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# ASSOCIAÇÃO VAGA LUME

## Cash flows statements

Years ended December 31, 2020 and 2019

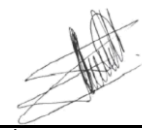
(In Reais)

	2020	2019
Surplus for the year	1.145.528	1.481.920
Depreciation and amortization	5.373	13.142
	<b>5.373</b>	<b>13.142</b>
Cash flow from operating activities		
Project-related resources	(1.532.106)	(422.216)
advances	46.828	40.382
Receivables	(328.249)	(190.881)
Taxes recoverable	514	844
Stock	21.380	1.180
Prepaid expenses	(193)	(869)
Projects to be incurred	1.532.106	422.216
Deferred Income - CP	(96)	(95)
Other bills to pay	313.301	(2.397)
Salaries, vacations and social charges	15.300	2.603
tax obligations	20.694	12.143
Deferred Income - LP	(127.161)	127.161
(=) Net cash (invested) in operating activities	<b>(37.683)</b>	<b>(9.929)</b>
Cash flow from investing activities		
Acquisitions of fixed and intangible assets	(16.785)	-
Cash (invested) in investment activities	<b>(16.785)</b>	-
(=) Increase in cash and cash equivalents	<b>1.096.434</b>	<b>1.485.133</b>
Cash and cash equivalents at the beginning of the year	2.532.773	1.047.640
	3.629.207	2.532.773
Cash and cash equivalents at year-end	<b>1.096.434</b>	<b>1.485.133</b>

Management's explanatory notes are an integral part of the financial statements



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## 1. Operational context

Associação Vaga Lume is a non-profit private association established on October 16, 2001 with headquarters and jurisdiction in the capital of the State of São Paulo.

The Association promotes its object acting individually or through partnerships with related entities, or together with government agencies, and it does not distribute, among its members, directors, officers, employees or donors, any operating surplus, gross or earned, through the exercise of its activities and apply them in full in the achievement of its corporate purpose, as determined in the sole paragraph of article 1 of Law No. 0.790/99.

The Association's corporate purpose is the following activities:

- Promotion of social action;
- Promotion of culture, defense and conservation of historical and artistic heritage;
- Free education promotion;
- Defense, preservation and conservation of the environment and promotion of sustainable development;
- Promotion of volunteering;
- Promotion of economic and social development and fight against poverty;
- Promotion of ethics, peace, citizenship and other universal values;
- Studies, research and development of alternative technologies;
- Commercialization of institutional products with the brand of the Association's projects, and the resources should be reverted to the self-sustainability of the projects;
- Production and distribution of cultural products, such as photos, books and cinematographic products (films);
- Promotion of exchanges between the population of the Amazon and other regions of Brazil.

Vaga Lume's mission is to create opportunities for cultural exchanges through reading, writing and speaking, valuing the leading role of people and rural communities in the Brazilian Legal Amazon. It develops five lines of action to achieve its mission:

- 1) Access to the book;
- 2) Training for reading mediators;
- 3) Promotion of Community Engagement;
- 4) Cultural exchange;
- 5) Local Cultural.

In addition, Vaga Lume also edits books and offers advice to other organizations in the area of education, culture and community development.

The crisis triggered and deepened by the arrival of COVID-19 in Brazil brought a challenging scenario, as it not only instigated new reflections and efforts, but also required adaptations and a deep internal look from Vaga Lume to continue its activities.

In the midst of all this, Vaga Lume had to adapt to this new scenario and also reinvent itself to meet the real needs of the communities, putting the resistance of its network of collaborators and volunteers to the test. Even with closed schools and community libraries, it was possible to reconcile emergency actions to support the protection of Amazonian communities against the unbridled spread of the virus, with efforts to ensure that, even within this new reality, new mechanisms to encourage reading would reach the communities. For this, several actions were taken, such as: reviewing our budget and cutting expenses with in-person activities contributed so that we could keep our team working remotely without reducing staff or salaries and benefits with conditions to provide the necessary support for the team to continue motivated and engaged in our purpose of maintaining our network of clients with permanent contacts through the sending of educational materials that were delivered by MINUTA to the homes of the clients in each community. We were able to expand our emergency relief offering by sending hygiene and protection items to several communities where local help was behind schedule. By optimizing our costs, we were able to guarantee a surplus to increase actions and improve our relationship strategy with donors and those served.

