

**Grupo Criança em Busca de Uma Nova Vida**

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

Financial Statements followed by the Report of  
Independent Auditors

On December 31, 2021, and 2020

## **Grupo Criança em Busca de Uma Nova Vida**

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

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## **Report of independent auditors about the financial statements**

(Free translation from the original issued in Portuguese. In the event of discrepancy, the Portuguese language version prevails. See Note 25 to the financial statements)

To the Members and Directors of the  
**Grupo Criança em Busca de Uma Nova Vida**  
Vespasiano - MG

### **Opinion**

We have analyzed the financial statements of Grupo Criança em Busca de uma Nova Vida ("Entity"), which comprise the balance sheet as of December 31, 2021, and the respective statements of surplus, changes in equity and cash flows for the year ended thereof, as well as a summary of the main accounting practices and other explanatory notes.

In our opinion, the aforementioned financial statements fairly present, in all relevant respects, the equity and financial position of Grupo Criança em Busca de uma Nova Vida, as of December 31, 2021, 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 Entities - SMEs, in accordance with ITG 2002 - Non-profit entity approved through Resolution 1.409/12 of the Federal Board of Accounting.

### **Basis for unqualified opinion**

Our audit was conducted in compliance with the Brazilian auditing standards. Our responsibilities, in compliance with those standards, are described in the section entitled as "Auditor's responsibility for the financial statements audit" below. We are independent in relation to the Entity according to the relevant ethical principles provisioned in the Accountant's Professional Code of Ethics and professional regulations issued by the Federal Accounting Council, and we fulfill other ethical responsibilities in accordance with these regulations. We believe that the audit evidences collected are sufficient and suitable to provide basis for our unqualified opinion on the financial statements.

### **Another subjects**

#### ***Audit of amounts corresponding to the previous year ended December 31, 2020***

The financial statements of the entity Grupo Criança em Busca de uma Nova Vida - GCRIVA, for the previous year ended on December 31, 2020, presented for comparison purposes, were not audited by us or by other independent auditors.

### **Responsibility of the Administration about the financial statements**

The Board is responsible for the preparation and proper presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and for the internal controls they determined as required to enable the preparation of financial statements free of relevant misstatements, whether or not caused by fraud or error.

Upon the preparation of the financial statements, the Board is responsible for evaluating the Entity's capability to proceed operating, disclosing when applicable, the subjects related to its business continuity and the use of this accounting basis in the preparation of financial statements, except when the Board intends to liquidate the Entity or terminate its operations, or when there is no realistic alternative to prevent termination of the operations.

The persons responsible for governance of the Entity are the ones in charge of supervising the financial statements preparation process.

### **Responsibility of independent auditors**

Our objectives include the achievement of reasonable assurance on the fact that the financial statements as a whole are free from relevant misstatements, whether or not caused by fraud or error, and the issuance of audit report containing our opinion. Reasonable assurance is a high degree of assurance, but it is not a guarantee that the audit is carried out in compliance with the Brazilian audit standards, whenever the eventual relevant misstatements are detected. Misstatements may result from fraud or error and are considered as relevant when they may influence, individually or as a whole, and under a reasonable perspective, the economic decisions of the users based on the referred individual and consolidated financial statements.

As part of an audit carried out according to the Brazilian standards of audit, we carry out professional judgment and keep professional skepticism throughout the audit.

Furthermore:

- We identify and assess the risks of relevant distortion in the financial statements, regardless of if caused by fraud or error, plan and carry out the audit procedures in response to those risks, as well as we obtain evidence of appropriate and sufficient audit to ground our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.

- We assessed the adequacy of accounting policies used and reasonableness of accounting estimates and respective disclosures made by the Administration.
- We concluded on the adequacy of use, by the Board, of the accounting basis for business continuity, and based on the audit evidences collected, whether or not there is significant uncertainty in terms of events or circumstances that may raise significant doubt in regard to the business continuity capability of the Entity. If we conclude that there is significant uncertainty, we must call attention in our audit report to the respective disclosures in the financial statements or include change in our opinion, if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- We assessed the general presentation, structure and content of financial statements, also the disclosures and if the financial statements represent the correspondent transactions and events in a compatible way with the objective of adequate presentation.

We communicate with those in charge of the governance regarding, among other respects, the planned scope and audit timing and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit works.

Belo Horizonte, August 12, 2022.

A handwritten signature in black ink, appearing to be "V. Sabino", is written over the name and partially over the title.

Vinícius Marcos Alves Sabino

Accountant, register in the Regional Council of Accounting of State of Minas Gerais (CRC-MG) under number 1MG-121.072/O-5 "S"

RSM Brasil Auditores Independentes – Simple Company  
CRC 2SP-030.002/O-7 "S"

## GRUPO CRIANÇA EM BUSCA DE UMA NOVA VIDA – GCRIVA

### Balance Sheets on December 31, 2021 and 2020

(In thousands of Reais)

ACTIVE	Notes	2021	2020 (Unaudited balance)	LIABILITIES	Notes	2021	2020 (Unaudited balance)
<b>Current</b>				<b>Current</b>			
Cash and Cash Equivalents	3	140,672	215,968	National Suppliers	9	2,012	4,439
Other Credits	4	3,235	2,255	Tax Obligations	10	363	802
Advanced expenses	5	895	550	Pension/Social Obligations	11	3,577	4,296
		<u>144,802</u>	<u>218,773</u>	Vacation Provision and Social Charges	12	18,188	12,586
				Credit Balance to be Regularized	14	1,098	-
				Other Accounts Payable	15	-	2,437
				DFC [Designated Fund Certificate] to be Forwa	17	8,088	40,144
				Government Resources to be Made	18	<u>61,657</u>	<u>81,547</u>
<b>Total current assets</b>		<b>144,802</b>	<b>218,773</b>	<b>Total current liabilities</b>		<b>94,983</b>	<b>146,251</b>
<b>Non Current</b>				<b>Non Current</b>			
Fixed	6	195,434	219,239	<b>Net Equity</b>	11		
		<u>195,434</u>	<u>219,239</u>	Social Equity		292,661	242,364
				Accrued Surplus (Deficit)		(47,408)	49,397
<b>Total Non Current Assets</b>		<b>195,434</b>	<b>219,239</b>	<b>Total net worth</b>		<b>245,253</b>	<b>291,761</b>
<b>Total Assets</b>		<b><u>340,236</u></b>	<b><u>438,012</u></b>	<b>Total Liabilities</b>		<b><u>340,236</u></b>	<b><u>438,012</u></b>

