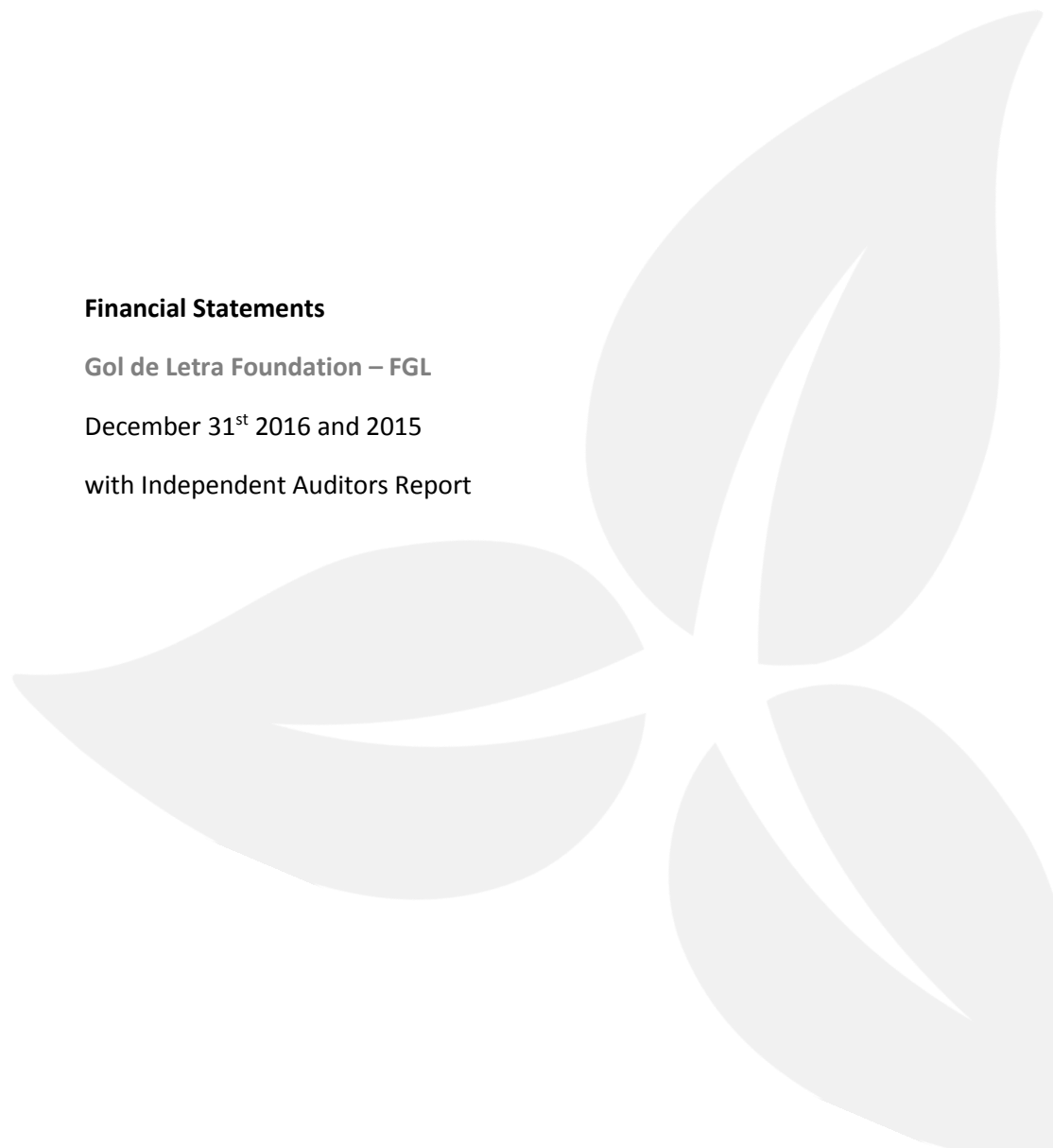


**Financial Statements**

**Gol de Letra Foundation – FGL**

December 31<sup>st</sup> 2016 and 2015

with Independent Auditors Report



**São Paulo**

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26/May/2017

**To the managers and associates of;**

*Gol de Letra Foundation - FGL*

**Subject: Independent Auditors' Report on the Financial Statements**

Dear Sirs/Madams,

We hereby forward to you the Independent Auditors' Report on the Financial Statements and Explanatory Notes dated December 31st, 2016 of *Gol de Letra Foundation - FGL*.

Yours faithfully,

***Audisa Associated Auditors***

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*Gol de Letra Foundation - FGL*

Financial Statements

December 31<sup>st</sup> 2016 and 2015

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## ***Gol de Letra Foundation***

*C.N.P.J – 02.820.605/0001-54*

### **Independent Auditors' Report on the Financial Statements**

#### **Opinion about the Financial Statements**

We examined the Financial Statements of ***Gol de Letra Foundation - FGL*** which comprise the Balance Sheet as of December 31<sup>st</sup>, 2016, and the respective Income Statements for the Period, Changes in Equity and Cash Flows, for the year then ended, as well as the corresponding Explanatory Notes, including summary of the main Accounting Policies.