The 2020 challenges forced us to restructure the first stage of our Vaga Lume 2030 Plan, but they also became an opportunity to improve Vaga Lume's internal organization through two main fronts: strengthening the structure at the end, through the office Belém regional office and improve our Governance process by restructuring the Institutional Relations area with a focus on improving and expanding our fundraising and communication strategy by hiring an Institutional Relations Management, in addition to hiring a new Executive Director : senior professionals to leverage Vaga Lume's challenges for the future foreseen in our Strategic Planning.

## 2. Financial statements presentation

The financial statements were prepared in accordance with the practices adopted in Brazil, as well as the Federal Accounting Council's Standards, which deal with the accounting aspects of non-profit entities and foundations, issued by the Federal Accounting Council (CFC).

### Basis for elaboration

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, based on the provisions contained in ITG 2002(R1) - Non-profit entities, approved by CFC Resolution No. 1409 of September 21, 2012, by the Technical Communiqué CTG 2000, approved by CFC Resolution No. 1159 of February 13, 2009, revoking CFC Resolutions No. 837/99, 838/99, 852/99, 877/00, 926/01 and 966/03, and also by NBC TG 1000(R1) - Accounting for Small and Medium Enterprises, for aspects not addressed by ITG 2002(R1) - Non-profit entity.

The issue of these financial statements was authorized by the entity's Management on May 19, 2021.

## 3. Main accounting practices

### a. Income and expenses appropriation regime

Income and expenses are recorded on the accrual basis.

### b. Financial

Financial investments include income earned up to the balance sheet date, calculated "pro rata temporis".

### c. Provision for vacations and 13th salary

The provision for vacations and 13th salary is set up based on the rights acquired by employees plus the corresponding social charges.

### d. Fixed assets

Property, plant and equipment are recorded at acquisition cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method at the rates described in Note 6.

## ASSOCIAÇÃO VAGA LUME

### Management's explanatory notes to the financial statements Years ended December 31, 2020 and 2019 (In Reais)

#### e. Surplus/(deficit) calculation

The surplus/deficit for the year is calculated in accordance with the accrual basis.

The Entity's revenues, when received in cash (costing), and expenses are accounted for on the accrual basis of accounting. Revenue is not recognized if there is significant uncertainty as to its realization. The recipes are divided into:

(a) funds, grants, donations and agreements; (b) fundraising campaigns; (c) membership contributions; (d) other incidental income.

#### 4. Cash and cash equivalents

##### a. Own resources

	2020	2019
Cash and Banks	1.212	73.347
Financial investments	3.627.995	2.459.426
	<b>3.629.207</b>	<b>2.532.773</b>

##### b. Restricted resources

	2020	2019
Cash and Banks	89.906	29.419
Financial investments	4.784.146	3.312.527
	<b>4.874.052</b>	<b>3.341.946</b>

	CDB - DI	a.a	a.m	2020
<b>Financial Investments - Own resources</b>				
Bradesco 11962-9 Aplic. CDB Brazil Foundat	CDB Fácil - DI	89,50%		74.645
Bradesco 6661-3 Aplic. CDB Escolas	CDB Fácil - DI	93,50%		1.533.789
Bradesco 6654-0 Aplic. CDB Guascor	CDB Fácil - DI	95,50%		635.815
Bradesco 1353-6 Aplic. CDB	CDB Fácil - DI	94,00%		42.988
Bradesco 13590-9 IACP / Alcoa - Aplic. CDB	CDB Fácil - DI	91,50%		662.896
Bradesco 13582-8 - EDP - Aplic. CDB	CDB Fácil - DI	83,00%		29.810
Bradesco 14170-4 Negócios Sociais - Aplic. CDB	CDB Fácil - DI	100,00%		332.506
Banco do Brasil Aplic. 3895-4 Minc. Pronac 192323	RF CP Empresa Ágil	2,2405%	0,1867%	315.546
				<b>3.627.995</b>
<b>Financial investments - restricted resources</b>				
Banco do Brasil Aplic. 3895-4 Minc. Pronac 192323	RF CP Empresa Ágil	2,2405%	0,1867%	2.476.683
Banco do Brasil Aplic. 4492-x Minc. Pronac 203881	RF CP Empresa Ágil	2,2405%	0,1867%	1.986.031
Banco do Brasil Condeca	RF CP Empresa Ágil	2,2405%	0,1193%	321.432
				<b>4.784.146</b>

## ASSOCIAÇÃO VAGA LUME

### Management's explanatory notes to the financial statements Years ended December 31, 2020 and 2019 (In Reais)

#### 5. Receivable resources

	<u>2020</u>	<u>2019</u>
National clients (a)	436.733	89.174
Receivable volunteer donations	<u>123.345</u>	<u>142.655</u>
	<u><b>560.078</b></u>	<u><b>231.829</b></u>

(a) The increase in the domestic customer account refers to the issuance of two invoices for a project developed for Fundação Itaú for Education and Culture, which expires in January 2021.