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

# GRUPO CRIANÇA EM BUSCA DE UMA NOVA VIDA - GCRIVA

## Statement of Surplus (Deficit) of the Fiscal Years Ended on December 31, 2021 and 2020

(In thousands of Reais)

	Note	2021	2020 (Unaudited balance)
<b>OPERATING INCOME</b>			
<b>Funds with Restrictions - Welfare Activity</b>			
Municipal Government - T. Collaboration, T. Partnership, and Donation		129,744	14,569
State Government - Covenant		31,547	70,309
ChildFund Brasil - Subsidies		529,106	333,323
Financial Revenues		3,260	182
<b>Total Funds with Restrictions - Welfare Activity</b>	<b>20</b>	<b>693,657</b>	<b>418,383</b>
<b>Funds without Restrictions - Welfare Activity</b>			
Contributions/Donations from the Associates		61,106	11,753
Partnerships of Legal Entities		741	21,145
Financial Revenues		7,750	5,954
<b>Total Funds without Restrictions - Welfare Activity</b>	<b>20</b>	<b>69,597</b>	<b>38,852</b>
<b>Total Funds with Restrictions and Funds without Restrictions - Welfare</b>		<b>763,254</b>	<b>457,235</b>
Exemption for Employer's Social Security Contribution		48,564	41,692
Voluntary Service		9,548	5,149
Asset Donation		900	1,400
Other income			5,745
<b>Total of Other Operational Revenues</b>	<b>20</b>	<b>59,012</b>	<b>53,986</b>
<b>TOTAL OF OPERATIONAL INCOME</b>	<b>20</b>	<b>822,266</b>	<b>511,221</b>
<b>OPERATIONAL EXPENSES</b>			
<b>Gratuity of Funds with Restrictions - Welfare Activity</b>			
Municipal Government - Welfare Gratuity			
Personnel Expenses		5,070	17,049
Third parties' Services		34,803	
Material for Programs		18,142	13,309
Transfer of Donations		75,285	841
Financial Expenses		49	
<b>Total Municipal Government - Welfare Gratuity</b>	<b>21</b>	<b>133,349</b>	<b>31,199</b>
State Government - Welfare Gratuity			
Personnel Expenses			37,400
Third parties' Services		8,000	38,867
Material for Programs		8,054	
Financial Expenses		480	649
<b>Total State Government - Welfare Gratuity</b>	<b>21</b>	<b>16,534</b>	<b>76,916</b>
ChildFund Brasil - Gratuity			
Personnel Expenses		223,722	131,153
Third parties' Services		101,578	72,604
Material for Programs		237,707	54,243
Transfer of Donations		1,871	
Financial Expenses		3,834	4,274
Tax Expenses		1,368	97
<b>Total ChildFund Brasil - Gratuity</b>	<b>21</b>	<b>570,080</b>	<b>262,371</b>
<b>Total of Gratuities of Funds with Restrictions - Welfare Activity</b>	<b>21</b>	<b>719,963</b>	<b>370,486</b>
<b>Gratuities of Funds without Restrictions - Welfare Activity</b>			
Funds of the Associates - Welfare Gratuities			
Third parties' Services		3,700	2,637
Material for Programs		2,103	6,621
Partnerships with Legal Entities		741	1,145
Transfer of Donations		49,491	399
Financial Expenses		787	774
Tax Expenses		137	1,405
<b>Total Funds of the Associates - Welfare Gratuities</b>	<b>21</b>	<b>56,959</b>	<b>12,981</b>
<b>Total of Gratuities of Funds without Restrictions - Welfare Activity</b>	<b>21</b>	<b>56,959</b>	<b>12,981</b>
<b>Total of Gratuities of Funds without Restrictions and Funds with Restrictions - Welfare</b>		<b>776,922</b>	<b>383,467</b>
Depreciation/Amortization		31,951	29,519
Exemption for Employer's Social Security Contribution		48,564	41,692
Voluntary Service		9,548	5,149
Lawsuits		1,789	
Asset Losses			1,908
<b>Total of Other Operational Expenses</b>	<b>21</b>	<b>91,852</b>	<b>78,268</b>
<b>TOTAL OF OPERATIONAL EXPENSES</b>	<b>21</b>	<b>868,774</b>	<b>461,735</b>
<b>SURPLUS/DEFICIT FOR THE FISCAL YEAR</b>		<b>(46,508)</b>	<b>49,486</b>

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

# GRUPO CRIANÇA EM BUSCA DE UMA NOVA VIDA – GCRIVA

## Statement of Comprehensive Income Years Ended December 31, 2021 and 2020

(In thousands of Reais)

	<u>2021</u>	<u>2020 (Unaudited balance)</u>
Net Surplus (deficit) for the Year	(46,508)	49,486
Other Comprehensive Results	<u>-</u>	<u>-</u>
Total Comprehensive Results	<u>(46,508)</u>	<u>49,486</u>

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



## GRUPO CRIANÇA EM BUSCA DE UMA NOVA VIDA - GCRIVA

### Statement of Surplus (Deficit) of the Fiscal Years Ended on December 31, 2021 and 2020

(In thousands of Reais)