In our opinion, the Financial Statements referred to present fairly, in all material respects, the financial position of the Entity as of December 31<sup>st</sup>, 2016, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

#### **Basis for opinion on the Financial Statements.**

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section, entitled "Auditor's Responsibilities for Financial Statements Audit". We are independent in relation to the Entity, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these norms. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

#### **Management responsibilities for the Financial Statements**

Management is responsible for the preparation and adequate presentation of the Financial Statements in accordance with accounting practices adopted in Brazil and for the internal controls it has determined to be necessary to enable the preparation of Financial Statements free of material misstatement, whether caused by fraud or error.

In the preparation of the Financial Statements, management is responsible for assessing the Entity's ability to continue operating, disclosing when applicable the issues related to its business continuity and the use of this accounting basis in the preparation of the Financial Statements, unless intends to liquidate the Entity or cease its operations, or has no realistic alternative to prevent it.

The Entity's management team is the one responsible for supervising the process of preparing the Financial Statements.

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## Auditor's responsibilities for the Financial Statements audit

Our objectives are to obtain reasonable assurance that the Financial Statements, taken as a whole, will be free from material misstatement, whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable safety is a high level of security, but, not a guarantee that the audit conducted in accordance with Brazilian and international auditing standards always detect any relevant distortions. Distortions may be due to fraud or error and are considered relevant when, individually or together, they can influence, from a reasonable perspective, the economic decisions of users taken on the basis of the aforementioned Financial Statements.

As part of the audit conducted, in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Besides that:

- We identify and evaluate the risks of material misstatement in the Financial Statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and obtain audit evidence that is appropriate and sufficient to substantiate our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or intentional false representations.
- We understand the internal controls relevant to the audit to plan appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the management team.
- We conclude on the adequacy of the management's use of the accounting basis for business continuity and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant doubt regarding the capacity for the Entity's business continuity. If we conclude that there is material uncertainty, we should draw attention in our audit report to the respective disclosures in the Financial Statements or include modification in our opinion if the disclosures are inappropriate. Our findings are based on audit evidence obtained as of the date of our report. However, future events or conditions may cause the Entity to no longer conduct its operations.
- We evaluate the overall presentation, structure and content of the Financial Statements, including disclosures, and whether the Financial Statements represent the corresponding transactions and events in a consistent manner with the appropriate presentation objective.

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We communicate with the management team, among other things, about the planned scope, timing of the audit, and significant audit findings, including any significant weaknesses in internal controls that we have identified during our work.

São Paulo - SP, May26, 2017

**AUDISA ASSOCIATED AUDITORS**

**CRC/SP 2 SP 024.298/O-3**

Alexandre Chiaratti do Nascimento

Accountant

CRC- SP 187.003/ O- 0

CNAI – SP – 1620

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**GOL DE LETRA FOUNDATION**

*Financial Statements*  
December 31<sup>st</sup> 2016 and 2015

**Gol de Letra Foundation**

**Balance sheets on December 31<sup>st</sup> 2016 and 2015**

*(In Reais)*

Assets	Note	2016	2015	Liabilities	Note	2016	2015
<b>Current Assets</b>				<b>Current Liabilities</b>			
Cash and cash equivalents	4	206.570	508.496	Salaries, vacation and social charges	6	90.621	77.778
Advances		<u>192.187</u>	<u>166.087</u>	Taxes payable		-	18.988
		<b><u>398.757</u></b>	<b><u>674.583</u></b>	Other accounts payable		<u>12.504</u>	<u>58.749</u>
						<b><u>103.125</u></b>	<b><u>155.515</u></b>
Availability related to projects	4	7.241.579	6.052.884	Projects to incur		7.062.415	5.865.088
Receivable resources	7	30.712	68.408	Accounts payable - restricted		209.876	256.204
		<b><u>7.272.291</u></b>	<b><u>6.121.292</u></b>		7	<b><u>7.272.291</u></b>	<b><u>6.121.292</u></b>
<b>Non-current assets</b>				<b>Non-current liabilities</b>			
Judicial deposits		6.996	6.997	Other accounts	5	1.800.000	1.800.000
Property, plant and equipment	5	4.459.360	4.425.975	Deferred income		1.205.548	1.218.004
Intangible assets		<u>23.519</u>	<u>19.427</u>	Provisions	9	<u>98.141</u>	<u>-</u>
		<b><u>4.489.875</u></b>	<b><u>4.452.399</u></b>			<b><u>3.103.689</u></b>	<b><u>3.018.004</u></b>
				<b>Net equity</b>			
				Share capital	10	1.953.463	2.155.461
				Retained earnings / (losses)		<u>(271.644)</u>	<u>(201.998)</u>
						<b><u>1.681.819</u></b>	<b><u>1.953.463</u></b>
<b>Total Assets</b>		<b><u><u>12.160.924</u></u></b>	<b><u><u>11.248.274</u></u></b>	<b>Total Liabilities and Equity</b>		<b><u><u>12.160.924</u></u></b>	<b><u><u>11.248.274</u></u></b>

The explanatory notes are part of the financial statements.