#### 6. Net fixed assets

	Annual depreciation rate	Net			Net
	%	2019	Costs	Depreciation	2020
Goods e Utensils	10	13.465	111.772	(101.716)	10.056
I.T equipment	20	5.779	170.109	(149.509)	20.600
		<u>19.244</u>	<u>281.881</u>	<u>(251.225)</u>	<u>30.656</u>
	<u>2019</u>	<u>Additions</u>	<u>Losses</u>	<u>Transferences</u>	<u>2020</u>
<b>Fixed assets</b>					
Goods e Utensils	111.772	-	-	-	111.772
I.T equipment	153.324	16.785	-	-	170.109
	<u>265.096</u>	<u>16.785</u>	<u>-</u>	<u>-</u>	<u>281.881</u>
<b>Depreciations</b>					
Goods e Utensils	(98.307)	(3.409)	-	-	(101.716)
I.T equipment	(147.545)	(1.964)	-	-	(149.509)
	<u>(245.852)</u>	<u>(5.373)</u>	<u>-</u>	<u>-</u>	<u>(251.225)</u>
	<u>19.244</u>	<u>11.412</u>	<u>-</u>	<u>-</u>	<u>30.656</u>

#### 7. Labor obligations

	<u>2020</u>	<u>2019</u>
salaries to be paid	-	612
social contributions	107	609
Vacation Provisions and Charges	<u>76.831</u>	<u>60.417</u>
	<u><b>76.938</b></u>	<u><b>61.638</b></u>



## ASSOCIAÇÃO VAGA LUME

### Management's explanatory notes to the financial statements Years ended December 31, 2020 and 2019 (In Reais)

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#### 8. Tax obligations

	<u>2020</u>	<u>2019</u>
Taxes and contributions without income	18.489	6.492
Third party taxes withheld at source	20.340	11.643
	<u><b>38.829</b></u>	<u><b>18.135</b></u>

#### 9. Other payables

	<u>2020</u>	<u>2019</u>
National suppliers	573	2.817
Advances from customers	315.545	-
	<u><b>316.118</b></u>	<u><b>2.817</b></u>

#### 10. Projects to be incurred - short term

	<u>2020</u>	<u>2019</u>
Previous balance	3.341.946	2.919.730
Joined resource	3.199.089	2.732.986
Resources investments	(1.666.983)	(2.310.770)
	<u><b>4.874.052</b></u>	<u><b>3.341.946</b></u>

The Entity receives government funds, the accounting of which is regulated by CPC 07. These funds are used in its cultural projects and rendered accountable to MINC, Ministry of Culture. Note that the amount invested in resources is represented in the DRE table in the Pronac Resources account.

#### 11. Social capital

The equity consists of the initial contribution of the founding members and incorporation of surpluses arising from the Association's activities.

In case of dissolution of the Entity, any remaining assets will be destined to similar entities, with legal personality with headquarters and predominant activities in the State of São Paulo, preferably in the city of origin, qualified as OSCIP in the Ministry of Justice, according to Law No. 9,790/ 1999. Inexisting, it will be destined to a public entity.

## ASSOCIAÇÃO VAGA LUME

### Management's explanatory notes to the financial statements Years ended December 31, 2020 and 2019 (In Reais)

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The rights of members are: (a) to vote and be voted for elected office; (b) take part in General Meetings; (c) attend, participate, and/or integrate working groups, commissions, committees, events and meetings, presenting themes, proposals, studies, participating and disseminating the name of the Association and its social objectives.

#### 12. Sponsorships

Resources from a legal entity that can be allocated to a specific project or used according to the organization's operational needs, a definition that is established in a contract in accordance with what is defined with the sponsor.