	Invested Capital	Accrued Surplus/Deficit	Total
<b>Balances on December 31, 2019 (Unaudited Balance)</b>	<b>282,371</b>	<b>(40,097)</b>	<b>242,274</b>
Incorporation into Social Equity	(40,097)	40,097	-
Asset Donation	90	(90)	-
Surplus for the fiscal year	-	49,487	<b>49,487</b>
<b>Balances on Thursday, December 31, 2020 (Unaudited Balance)</b>	<b>242,364</b>	<b>49,397</b>	<b>291,761</b>
Incorporation into Social Equity	49,397	(49,397)	-
Asset Donation	900	(900)	-
Deficit for the fiscal year	-	(46,508)	<b>(46,508)</b>
<b>Balances as of 12/31/2021</b>	<b>292,661</b>	<b>(47,408)</b>	<b>245,253</b>

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

## GRUPO CRIANÇA EM BUSCA DE UMA NOVA VIDA - GCRIVA

### Statement of Surplus (Deficit) of the Fiscal Years Ended on December 31, 2021 and 2020

(In thousands of Reais)

	2021	2020 (Unaudited balance)
<b>Cash flow of operational activities</b>		
Surplus/Deficit for the fiscal year	(46,508)	49,487
Adjustments for:		
Depreciation/Amortization	31,951	29,519
Assets Received through Donation	(900)	(1,400)
Release in the fixed (sic)	-	1,908
<b>Adjusted Surplus/Deficit</b>	(15,457)	79,514
<b>Increase (decrease) in Current Assets</b>		
Other Credits	(979)	6
Advanced Expenses	(346)	27
	(1,325)	33
<b>Increase (decrease) in Current Liabilities</b>		
National Suppliers	(2,426)	1,641
Tax Obligations	(439)	664
Pension and Social Obligations	(719)	3,038
Provision - Vacation and Social Charges	5,602	(639)
Credit Balance to be Regularized	1,098	(1,481)
Other Accounts Payable	(2,437)	2,437
Lawsuits	-	(14,000)
DFC [Designated Fund Certificate] to be Forwarded	(32,056)	38,698
Term of Collaboration	(19,890)	(20,309)
	(51,267)	10,049
<b>Net Cash Generated by the Operational Activities</b>	<b>(68,049)</b>	<b>89,596</b>
<b>Cash Flow from Investing Activities</b>		
Add-on to the Fixed (sic)	(7,247)	(42,174)
<b>Net Cash Consumed by the Investment Activities</b>	<b>(7,247)</b>	<b>(42,174)</b>
<b>Increase/ Reduction of Cash and Cash Equivalents</b>	<b>(75,296)</b>	<b>47,422</b>
Cash and Cash Equivalents in the Beginning of the Fiscal Year	215,968	168,546
Cash and Cash Equivalents in the End of the Fiscal Year	140,672	215,968
<b>Increase/ Reduction of Cash and Cash Equivalents</b>	<b>(75,296)</b>	<b>47,422</b>

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

## **Grupo Criança em Busca de Uma Nova Vida - CNPJ: 65.151.078/0001-52**

### **WITHOUT CHARGE OF A MONTHLY FEE**

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

#### **EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**ON DECEMBER 31, 2021, AND 2020**

(Values expressed in Brazilian Reais)

### **1. OPERATING CONTEXT**

Grupo Criança em Busca de uma Nova Vida - GCRIVA, founded on October 23, 1991, is a non-profit legal entity governed by private law. It is enrolled with the National Corporate Taxpayer Registration under number 65.151.078/0001-52; code and description of the main economic activity: 88.00-6-00 – Welfare services without accommodation. It has a public utility recognition within federal scope, decree of 12/02/1998; within state scope, Law 16.592 from 12/29/2006; and municipal scope within Law 1.628 from 09/21/1995. It is accredited as a Charitable Entity for Welfare, with renewal of the certificate according to the electronic protocol No. 235874.0024364/2020, valid from 06/26/2021 to 06/25/2026. Registered with the Municipal Board of Welfare from Vespasiano under number 003, renewed on August 11, 2020, for an indefinite period, and with the Municipal Board for the Rights of Children and Adolescents from Vespasiano, under No. 003, renewed on August 11, 2020, for an indefinite period.

Its focus is on providing free welfare services and assistance, within the social, educational, and community spheres, aimed at needy children, young people and their families, residing in the adjacent regions of Nova Pampulha neighborhood, in Vespasiano - MG. It complies with its statutory purposes through projects, directly and/or indirectly, by developing in its assisted children and young people moral, intellectual, physical and artistic qualities for their full human promotion, with the support of the community and through partnerships with Public Agencies (Municipal Government from Vespasiano and the Court of Justice of the State of Minas Gerais) and Non-Governmental Organizations, such as ChildFund Brasil.

In the 2020 fiscal year, attendance and social assistance, in person, was scheduled for 975 children and young people that were registered. Due to the COVID 19 pandemic, in-person assistance activities were paralyzed as of March 20, 2020.

According to its Statute, art. 2:

Paragraph 1 - GCRIVA mission is to provide children and adolescents with conditions to improve their quality of life, contributing to the promotion of their full development;

Paragraph 2 - The fundamental values of GCRIVA are family, solidarity, creativity, and respect, among others envisaged in other internal regulations;

Paragraph 3 - In the development of its actions, whenever possible, GCRIVA will act under the auspices of its 5 (five) pillars: Multiple Skills and Competencies, Social Aid or Social Support, Educational Workshops, Child-Youth Leadership and Employability.