**Gol de Letra Foundation**  
**Income Statement**  
**Years ended December 31<sup>st</sup> 2016 and 2015**  
**(In Reais)**

	Notes	2016	2015
<b>Operational Revenues</b>			
<b>With Restrictions</b>			
Project income - associated donations		6.016.543	6.823.589
Financial income - associated projects		<u>535.666</u>	<u>453.442</u>
	12	<u><b>6.552.209</b></u>	<u><b>7.277.031</b></u>
<b>Gratuities</b>			
Volunteers		370.984	46.975
		<u><b>370.984</b></u>	<u><b>46.975</b></u>
		<u><b>6.923.193</b></u>	<u><b>7.324.006</b></u>
<b>Without restrictions</b>			
Free donations	13	1.810.465	2.284.928
Donations - materials and services		12.456	12.456
Financial income		<u>74.029</u>	<u>87.608</u>
		<u><b>1.896.950</b></u>	<u><b>2.384.992</b></u>
		<u><b>8.820.143</b></u>	<u><b>9.708.998</b></u>
<b>Cost and operational expenses</b>			
General expenses - projects with restrictions	14	(6.552.209)	(7.277.031)
General expenses - projects without restrictions	14	(801.936)	(1.046.998)
General and administrative expenses	14	(1.190.021)	(1.332.276)
Taxes		(10.988)	(7.162)
Financial expenses		(44.502)	(43.696)
Depreciation and amortization		(190.195)	(187.822)
Other expenses and income		<u>69.048</u>	<u>30.964</u>
		<u><b>(8.720.803)</b></u>	<u><b>(9.864.021)</b></u>
<b>Gratuities</b>			
Volunteers		(370.984)	(46.975)
		<u><b>(370.984)</b></u>	<u><b>(46.975)</b></u>
		<u><b>(9.091.787)</b></u>	<u><b>(9.910.996)</b></u>
<b>Profit / (Loss) for the year</b>		<u><u><b>(271.644)</b></u></u>	<u><u><b>(201.998)</b></u></u>

The explanatory notes are part of the financial statements.



**Gol de Letra Foundation**  
**Statement of Comprehensive Income**  
**Years ended December 31<sup>st</sup> 2016 and 2015**  
*(In Reais)*

	<b>2016</b>	<b>2015</b>
Profit / (Loss) for the year	<u>(271.644)</u>	<u>(201.998)</u>
<b>Total comprehensive result</b>	<u><u>(271.644)</u></u>	<u><u>(201.998)</u></u>

The explanatory notes are part of the financial statements.

## Gol de Letra Foundation

### Statement of Changes in Equity

Years ended December 31<sup>st</sup> 2016 and 2015

(In Reais)

	Note	Share capital	Retained earnings / (losses)	Total
<b>Balance at December 31<sup>st</sup>, 2015</b>		<u>1.687.649</u>	<u>467.812</u>	<u>2.155.461</u>
Incorporation of result in equity		467.812	(467.812)	-
Profit for the year		<u>-</u>	<u>(201.998)</u>	<u>(201.998)</u>
<b>Balance at December 31<sup>st</sup>, 2015</b>		<u><b>2.155.461</b></u>	<u><b>(201.998)</b></u>	<u><b>1.953.463</b></u>
Incorporation of result in equity		(201.998)	201.998	-
Loss for the year		<u>-</u>	<u>(271.644)</u>	<u>(271.644)</u>
<b>Balance at December 31<sup>st</sup>, 2016</b>		<u><b>1.953.463</b></u>	<u><b>(271.644)</b></u>	<u><b>1.681.819</b></u>

The explanatory notes are part of the financial statements.

## **Gol de Letra Foundation**

### **Cash flow statement**

**Years ended December 31st 2016 and 2015**

*(In Reais)*

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
<b>Profit / (Loss) for the year</b>	(271.644)	(201.998)
Depreciation and amortization	<u>190.195</u>	<u>187.822</u>
	<u>(81.449)</u>	<u>(14.176)</u>
<b>(Increase) reduction of assets</b>		
Resources related to projects	(1.188.695)	(841.877)
Advances	(26.100)	3.170
Accounts receivable	37.696	365.737
Judicial deposits	-	3.274
<b>Increase (decrease) of liabilities</b>		
Projects to incur	1.150.999	476.140
Other accounts payable	(46.245)	(41.285)
Salaries, vacation and social charges	12.843	(233.254)
Tax payable	(18.988)	(24.862)
Other accounts	98.141	-
Deferred income	(12.456)	17.236
<b>Net cash flows (generated from) / used in operating activities</b>	<u>(74.254)</u>	<u>(289.897)</u>
<b>Net cash flows generated from investment activities</b>		
Intangible and fixed assets acquisition	<u>(227.672)</u>	<u>(953.898)</u>
<b>Net cash flow used in investment activities</b>	<u>(227.672)</u>	<u>(953.898)</u>
<b>(Decrease) / increase in cash and cash equivalents</b>	<u>(301.926)</u>	<u>(1.243.795)</u>
<b>Statement of the (decrease) / increase in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year	508.496	1.752.291
Cash and cash equivalents at the end of the year	<u>206.570</u>	<u>508.496</u>
	<u>(301.926)</u>	<u>(1.243.795)</u>

The explanatory notes are part of the financial statements.