	<u>2020</u>	<u>2019</u>
Visa do Brasil	100.000	120.000
Instituto Antônio Carlos Pipponzi	163.000	112.000
Fundação Itaú	-	100.000
Escolas	51.625	96.462
Machado Meyer	-	49.920
Soenergy Sistemas Internacionais de Energia S/A	-	15.000
Instituto Arredondar	-	10.000
Outros	-	5.274
SCJ Empreendimentos Imobiliarios	-	3.000
Sul América	119.584	-
B3 Social	100.000	-
Amazon	75.200	-
	<u><u>609.409</u></u>	<u><u>511.656</u></u>

#### 13. Voluntary donations

Individual donations are managed by an online platform of Pagar.me Pagamentos SA This platform guarantees total transparency so that the donor can identify himself (with data such as CPF, address) and make donations by credit card. The company charges an administration fee and transfers the net amount in a monthly transfer with all donations received in the previous month. Vaga Lume started using this platform in 2016, but the migration only ended in 2018 when it started to use this tool as the main way to receive donations from Individuals.

	<u>2020</u>	<u>2019</u>
Pessoa física	452.772	590.666
Pessoa jurídica	789.894	446.863
Internacionais	152.141	113.917
	<u><u>1.394.807</u></u>	<u><u>1.151.446</u></u>

## ASSOCIAÇÃO VAGA LUME

### Management's explanatory notes to the financial statements Years ended December 31, 2020 and 2019 (In Reais)

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#### 14. Gratuities

The entity received volunteer work from individuals as well as Pro-bono sponsorship from legal entities during its activities during the demonstration period, as shown below.

	<u>2020</u>	<u>2019</u>
Voluntary work	608.980	932.057
Free sponsorships	504.617	364.570
	<u>1.113.597</u>	<u>1.296.627</u>

#### 15. Operating costs with restrictions

	<u>2020</u>	<u>2019</u>
Team and outsourced	(427.519)	(769.563)
Social charges	(178.045)	(163.102)
Services taken from third parties	(573.121)	(400.818)
Trips	-	(505.434)
Consumables	(276.006)	(257.252)
Dissemination materials and services	(40.625)	(85.964)
building expenses	(97.909)	(128.637)
Financial expenses	(14.294)	-
tax expenses	(15.481)	-
Other expenses	(43.984)	-
	<u>(1.666.983)</u>	<u>(2.310.770)</u>

#### 16. Unrestricted operating costs

	<u>2020</u>	<u>2019</u>
Team and outsourced	(545.250)	(35.621)
Social charges	(49.664)	(7.549)
Services taken from third parties	(326.870)	(553.892)
Trips	(72.501)	(23.395)
building expenses	(27.443)	(5.954)
Consumables	(212.591)	(11.907)
Dissemination materials and services	(44.327)	(3.979)
	<u>(1.278.646)</u>	<u>(642.297)</u>

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#### 17. Operating expenses and other income

	<u>2020</u>	<u>2019</u>
Operational expenses		
General and Administrative Expenses	(192.890)	(271.576)
Tax expenses	(22.769)	(6.665)
Depreciation	(5.277)	(13.046)
Labor contingency	-	(6.903)
<b>Other revenues</b>		
Other revenues	1.716	3.026
	<u>(219.220)</u>	<u>(295.164)</u>

#### 18. Financial risk management

The Entity's risk management policies are established to identify and analyze the risks faced, to define appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are frequently revised to reflect changes in market conditions and the Entity's activities.

#### 19. Unaccounted contingencies

##### **AIIM 4.065.163-0**

On November 5, 2015, Associação Vaga Lume was fined for not having collected the ITCMD in the period from 2010 to 2014, as the inspection found that the Entity is a taxpayer of the state tax. On December 7, 2015, a challenge to the Notice of Infraction and Imposition of Fine 4,065,163-0 was filed. On February 12, 2016, a decision was published rejecting the challenge and, consequently, maintaining the Notice of Infraction. Against this negative decision, an appeal was filed with the São Paulo State Tax and Fees Court (TIT) on March 3, 2016. The State Treasury presented its counter-arguments and the case was referred to the Court on June 2016. On August 2, 2016, the case was included in the agenda for judgment before the 4th Chamber and our lawyer presented an oral argument. Although one of the judges dismissed the appeal filed by Vaga Lume (that is, denied the request made by Vaga Lume), the second judge who composes this Chamber, ruled in favor of Vaga Lume's immunity and requested a review of the records, which suspended the judgment.

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In November 2016, when resuming the judgment of the case at TIT, the judges decided to convert the judgment into diligence, to verify if Vaga Lume meets the requirements to be considered immune. The diligence was based only on the analysis of process documents, there was no physical diligence at Vaga Lume.