## **Grupo Criança em Busca de Uma Nova Vida - CNPJ: 65.151.078/0001-52**

### **WITHOUT CHARGE OF A MONTHLY FEE**

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## **EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

**ON DECEMBER 31, 2021, AND 2020**

(Values expressed in Brazilian Reais)

## **2. PRESENTATION AND PREPARATION OF FINANCIAL STATEMENTS**

### **2.1. Presentation Base**

The current financial statements, for the years ended on December 31, 2021, and 2020, are under the responsibility of the Administration, and they were prepared and are being presented according to the accounting practices adopted in Brazil and the standards issued by the Federal Board of Accounting (CFC), applicable to Non-Profit Entities, which comprise NBC ITG 2002 (R1) and NBC T – 10.19. According to the scope of ITG 2002 (R1), “NBC TG 1000 – Accounting for Small and Medium-Sized Companies (IRF SME) or the complete standards (complete IFRS) are also applicable to the aspects not encompassed in this Interpretation.”

### **2.2. Accounting Policies**

#### **2.2.1. Implementation of the Main Accounting Principles**

The income and expenses are included in the ascertainment of the result for the period in which they occur, always simultaneously when they are correlated, regardless of receipt or payment – **COMPETENCE PRINCIPLE**. This principle determines when changes in assets or liabilities result in an increase or decrease in equity, establishing guidelines for classifying changes in equity mutations, stemming from the compliance with the **OPPORTUNITY PRINCIPLE**.

#### **2.2.2. Revenues and Expenses**

Revenues, contributions, expenses and gratuities are recognized on a monthly basis, complying with the Fundamental Principles of Accounting, especially the Principles of Competence and Opportunity. Donations and subsidies received for costing and investment are accredited in the result, observing the provisions of NBC TG 07 (R1) - Governmental Subsidies and Assistance. All of them are recognized through suitable and reliable documents, registered in proper and segregated accounts, including equity ones, when applicable.

#### **2.2.3. Current Assets and Liabilities**

An asset is acknowledged when it is possible that its future economic benefits are generated in favor of the Entity and its cost or value may be safely measured.

A liability is recognized when the Entity has a legal or constituted obligation as a result of a past event, and it is possible that an economic resource is required to settle it.

## **Grupo Criança em Busca de Uma Nova Vida - CNPJ: 65.151.078/0001-52**

### **WITHOUT CHARGE OF A MONTHLY FEE**

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#### **EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

ON DECEMBER 31, 2021, AND 2020

(Values expressed in Brazilian Reais)

Current assets and liabilities are increased, when applicable, by the incurred corresponding monetary variations and charges.

The provisions are registered having as base the best estimates of involved risk.

#### **2.2.4. Cash and Cash Equivalents**

Cash equivalents are maintained in order to comply with short-term cash obligations and not for investment or other purposes. The Entity considers as cash equivalents the bank deposits of free transactions and temporary financial application of immediate convertibility in a cash amount known, being subject to a negligible risk of change in the fair value. The assets that compose the item are mentioned in note number 3.

#### **2.2.5. Non-Current Assets and Liabilities**

They comprise the assets, rights and obligations attainable after twelve months following the base date of said financial statements, plus the corresponding monetary variations incurred and charges, if applicable, up to the date of the balance sheet.

Fixed and intangible assets/liabilities are stated at acquisition cost or original value (donations), whereas the accrued depreciation and amortization are deducted. Depreciation and amortization are calculated using the linear method, at the rate that takes into account the remaining useful life of the assets, as mentioned in Note 6 and 7.

An asset is written off when no future economic benefit is expected from its use, through sale, theft or robbery, or uselessness. Any possible gain or loss stemming from the writing-off of the asset is included in the financial statements in the fiscal year in which the fact occurs.

#### **2.2.6. Accounting Estimates and Premises**

The preparation of financial statements requires the Administration to include and make estimates and adopts assumptions, under its best judgment, such as estimation of fair value of certain financial instruments, provisions, useful life estimates of certain assets, and other correlated ones, that affect the presented amounts of assets and liabilities, as well as the amounts of revenues, costs, and expenses. Effective (real) results may differ from the estimated ones.

#### **2.2.7. Nomenclature:**

The several subgroups, in the Income group and in the Expenses group, have received new names in order to clearly meet the code and description of the main economic activity mentioned in the national corporate taxpayer registration: 88.00-6-00 – Welfare services without accommodation. Thus, the development of the social activity in programs/projects will be visibly represented.

**Grupo Criança em Busca de Uma Nova Vida - CNPJ: 65.151.078/0001-52****WITHOUT CHARGE OF A MONTHLY FEE**

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**EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

ON DECEMBER 31, 2021, AND 2020

(Values expressed in Brazilian Reais)

**3. CASH AND CASH EQUIVALENTS**

On December 31, the Cash positions and Cash Equivalents in subgroup “Unrestricted Funds” and subgroup “Restricted Funds” were represented as follows:

	2021	2020 (Unaudited balance)
<b>Unrestricted Funds</b>		
Cash - Funds of Several Sources	16	43
BI - 054304-8 / Community	10	10
BI - 054304-8 / CDB-DI	10,315	-
BI - 054304-8 / CDB (“Aut Mais”)	6,426	44,680
<b>Total of Unrestricted Funds</b>	<b>16,767</b>	<b>44,733</b>
<b>Restricted Funds</b>		
Cash - ChildFund Brasil	13	14
BI - 054137-2 / ChildFund	10	10
CEF - 002873-0 / DFC [Cash Flow Statements]-Presents	6366	20,591
CEF - 002773-3 / PMV - SMDS	-	50,000
BI - 054137-2 / CDB (“Aut Mais”)	24,423	100,620
BI - 054137-2 / CDB-DI	31,436	-
CEF - 002773-3 / Fd. Investment	22,842	-
CEF - 003091-2 / Fd. Investment	38,815	-
<b>Total of Restricted Funds</b>	<b>123,905</b>	<b>171,235</b>
	<b>140,672</b>	<b>215,968</b>

The readily financial availability in financial applications is held in high liquidity investment funds, which are convertible into a known cash amount, at no cost to the Entity, with a remuneration of approximately 64% of the CDI.