## **Notes to the Financial Statements (*In Reais*)**

### **1 Operational Context**

#### **1.1 Introduction**

Gol de Letra Foundation is a nongovernmental organization that develops socio educational activities and knowledge content for children, teenagers and young people in the cities of Rio do Janeiro (Caju neighborhood and Barreira do Vasco community) and São Paulo (Vila Albertina), and works with the dissemination of its activities for other communities, through the theoretical and practical training of educators, in partnership with other organizations.

It was created in 1998 by former soccer players Rai and Leonardo, with the aim of giving another perspective on life for children and young people from socially vulnerable communities. Recognized by UNESCO as a worldwide model in supporting children in situations of social vulnerability, the Institution's mission is “to promote the integral education of children, teenagers and young people through sports, culture and training to work”.

The socio-educational approach of Gol de Letra Foundation is based on three pillars: learning (broadening of the cultural, sporting and educational repertoire), living together (development of values and rules of coexistence) and multiplying (training of multipliers of knowledge and attitudes).

In 2016 Gol de Letra Foundation assisted 2,100 children, teenagers and young people in direct care programs and projects and 1,750 in indirect care (dissemination) projects. The practice of Gol de Letra Foundation involves: a) Programs of Sport and Integral Education offered before/after school hours; b) Projects in partnership with public schools; c) Community mobilization projects; d) Projects for the dissemination of the social protection proposal of Gol de Letra.

#### **1.2 Socio-educational Proposal**

By believing in the construction of a country less socially unequal, Gol de Letra understands how essential it is to meet the specific demands of childhood and adolescence, a public that is especially vulnerable to violations of rights and injustice. Its Education proposal aims at the integral development of children and teenagers and provides for the diversity and integration of actions and socio educational learning designed for a given community context (micro territory). The integration of such learning contributes to the collective construction of political and ethical values, as well as to the development of skills for social life.

Guided by the Doctrine of Integral Protection, Gol de Letra Foundation seeks to contribute to the realization of the right of the child and teenager to Education, Culture, Sport and Leisure provided for in the Federal Constitution of 1988 and in the Statute of the Child and Adolescent - ECA (law 8.069 from 1990).

The social action carried out by the Institution is based on the National Social Assistance Policy - PNAS, the Organic Law on Social Assistance - LOAS, the Single Social Assistance System - SUAS and the National Family and Community Coexistence Plan - PNCFC, with focus on families and in the development of social, family, school and community protection contexts.

The proposal of Integral Education used is supported by the Law of Directives and Bases of National Education - LDB (law 9.394 from 1996).

### **1.3 Statutory Purposes**

According to Chapter II of its Bylaws, Gol de Letra Foundation will promote the defense and guarantee of the rights of children and teenagers in situations of vulnerability and social risk, investing in their educational and cultural training, so that they can act autonomously to defend their citizenship, strengthening their family and community ties, guaranteeing them the right to assistance, education, health, culture, sports, leisure and work.

### **1.4 Objectives/ Institutional Purposes**

Also in Chapter II of the Bylaws, the following Institutional Purposes of Gol de Letra Foundation are highlighted:

- I – To raise awareness among children and teenagers of their rights and duties;
- II – To implement social, education, health, cultural, sports and leisure programs and work education programs that integrate child and teenager care, professional qualification and projects in partnership with the public school, which are reference to other institutions;
- III – To sensitize and mobilize civil society, prioritizing students from private schools, the business environment and, in particular, the sports, through effective actions;
- IV – Seek partnerships for the recovery and identification of cultural and sports spaces;
- V – Encourage and propose partnerships for the execution of social, cultural, sports, leisure and work education projects for children, teenagers and young people;
- VI – Stimulate the reinsertion and permanence of the child and teenager in the educational system;
- VII – Encourage the development of intergenerational activities, fostering exchanges of experiences and experiences, strengthening respect, solidarity and family and community ties;
- VIII – Develop actions with families to strengthen family and social ties, aiming at the protection and development of children and teenagers;
- IX – Establish partnerships that provide young people with the experience of learning and their insertion in professional life;
- X – Invest in actions that aim at the development of communities inserted in its region;
- XI – Promote partnerships with the aim of strengthening the development of communities within its region;
- XII – Guarantee free access to the users of services, programs, projects, benefits and the defense of rights, provided for in the National Social Assistance Policy.

## **1.5 Actions and Activities Developed in 2016 - Programs and Projects**

To achieve its objectives, Gol de Letra Foundation is organized around the following areas:

- Direct assistance to children, teenagers and young people - In São Paulo, there are two programs: Open Play and Youth Program. In Rio de Janeiro, there are the programs Two Touches, Caju and Barreira do Vasco Open Play and the Youth and Opportunity Program.
- Mobilizing action - Family strengthening actions, community mobilization, training of multipliers and networking (Community Program - SP and Community Project - RJ).
- Institutional Development - It aims to guarantee the sustainability of the services offered through ongoing staff training, project auditing and evaluation, establishment and maintenance of several partnerships, fundraising, events and communication actions.
- Knowledge Management - It is the concretization of the institutional vision, registering and disseminating the knowledge acquired throughout its history to other contexts and territories (projects related to Dissemination and Systematization).