In July 2017, the Association presented a statement regarding the procedure and in October of the same year a decision was published that dismissed the Ordinary Appeal presented by the Association. On November 20, 2018, the Association filed its Special Appeal and the Treasury filed its counterarguments on January 4, 2019. On April 11, 19, the Special Appeal filed by Associação Vaga Lume was judged, the lawyer made the oral argument and the judgment was suspended by the Court since the case reporter understood that the appeal should not be known (nor should it be analyzed). However, the Association's lawyer demonstrated the misunderstanding that was occurring and the other judges also disagreed with the rapporteur, so the Superior Chamber decided to hear the appeal and thus the process will return to the rapporteur for analysis of the merits. Therefore, the process will be included in a new trial session, with no date to take place. The updated amount on December 31, 2020 of this process is R\$808,505..

#### **AIIM 4.117.128-7**

On October 19, 2018, Associação Vaga Lume was fined for not having collected the ITCMD in the period between December 14, 2016 and December 23, 2017 (AIIM 4,117,128-7), as the inspection found that the Entity it is a state taxpayer in the period in which it did not have the exemption certificate. On November 19, 2018, a challenge to the Notice of Infraction and Imposition of Fine (AIIM) was filed. On January 17, 2019, a decision was published finding the AIIM partially valid, to exclude the collection of the ITCMD in situations where the donor is domiciled in another State (a reduction of approximately R\$7,620). Vaga Lume filed an appeal against this decision on March 6, 2019, seeking the complete cancellation of the notice of infraction in the administrative court.

On May 8, 2019, the State of São Paulo presented its counterarguments to the Ordinary Appeal. On September 27, 2019, the decision was preferred, knowing both the Ex-officio Appeal and the Ordinary Appeal, but they were dismissed. On October 25, 2019, Associação Vaga Lume presented its request for ratification of the judgment. On February 21, 2020, the decision that rejected the request for rectification of the judgment was published and no further appeals could be made from it. Due to the final and unappealable decision at the administrative level, Vaga Lume is discussing this tax debt via Tax Debt Annulment Action (item below). Due to the discussion of this debt in the judicial sphere, this process will be withdrawn from the next report.

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The updated amount no longer exists, as Vaga Lume is discussing this debt in the Tax Debt Annulment Action n. 1027227- 85.2020.8.26.0053, see below).

#### **Tax Debt Annulment Action n. 1027227-85.2020.8.26.0053**

On June 5, 2020, the Tax Debt Annulment Action was filed by Associação Vaga Lume aiming at the cancellation of the ITCMD debt levied on amounts arising from donations and sponsorships received between December 14, 2016 and December 23, 2017 (AIIM n 4,117,128-7), period in which the Plaintiff did not formally count on the ITCMD Exemption Statement.

On June 11, 2020, a decision was rendered rejecting the request for urgent relief. On June 12, 2020, Vaga Lume filed a request for reconsideration of the decision rendered on June 11, 2020. On June 15, 2020, the decision was rendered that reconsidered the decision of June 11, 2020, for the end to grant urgent relief vindicated and, consequently, suspend the enforceability of the tax credit under discussion. On June 15, 2020, the Defendant filed its Response. On July 31, 2020, the Defendant informed that it had no evidence to produce. On August 19, 2020, Vaga Lume presented its Reply, in which it also requested the production of expert evidence. On August 24, 2020, a decision was issued granting the production of the expert required by Vaga Lume, determining that the parties present requirements and appoint a technical assistant within 15 days. On September 1, 2020, the Defendant presented the requirements and the technical assistant. On September 21, 2020, Vaga Lume presented the requirements and appointed the technical assistant. On November 5, 2020, the expert appointed by the judge presented his fee proposal. In November 15, 2020, Defendant disagreed with the estimate of expert fees. On November 24, 2020, Vaga Lume expressed its agreement with the expert fees. On November 30, 2020, a decision was rendered arbitrating the expert fees at R\$ 5,488 and determining the subpoena of the expert to say whether he accepts the charge. On December 9, 2020, the expert agreed with the amount of fees set by the court.

Updated value, in June 2020, R\$129,311.

#### **20. Insurance coverage (unaudited)**

The Entity's Management considers the insurance coverage to be sufficient to cover any claims. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements, therefore, they were not examined by the independent auditors.