**4. OTHER CREDITS**

On December 31, the position of Advances in Other Credits constitute the following representation:

	2021	2020 (Unaudited balance)
Social Contributions	956	-
Advance - Vacation	1691	-
Advance - Suppliers	-	165
Advance - Serv. Third Parties	588	2,090
<b>Total of Other Credits</b>	<b>3,235</b>	<b>2,255</b>

The balance of Social Contributions represents the INSS value to be compensated, suspended as of 10/2021. The operational advance to the employees is related to vacation for enjoyment period on 01/2022, and the operational advance of services to be provided by Áster Graf Ltda, on 01/2022.

**Grupo Criança em Busca de Uma Nova Vida - CNPJ: 65.151.078/0001-52****WITHOUT CHARGE OF A MONTHLY FEE**

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**EXPLANATORY NOTES TO FINANCIAL STATEMENTS**

ON DECEMBER 31, 2021, AND 2020

(Values expressed in Brazilian Reais)

**5. ADVANCED EXPENSES**

On December 31, the Entity has an insurance contract for its assets, considered enough by the Management, to encompass any casualties.

	2021	2020 (Unaudited balance)
Insurance Premium	895	550
<b>Total of Anticipated Expenses</b>	<b>895</b>	<b>550</b>

The Entity does not have any policy for risk monitoring inherent to its operations; as a consequence, there is no insurance contract covering civil liability operations.

**6. FIXED**

The Fixed is stated at cost of acquisition and donations, with deduction of the depreciation calculated using the linear method based on the annual rates presented below, as of December 31, and it was composed as follows:

	Annual Depreciation Rate (%)	2021	2020 (Unaudited balance)
Lands		15,000	15,000
Constructions - RP	4%	330,160	330,160
Constructions - rt	4%	114,492	114,492
Machinery and equipment - RP	10%	50,524	46,029
Furniture and Utensils - RP	10%	71,076	71,076
Computers - RP	20%	31,447	28,695
Machinery and Equipment - RT	10%	10,319	9,419
Furniture and Utensils - RT	10%	7,993	7,994
Computers - RT	20%	4,180	4,180
		<b>635,191</b>	<b>627,045</b>
Accumulated depreciation		(439,757)	(407,806)
<b>Fixed Total</b>		<b>195,434</b>	<b>219,239</b>

**Grupo Criança em Busca de Uma Nova Vida - CNPJ: 65.151.078/0001-52****WITHOUT CHARGE OF A MONTHLY FEE**

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**7. FIXED TRANSACTION:**

	<b>Real Estates - Transaction</b>		
	<b>Real Estates - RP</b>	<b>Real Estates - RT</b>	<b>Total</b>
<b>Balance on December 31, 2019 (Unaudited Balance)</b>	<b>123,503</b>	<b>15,619</b>	<b>139,123</b>
Additions	-	40,295	<b>40,295</b>
Written-off / Transfers	-	-	-
Depreciation	(13,206)	(3,304)	<b>(16,510)</b>
<b>Balance on Thursday, December 31, 2020 (Unaudited Balance)</b>	<b>110,297</b>	<b>52,610</b>	<b>162,908</b>
Additions	-	-	-
Written-off / Transfers	-	-	-
Depreciation	(13,206)	(6,997)	<b>(20,204)</b>
<b>Balance on 12/31/2021</b>	<b>97,091</b>	<b>45,614</b>	<b>142,704</b>

	<b>Movable Assets - Inhouse Resources - Transaction</b>			
	<b>Machinery and Equipment</b>	<b>Furniture and Utensils</b>	<b>Computers</b>	<b>Total</b>
<b>Balance on December 31, 2019 (Unaudited Balance)</b>	<b>17,748</b>	<b>31,550</b>	<b>2,906</b>	<b>52,204</b>
Additions	1,879	-	-	<b>1,879</b>
Written-off / Transfers	(230)	(683)	-	<b>(913)</b>
Adjustments	-	-	-	<b>0.00</b>
Depreciation	(3,375)	(5,552)	(1,688)	<b>(10,615)</b>
<b>Balance on Thursday, December 31, 2020 (Unaudited Balance)</b>	<b>16,022</b>	<b>25,315</b>	<b>1,218</b>	<b>42,555</b>
Additions	4,495	-	2,751	<b>7,247</b>
Written-off / Transfers	-	-	-	-
Adjustments	-	-	-	-
Depreciation	(3,353)	(5,262)	(785)	<b>(9,401)</b>
<b>Balance on 12/31/2021</b>	<b>17,163</b>	<b>20,054</b>	<b>3,184</b>	<b>40,401</b>

**Movable Assets - Third-Party Resources - Transaction**

	<b>Movable Assets - Third-Party Resources - Transaction</b>			
	<b>Machinery and Equipment</b>	<b>Furniture and Utensils</b>	<b>Computers</b>	<b>Total</b>
<b>Balance on December 31, 2019 (Unaudited Balance)</b>	<b>6,947</b>	<b>6,236</b>	<b>2,582</b>	<b>15,764</b>
Additions	800	-	600	<b>1,400</b>
Written-off / Transfers	(667)	(128)	(200)	<b>(994)</b>
Additions	-	-	-	-
Depreciation	(773)	(788)	(833)	<b>(2,394)</b>
<b>Balance on Thursday, December 31, 2020 (Unaudited Balance)</b>	<b>6,307</b>	<b>5,320</b>	<b>2,149</b>	<b>13,776</b>
Additions	900	-	-	<b>900</b>
Written-off / Transfers	-	-	-	-
Additions	-	-	-	-
Depreciation	(1,000)	(756)	(590)	<b>(2,347)</b>
<b>Balance on 12/31/2021</b>	<b>6,208</b>	<b>4,564</b>	<b>1,558</b>	<b>12,329</b>