The programs and projects are summarized below, separated by territory of action (Vila Albertina, in São Paulo, Caju, in Rio de Janeiro and Barreira do Vasco, in Rio de Janeiro).

### **1.5.1 Vila Albertina, Sao Paulo-SP**

#### **1.5.1.1 Open Play Program**

**Target Audience:** Children, teenagers and young people from low-income families, residents of the region and students from the public school system.

**General Objective:**

Contribute to the sports culture of children and teenagers, through practices of Integral Education, Sports and Leisure in Vila Albertina, North Region of Sao Paulo.

**Set up of the Open Play Program:**

The Open Play Program contributes to the integral education of children, teenagers and young people, through socio-educational learning of sports and leisure, focusing on the expansion of capacities and skills essential to human development. The socio-educational proposal is based on the principles of educational sport and participation that have the premise of education through sport for any individual regardless of ability, gender, physical condition or age group.

The program's performance in 2016 was divided into four fronts::

Nucleus of Sport and Development - NED

It offered sports activities for children, teenagers and young people in the following modalities: School of Sports, Skate, Futsal, Volleyball, Basketball, Handball, Capoeira and Tchoukball, distributed in 15 classes.

### **School Project Sports Action**

It offered sports activities for teenagers and young people, in partnership with public schools in the region, with the following modalities: Futsal, Gymnastics, Athletics, Sports School, Capoeira, Basketball and Handball. In 2016 the project served five schools, with 16 classes.

### **Leisure**

In the night period, it offered to the local community population the space of the court for sports practice, under the guidance of a socio-educational counselor. On Saturdays, directed sports and recreational activities were offered, organized by the team of educators and recreational assistants.

### **Training of Sports Monitors**

It contributes to the development of personal and social skills of young people from 16 to 20 years of age, so that they become multipliers of social actions and are recognized as potential new leaders. The training took place through educational activities of sports and leisure, with a focus on strengthening autonomy and protagonism.

### **1.5.1.2 Youth Program**

**Target Audience:** Young residents of the Jacana / Tremembe District, from families in situations of vulnerability and social risk, public school students, their families and the community.

#### **General Objective:**

Contribute to the integral development of young people and teenagers as individuals with rights, through artistic practices, communication, community articulation and related to their life projects, strengthening their identity and self-esteem.

#### **Set up of the Youth Program:**

The Youth Program exists since 2000 with the purpose of training and qualifying teenagers and young people to exercise citizenship through the expansion of the educational, cultural, social and professional repertoire. The Program is structured in 2 work areas: Art and Communication and Training for Work.

In the **Art and Communication** area, the activities are focused on the development of the critical sense and the capacity of expression using artistic and communication languages. In 2016, graphite, audiovisual and theater workshops were developed.

The area **Training for Work** has the objective to develop partnerships to run training projects for initiation to the world of work and in 2016 workshops of Joinery and Bakery and Confectionery were realized through the Professional Training workshop.

### **1.5.1.3 Communities Program**

**Target Audience:** families of the children, teenagers and young people attended and Vila Albertina community.

#### **General Objective:**

Contribute to the process of induction of Vila Albertina community development.

#### **Set up of the Communities Program:**

Families and communities are part of the Integral Education proposal of the Gol de Letra Foundation, which uses as reference the National Social Assistance Policy and the National Plan for the Promotion, Protection and Defense of the Right of Children and Adolescents to Family and Community Living.

The documents assume the centrality in the family as a vital structure and a place essential to the humanization and socialization of children and teenagers, as well as the importance of the social and assistance character of the actions with the objective of developing social protection contexts in the family, in the community and in the different spaces of coexistence of children, young people and families.

Thus, the Communities Program, promoted by Gol de Letra Foundation in Vila Albertina, focuses its actions on family and community care, developing the following projects: Surroundings, Social Agents Training and Sexuality in Action.

- **Social Agents Training Project:** aims to identify and train local actors for the community development process, focusing on the multiplication of information, knowledge and practices, through the training of women in the community.

- **Surroundings Project:** aims to articulate the offer of knowledge exchange and information spaces to the community, as well as to favor the effective participation of the local individuals, validating their expectations, as a group, in all stages of the actions developed: planning, execution and evaluation.

- **Project Sexuality and Gender:** Ensure spaces for discussion on sexual health and reproductive life and gender issues for teenagers, youth, families, educators / teachers and community.

## **1.5.2 Caju, Rio de Janeiro-RJ**

### **1.5.2.1 Two-touch Program**

**Target Audience:** Children aged 6 to 15 years, Caju residents, public school students, from families in situations of social vulnerability.

**General Objective:**

To contribute to the integral education of children and teenagers through sports and social interaction, including their families, and other actors such as public schools and residents of the local communities of Caju region.