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<b>Fixed - Transaction</b>				
	<b>Real Estates</b>	<b>Movable Assets - Inhouse Resources</b>	<b>Movable Assets - Third Party Resources</b>	<b>Fixed Total</b>
<b>Balance on December 31, 2019 (Unaudited Balance)</b>	<b>139,123</b>	<b>52,204</b>	<b>15,764</b>	<b>207,091</b>
Additions	40,295	1,879	1,400	43,574
Written-off / Transfers	-	(913)	(994)	(1,907)
Adjustments	-	-	-	-
Depreciation	(16,510)	(10,615)	(2,394)	(29,519)
<b>Balance on Thursday, December 31, 2020 (Unaudited Balance)</b>	<b>162,908</b>	<b>42,555</b>	<b>13,776</b>	<b>219,239</b>
Additions	-	7,247	900	8,147
Written-off / Transfers	-	-	-	-
Adjustments	-	-	-	-
Depreciation	(20,204)	(9,401)	(2,347)	(31,952)
<b>Balance on 12/31/2021</b>	<b>142,704</b>	<b>40,401</b>	<b>12,329</b>	<b>195,434</b>

The Entity did not change the form of use of its fixed and intangible assets and it did not identify relevant technological progress and changes in market prices which would indicate that the residual value or lifetime of the assets required modification.

**8. INTANGIBLE**

The Intangible, basically representing through a software, is stated at the cost of acquisition and donations, with deduction of the amortization calculated using the linear method based on the annual rates presented below, as of December 31, and it was composed as follows:

	<b>Annual Amortization Rate (%)</b>	<b>2021</b>	<b>2020 (Unaudited balance)</b>
Right of Use of Software	20%	4,933	4,933
Accrued Amortization		(4,933)	(4,933)
<b>Total of the Intangible</b>		-	-

**9. NATIONAL SUPPLIERS**

The representation of National Suppliers is made up of the balances payable to suppliers of material goods, the right of ownership, and the balances payable to suppliers of utilities and provided services, recognized and recorded at expense, until the date of the Balance Sheet, payable thereafter.

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On December 31 the item of National Suppliers is composed as follows:

	<b>2021</b>	<b>2020 (Unaudited balance)</b>
Several Suppliers	-	494
COPASA Comp. Saneamento de MG	316	787
CEMIG Distribuição S/A	735	625
Oi Móvel S/A	45	123
Oi S/A - Under Judicial Recovery	94	60
TIM S/A	92	-
Segurança Medicina do Trabalho	40	-
Emive Patrulha 24 Horas Ltda	159	-
Accounting Fees	-	1,950
Several Legal Entities	531	400
<b>Total of National Suppliers</b>	<b>2,012</b>	<b>4,439</b>

**10. TAX LIABILITIES**

The balances of the accounts of the subgroup Tax Liabilities represent the Entity's obligation with withheld amounts, of charges incurred on salaries or on provided services paid to third parties. The Entity simply acts as the responsible person for withholding and respective collection, and it does not represent any burden.

On December 31, the composition of Tax Liabilities was as follows:

	<b>2021</b>	<b>2020 (Unaudited balance)</b>
IRRF to be Collected - Payroll	344	137
IRRF to be Collected - Serv. Third Parties	-	13
ISS to collect	19	652
<b>Total of Tax Obligations</b>	<b>363</b>	<b>802</b>

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**11. PENSION AND SOCIAL OBLIGATIONS**

The social security and social obligations stemming from the collective labor agreement entered into with the trade union of the category result from the rates applied on salaries or on services provided by third parties or they result from amounts withheld on them. They are represented in this subgroup, in the month of reference of the payroll or in the month of proof of the service contracted.

On December 31, the composition of Pension and Social Obligations was as follows:

	<b>2021</b>	<b>2020 (Unaudited balance)</b>
INSS-FIs.Payment of Employees	1,347	1,039
INSS-Contracted Services	-	1,440
FGTS	1,788	1,488
Group Life Insurance	74	63
Social Monthly Payment - Health Care Assistance	200	154
Social Welfare Assistance	168	112
<b>Total of Pension/Social Obligations</b>	<b>3,577</b>	<b>4,296</b>

**12. PROVISION - VACATION AND SOCIAL CHARGES**

It represents the adjusted balance of the analytical position for the value of the vacation plus 1/3 of vacation, elapsed and not enjoyed yet, plus the respective social charge - FGTS, when applicable.

On December 31, the composition of Provision - Vacation and Social Charges was as follows:

	<b>2021</b>	<b>2020 (Unaudited balance)</b>
Provision for Vacation	16,841	11,654
FGTS Provision on Vacation	1,347	932
<b>Total of Vacation and Social Charges Provision</b>	<b>18,188</b>	<b>12,586</b>

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**13. EXEMPTION OF THE EMPLOYER'S SOCIAL SECURITY CONTRIBUTION - INSS**

As a Charity Welfare Entity, with renewal docketed under number 235874.0024364/2020 from 06/26/2021 to 06/25/2026, according to ordinance number 164/2020, from 12/28/2020, released on the Federal Daily Gazette from 12/29/2020, with the period extended until 12/31/2027, under the terms of ordinance number 49, from 05/06/2022, thus keeping the exemption from the employer's social security contribution. It is recorded in equity accounts in return of segregated income accounts. In 2021, it earned and used the amount of BRL 48,564 and BRL 41,692 in 2020. Representation as follows:

	2021	2020 (Unaudited balance)
Employer's Social Security Contribution - Company	38,355	31,840
Employer's Social Security Contribution - Third Parties	8,630	7,164
Employer's Social Security Contribution - SAT	959	796
<b>Employer's Social Security Contribution - Employees</b>	<b>47,944</b>	<b>39,800</b>
Employer's Social Security Contribution - Individual	620	1,892
<b>Total Exemption for Employer's Social Security Contribution</b>	<b>48,564</b>	<b>41,692</b>

**14. CREDIT BALANCE TO BE REGULARIZED**

The balance presented refers to the transfer of the value ascertained at the end of the fiscal year, in a checking account bank transaction (balance with negative value), represented under the heading Cash and Cash Equivalents - for better appropriation and expenses paid on 12/2021 by Tatyana M. G. O. L. Santos, to be reimbursed on 01/2022, demonstration as follows:

	2021	2020 (Unaudited balance)
Banco Itaú S/A	1,000	-
Tatyana M. G, O. L. Santos	98	-
<b>Total Credit Balance to be Regularized</b>	<b>1,098</b>	<b>-</b>

**15. OTHER ACCOUNTS PAYABLE**

In November 2020, the Entity made an advance payment to Nareli Construções Reformas e Consultorias Ltda. The gross value of the service to be rendered is provisioned in the amount of BRL 2,436.75, as well as the relevant taxes.

	2021	2020 (Unaudited balance)
Nareli Const. Ref. Consultoria Ltda	-	2,437
<b>Total of Other Accounts Payable</b>	<b>-</b>	<b>2,437</b>

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#### 16. VOLUNTARY SERVICE

The Entity appropriates and recognizes the Voluntary Service (with effects of giving something of their own as work) at the fair value of the provision of the service as if the financial disbursement had occurred. Revenues and expenses are registered in proper and separate accounts, as well as the counterparts of the balance sheet accounts.

The voluntary service of the members of the Board - Governance, in the exercise of their roles, is represented as follows:

	2021	2020 (Unaudited balance)
<b>Governance</b>		
Number of hours	356	192
Value m/h	26.82	26.82
<b>Total</b>	<b>9,548</b>	<b>5,149</b>

#### 17. DFC [Designated Fund Certificate] - PRESENTS

In 2021, the Entity received from the partner ChildFund Brasil, through the sponsorship system, the amount of BRL 84,849 (eighty-four thousand eight hundred forty-nine reais), and BRL 106,529 in 2020. The amount received is passed on to the sponsored children, registered in a separate balance sheet account, current liability, represented as follows:

	2021	2020 (Unaudited balance)
Previous Balance	40,144	1,446
DFC [Designated Fund Certificate] - Presents received	84,849	106,529
DFC [Designated Fund Certificate] - Presents forwarded	(116,905)	(67,831)
<b>Total DFC [Designated Fund Certificate] - Presents to be Forwarded</b>	<b>8,088</b>	<b>40,144</b>

#### 18. GOVERNMENT RESOURCES TO BE MADE

The balance presented refers to the funds received until the base date of December 31 and that have not been fully applied yet in the operational activities developed by the Entity, whereas it is reliably accredited that it will comply with the conditions envisaged by the partners – the Municipality of Vespasiano and the Court of Justice of MG, Judicial District of Vespasiano. The funds registered in liabilities, on an accrual basis, will be accredited as segregated revenue on systematic and rational bases, cross-checked against the corresponding expenses, in each period, according to the legislation in force, especially the NBC TG 07 (R1).

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On December 31, the balance of the Term of Collaboration 001/2020 and Term of Collaboration 001/2021 presents the following compositions:

	2021	2020 (Unaudited balance)
<b>Term of Collaboration PMV - SMDS 001/2020</b>		
Starting balance	50,000	50,000
PMV Funds applied in the Welfare	(28,117)	-
PMV Funds applied in the Welfare	960	-
<b>Total to be Applied</b>	<b>22,843</b>	<b>50,000</b>

	2021	
<b>Term of Collaboration PMV - SMDS 001/2021</b>		
Starting balance		-
PMV Fund received		50,000
PMV / SMDS Funds applied in the Welfare		(12,042)
PMV Funds applied in the Welfare		856
<b>Total to be Applied</b>		<b>38,814</b>

On December 31, the balance for the Pecuniary Installment Fund presented the following composition:

	2021	2020 (Unaudited balance)
<b>Pecuniary Installment Fund - TJMG</b>		
Starting balance	31,547	101,856
Applied TJMG Covenant Fund	(31,547)	(70,309)
<b>Total to be Applied</b>	<b>-</b>	<b>31,547</b>

Representation of the final balance for bank accounts that control the funds:

	2021	2020 (Unaudited balance)
CEF - 002773-3 / PMV - SMDS	-	50,000
CEF - 002773-3 / Fd. Investment	22,843	-
CEF - 003091-2 / Fd. Investment	38,814	-
<b>Bank Balance</b>	<b>61,657</b>	<b>50,000</b>

**19. NET EQUITY**

The result of the period is held under the heading "Accrued Surplus or Deficit", segregated and appropriated (merger) to the Shareholders' Organization Assets account after the approval by the Board in a Minute.

In 2021, the Board Members approved the merger of the surplus of the previous year (2020) to the Organization Assets, in a segregated account, in the amount of BRL 50.797.

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In 2021, the Entity received as a donation equity asset in the amount of BRL 900 (nine hundred reais) that were merged to the Organization Assets after the ascertainment of the result of the fiscal year, in a segregated account.

In the fiscal year 2021, the Organization Assets present the amount of BRL 292,661 (two hundred ninety-two thousand six hundred sixty-one reais) and BRL 242,364, in 2020.

In 2021, the calculated result, deficit, represents the amount of (BRL 46,508).

The representation in the amount of (BRL 47,408), for Accrued Surplus or Deficit refers to the amount of the ascertainment of the result for the fiscal year of 2021, (BRL 46,508) and the amount of the asset donations received in the amount of (BRL 900).