**Set up of the Two-touch Program:**

The Two-touch Program offers weekly workshops on physical education, sports and literacy, developed through reading, writing, literature and computer science. Annually, the program also forms 12 young monitors aged between 15 and 21 from the perspective of integral education, so that they become multipliers of social actions and are recognized as new potential leaders.

The program also develops interdisciplinary projects that integrate the work areas and discuss themes pertinent to the different local realities. The socio-educational work is integrated into the Social Service work which, in addition to children and teenagers, also serves the families of the beneficiaries and seeks mobilization and community strengthening actions.



### **1.5.2.2 Caju Open Play Program**

**Target Audience:** Children and teenagers from low-income families, residents of the region and students from the public school system.

**General Objective:**

To promote sports practices that contribute to the integral development of children and teenagers living in the Caju neighborhood, strengthening the local culture of sports and leisure, and diversified practices of integral education.

**Set up of the Caju Open Play Program:**

The Open Play Program is a social action developed with focus on sports and participation. Held since 2015 in Caju District, the Program contributes to the integral education of children, teenagers and young people, through socio-educational learning of sports and leisure, focusing on the expansion of skills and abilities essential to human development. The socio-educational proposal is based on the principles of educational sport and participation that have the premise of education through sport for any individual regardless of ability, gender, physical condition or age group.

The sports workshops took place two days a week and each participant was able to participate in up to two sports modalities, of their choice, among the following: Rhythmic Gymnastics, Futsal, Judo and Table Tennis.

### **1.5.2.3 Youth and Opportunity Program – Preparing for the World of Work**

**Target Audience:** Young people and adults, from the age of 16 and above, living in Caju area, mainly students of the public network, from families in situations of social vulnerability.

**General Objective:**

To promote actions of personal, educational and professional qualification for youth and adults, from the age of 16 and above, residents of popular communities in the neighborhood of Caju and surroundings, contributing to the development of personal skills, which promote the recognition of education and work as means of improving the quality of personal and community life.

**Set up of the Youth and Opportunity Program:**

The Program started in September 2017 and its activity schedule is biannual and it has work modules for each training area. The professional qualification actions are carried out based on a partnership with SENAI / RJ, which is a nationally recognized professional education institution, with official certification. All activities are free, proposing an alignment between the social assistance policy and the professional education policy. It also offers basic training in English language through a partnership with the Languages School Yes.

The courses offered in 2017 are:

Computer Operator: 160 hours

Port Logistics Operations Assistant: 160 hours

Administrative Assistant: 160 hours

Low Voltage Installing Electrician: 248 hours  
Basic English Language Course

Automotive Tinker: 360 hours

Automotive Painter: 400 hours

Personal Formation: 900 hours

**In addition, Basic Education courses are offered**

Elementary School II

High school

National High School Exam Preparation

The basic education actions are carried out with the partnership of SESI / RJ - Cinelandia Unit, guaranteeing the official certification to the young and adults benefited and the alignment between the policy of social assistance and education. Aiming to offer these courses to young people and adults who due to some social issue could not access education policy at the appropriate time, as indicated in the Law of Guidelines and Basis of Education – LDB 9394/96.

**1.5.2.4 Communities Project**

**Target Audience:** The Communities Project is responsible for the development of actions focused on the families living in the Caju neighborhood, independent of the institutional association and also of actions aimed at inter institutional articulation.

**Involved Resources:** The human and financial resources involved in the Communities Project are incorporated into other Rio de Janeiro projects and programs. These are social workers and social assistance trainees, who form the social department of the Rio de Janeiro unit, whose principle is the permanent integration with socio-educational areas, acting in a systematic way in all projects, programs and activities developed by the institution, aiming at the qualification of the interlocution of work with children, teenagers, youth, adults, families, communities and / or partner institutions.

**Activities Developed in 2016:**

- Training Events
- Community Mobilizing Events
- Goal of Citizenship - Sport, Law and Movement
- Referral to the labor market and training
- Partnerships / Networks

**1.5.3 Barreira do Vasco, Rio de Janeiro-RJ**

**1.5.3.1 Open Play Project Barreira do Vasco**

**Target Audience:** Children and teenagers living in Barreira do Vasco, students of the public network, from families in situations of social vulnerability.

**General Objective:**

To contribute to the integral education of children and teenagers through sports and social interaction, which also involve their families and other actors such as public schools and residents of Barreira do Vasco.

**Set up of the Open Play Project Barreira do Vasco:**

The Open Play Project Barreira do Vasco contributes to the integral education of children, teenagers and young people, through socio-educational learning in sports and leisure, focusing on the expansion of skills and abilities essential to human development. The program started in November 2014 and it offers weekly workshops on Tennis and Judo. The socio-educational proposal is based on the principles of educational sport and participation that have as their premise education through sport for any individual regardless of ability, gender, physical condition or age group. In 2016 activities took place from Monday to Thursday and each class attended twice a week. Each day, the participants attended sports, judo and tennis, with an hour of duration each.