**20. FUNDS RECEIVED FOR APPLICATION IN THE SOCIAL ACTIVITY**

The Entity received funds from the Municipal Government, from the State Government, from ChildFund Brasil, from funds from associates, among others, during the fiscal year, registered in result accounts – revenues, specified and segregated, in compliance with Decree No. 8.242/2014.

The following are excluded from the income: exemption from the employer's social security contribution; voluntary service; asset donation and, for 2020 fiscal year, the value in other income. The funds received for application in social activities may be represented as the following statements:

	<b>2021</b>	<b>2020 (Unaudited balance)</b>
<b>Funds with Restrictions - Welfare</b>		
Government Fund Municipal - Term of Collaboration	38,343	
Government Fund Municipal - Term of Partnership	16,117	13,728
Government Fund Municipal - Donations	75,285	841
Government Fund State - Court of Justice from MG	31,547	70,309
Fund from Child Fund Brasil	529,106	333,323
Financial Revenues	3,259	182
<b>Total of Funds with Restrictions - Welfare</b>	<b>693,657</b>	<b>418,383</b>
<b>Funds without Restrictions - Welfare</b>		
Associated Funds	61,106	11,753
Partnerships of Legal Entities	741	21,145
Financial Revenues	7,750	5,954
<b>Total of Funds without Restrictions - Welfare</b>	<b>69,597</b>	<b>38,852</b>
<b>Total of Received Funds - Welfare</b>	<b>763,254</b>	<b>457,235</b>

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	<b>2021</b>	<b>2020 (Unaudited balance)</b>
Operational Income	822,266	511,221
Exemption for Employer's Social Security Contribution	(48,564)	(41,692)
Voluntary Service	(9,548)	(5,149)
Asset Donation	(900)	(1,400)
Other income	-	(5,745)
<b>Total</b>	<b>763,254</b>	<b>457,235</b>

**21. GRATUITIES APPLIED IN THE SOCIAL ACTIVITY**

The gratuities offered to the needy community are separately registered for funds with application restrictions in social activities and in funds without application restrictions in social activities.

For the gratuities, funds with restrictions are represented by funds from the municipal government and the funds from ChildFund Brasil, and for funds without restrictions, they are represented by funds from associates.

Gratuities, in terms of funds, are further subdivided and measured by groups, for all of them to be used in the development of social activity, such as personnel expenses, services provided by third parties, material for use in programs/project, partnerships with legal entities, transfers of received donations, financial expenses, tax expenses – ITG 2002, item 24, all of them being supported by the adequate documentation.

The following are excluded from gratuities: depreciation/amortization expenses, exemption from the employer's social security contribution, expenses with voluntary service, lawsuits and asset losses.

To comply with the provisions of Decree No. 8.242/2014, in the year of 2021, the Entity granted gratuities in the amount of BRL 776,921 (BRL 383,467 in 2020), as shown in the following statements:

	<b>2021</b>	<b>2020 (Unaudited balance)</b>
Gratuities of Funds with Restrictions - Welfare	719,963	370,486
Gratuities of Funds without Restrictions - Welfare	56,959	12,981
<b>Total of Gratuities - Welfare</b>	<b>776,922</b>	<b>383,467</b>



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	2020 (Unaudited balance)	2019 (Unaudited balance)
Welfare Gratuity - Expense with Personnel	228,792	185,601
Welfare Gratuity - Third Party Services	148,082	114,108
Welfare Gratuity - Material for Programs	266,006	74,174
Welfare Gratuity - Partnerships of Legal Entities	741	1,145
Welfare Gratuity - Transfer of Donation	126,648	1,240
Welfare Gratuity - Financial Expense	5,148	5,697
Welfare Gratuity - Tax Expense	1,505	1,502
<b>Total of Gratuities - Welfare</b>	<b>776,922</b>	<b>383,467</b>

	2021	2020 (Unaudited balance)
Operational Expenses	868,774	461,735
Depreciation/Amortization	(31,951)	(29,519)
Exemption for Employer's Social Security Contribution	(48,564)	(41,692)
Voluntary Service	(9,548)	(5,149)
Lawsuits	(1,789)	-
Asset Losses	-	(1,908)
<b>Total of Gratuities of Welfare</b>	<b>776,922</b>	<b>383,467</b>

## 22. MOVABLE ASSETS AS A LOAN FOR USE

As of 2015, the Entity, according to the "Receipt Minute - Assets Received as a Loan for Use", receives movable assets from the Municipality of Vespasiano, through a covenant with the Secretariat of Education, where the following conditions must be observed: usage in assistance programs for 4-year old children, return of items when requested by the agency, maintenance, conservation, and custody thereof, not obtaining full control of the fixed and assigned.

In view of the restrictions regarding the use and return of movable assets when requested by the agency, according to Law No. 11638/2007, the loan for use at hand does not comply with all the necessary conditions to effectively compose the Entity's fixed assets.

## 23. FINANCIAL INSTRUMENTS

The market values of financial assets and liabilities were determined based on the market information available and proper valuation methodologies. The use of several market premises and/or estimation methodology may affect the estimated market values differently. Based on this estimation, the Entity's Board understands that the accounting value of the financial instruments is equivalent to approximately their fair value.

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**24. SUBSEQUENT EVENTS**

The Association informs that, in compliance with the definitions of the competent authorities, it has proceeded with the appropriate measures, without interrupting the works since the beginning of COVID-19 (coronavirus) crisis. Right now, considering the uncertainty of the scenario, it is not possible to measure the future economic impacts on the Association. The Administration has concluded that there will be no significant impact on the activities of the Association. The Association continues monitoring this matter and it strictly follows the recommendations of the country's health authorities as well as the recommendations of the World Health Organization.

**25. Explanation added to the translation for the English version**

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.