**1.5.4 Dissemination Area**

**Target Audience:**

- Teachers and other professionals in Integral Education and Sport
- Public and private institutions that require professional training
- Organizations executing the Gol de Letra's Projects of Dissemination of Social Technology

**General Objective:**

To contribute to the qualification of integral education of children and young people, through the implementation of projects in social organizations and the training of professionals and other social actors on the Gol de Letra's methodology about Educational Sport and Participation.

**Set up of the Dissemination Area:**

Gol de Letra Foundation's vision: To be recognized as an organization that develops and disseminates practices that contribute to social transformation. For this reason, it invests in knowledge management and the transfer of its social technology. Since 2009, the Dissemination Area has been carrying out training and implementing projects based on the Gol de Letra's methodology of Integral Education, Educational Sport and Participation in different social contexts, through partnerships with companies and institutions.

The implementation of projects or trainings is organized based on 5 pillars:

1. Contribute to the development of organizations;
2. Train professionals in the Gol de Letra methodology;
3. Qualifying the students' learning;
4. Promote training of young multipliers (monitors);
5. Encourage family and community empowerment.

The main activities carried out in 2016 were: Ginga Social Project; launch of the research "Lives Transformations of the Young Sports Monitor"; courses in partnership with Paula Souza

Center and the continuation of the Brazil-Guinea-Bissau Technical Cooperation Project (Africa).

## **2 Basis of preparation**

### **a. Declaration of Conformity**

The Financial Statements presentation of Dec 31/2016 and Dec 31/2015 were prepared in accordance with Brazilian accounting standards, considering the current Brazilian corporate law, the Brazilian Accounting Standards, issued by the Federal Accounting Council, the pronouncements, interpretations and guidelines issued by the CPC and approved by the competent bodies and are in conformity with the International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board* (IASB).

As a Non-profit Entity, the Financial Statements were prepared mainly in accordance with ITG 2002 - Non-profit Entities, approved by Resolution Number 1409 of September 21, 2012, which establishes specific valuation criteria and procedures, records of components and changes in equity and structuring of the Financial Statements, and the minimum information to be disclosed in a note to the non-profit entities.

The management team has authorized the conclusion of the Financial Statements in May 26, 2017.

### **b. Basis of measurement**

The Financial Statements were prepared based on historical cost, except for financial instruments measured at fair value through profit or loss.

### **c. Functional currency and presentation currency**

These Financial Statements are presented in Reais, which is the functional currency of the Foundation. All financial information is presented in Reais, unless otherwise stated.

### **d. Use of estimates and judgments**

The preparation of Financial Statements in accordance with CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed continuously. Reviews with respect to accounting estimates are recognized in the period in which the estimates are reviewed and in any future affected periods.

The information on uncertainties about assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year and critical judgments regarding the accounting policies adopted that have effects on the amounts recognized in the Financial Statements are included in the following explanatory notes:

Note 3 (d) - determination of the useful life of fixed assets;  
Note 9 - provision for contingencies.

The result of transactions and information on actual realization may differ from these estimates.

## **3 Significant accounting practices**

The accounting practices described in detail below have been consistently applied to all periods presented in these Financial Statements.

**a. Transaction in foreign currency**

Transactions in foreign currency are converted into the functional currency of the Foundation by the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate calculated on that date.

**b. Financial instruments**

***Non-derivative financial assets***

The Foundation recognizes loans and receivables initially as of the date on which they originated. All other financial assets are initially recognized on the trade date at which the Foundation becomes a party to the contractual provisions of the instrument. The Foundation has its non-derivative financial assets and liabilities recorded at fair value through profit or loss.

The financial assets and liabilities are offset and the net amount presented in the balance sheet when and only when the Foundation has the legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Foundation classifies non-derivative financial assets into the following categories: financial assets recorded at fair value through profit or loss and loans and receivables.

***Financial assets recorded at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading and designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Foundation manages such investments and makes purchase and sale decisions based on their fair values in accordance with the documented risk management and the investment strategy of the Foundation. Transaction costs, after initial recognition, are recognized in profit or loss as incurred. Financial assets recorded at fair value through profit or loss are measured at fair value and changes in the fair value of these assets are recognized in income for the year.

***Loans and receivables***

Receivables are financial assets with fixed or calculable payments that are not quoted in the active market. These assets are initially recognized at fair value plus any transaction costs. After initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment loss.

Loans and receivables include other accounts receivable and judicial deposit.

***Cash and cash equivalent***

Cash and cash equivalents comprise cash balances and financial investments with original maturity of three months or less from the date of hiring. The financial resources that the Foundation has, but which are linked to projects, are presented under the heading of project resources.

***Non-derivative financial liabilities***

The Foundation recognizes debt securities issued and subordinated liabilities initially on the date on which they originate. All other financial liabilities are initially recognized on the trade date on which the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognizes a financial liability when it has its contractual obligations withdrawn, canceled or expired.

The Foundation has the following non-derivative financial liability: other accounts payable.

These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

***Derivative financial instruments***

There were no operations with derivative financial instruments during the 2016 and 2015 financial year, including hedge operations.

**c. Determination of income for the year and recognition of donation revenues**

**Determination of income for the year**

The income for the year is determined in accordance with the accrual basis of accounting. The result for the 2016 fiscal year will be included in stockholders' equity in accordance with legal and statutory requirements, since the surplus will be fully applied in the national territory, in the maintenance and development of its institutional objectives.

**Recognition of resources received from Agreements, Contracts and Other Forms of Government Assistance and donations.**

The resources received from the agreements, contracts or other forms of social assistance and donations are recorded in the revenue when the contractual conditions established on the Entity are met and at the time the corresponding expenses incur, in accordance with Resolution number 1.305 of the Federal Accounting Council - CFC that approved NBC TG 07 - Government Grant and Assistance and CFC Resolution No. 1409/12, which approved the ITG 2002. The resources received from agreements whose terms established in the contracts have not yet been met or whose expenses have not yet incurred, are transferred to a management contract in liabilities, and their recognition in income in the Income Statement occurs in proportion to the corresponding expenses incurred.

The amounts received and used in the projects originated from contracts with the Ministry of Culture (Rouanet Law), Projects - Sports Promotion Law and Projects originated from contracts with third parties linked resources, are recorded as follows:

**Receipt of resources:** When cash is received, cash and cash equivalents are recognized (under the heading "project resources") and the credit for projects to be incurred in current liabilities.

**Recognition as an expense:** When expenses of management contracts and incentive resources occur, the corresponding expenses are recognized, and expenses are recognized against cash and cash equivalents, and at the same time, revenues are recognized as a contra entry to debt of projects to be incurred.

**d. Property, plant and equipment**

***Recognition and measurement***

Items of property, plant and equipment are measured at historical cost of acquisition or construction, less accumulated depreciation.

The cost includes expenses that are directly attributable to the acquisition of an asset. The cost of assets built by the Foundation itself includes the cost of materials and direct labor, any other costs to place the asset in the location and condition necessary for them to be able to operate in the manner intended by the Foundation.

***Depreciation***

Items of property, plant and equipment are depreciated by the straight-line method in the income for the year based on the estimated useful life of each component.

Items of property, plant and equipment are depreciated from the date they are installed and are available for use.

The rates equivalent to the estimated average useful life of the assets for the current year and comparative period are as follows:

Leasehold improvements	4% a 12%
Furniture	10%
Computers	20%
Facilities and premises	10%
Vehicles	20%
Books	10%

Depreciation methods, useful lives and residual values will be reviewed at each financial year end and any adjustments will be recognized as changes in accounting estimates.

**e. Intangible assets**

Intangible assets comprise the assets acquired from third parties, measured at the acquisition cost less amortization and amortized using a straight-line method with an estimated useful life of 5 years.

**f. Provisions and current and non-current liabilities**

A provision is recognized in the balance sheet when the Foundation has a legal or constituted obligation as a result of a past event, and it is probable that an economic resource will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

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

**g. Financial income and expenses**

Financial income basically covers interest income on financial investments. Interest income is recognized in income, using the effective interest method.

Financial expenses basically cover bank fees charged by financial institutions.

**h. Current and non-current assets**

Current and noncurrent assets are stated at known or estimated amounts, plus, when applicable, the related charges, monetary variations incurred up to the balance sheet date.

**i. Income from voluntary work**

On Sep 02/2015, the Federal Accounting Council published the revision of the General Technical Interpretation (ITG) 2002 - Non-profit Entity, rule that regulates the accounting of

entities of the Third Sector. Among the changes made at ITG 2002 is the one that establishes that the work of the members of the administration of the entities should be included as voluntary work. Thus, according to item 19, the Entity recognizes by fair value the provision of the unpaid volunteer service, which is essentially composed of people who dedicate their time and talent to an important participation in various actions performed by the entity. The Entity has voluntary work from the statutory directors.

For the calculation of the remuneration that would be due, the Entity considers the time dedicated to the activity by each one. For the year 2016 it was based on the average value of fees practiced in the market, multiplied by the number of hours resulting in the amount due in the month.

**j. Employee benefit**

*Short term employee benefit*

Short-term employee benefit obligations are measured on an undiscounted basis and are incurred as expenses as the related service is provided.

**k. Financial risk management**

*Risk management structure*

The Foundation'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 reviewed to reflect changes in market conditions and in the activities of the Foundation.

The Foundation presents exposure to the following risks arising from the use of financial instruments:

Liquidity risk  
Market risk

The Foundation provides information on the exposure to each of the aforementioned risks, the Foundation's objectives, policies and processes for maintenance and risk management in the Explanatory Note number 11.

**4 Cash and cash equivalents and resources related to projects**

**Cash and cash equivalents / Resources from projects**

	<b>2016</b>	<b>2015</b>
Cash	7.371	6.189
Bank account	2.530.528	101.613
Financial investment	4.910.250	6.453.578
	<b>7.448.149</b>	<b>6.561.380</b>
Cash and cash equivalents	206.570	508.496
Resources from projects	7.241.579	6.052.884

Financial investments in 2016 and 2015 refer substantially to bank deposit certificates and fixed income funds and are remunerated at rates ranging from 80% to 95% Interbank Deposit Certificate - CDI (80% a 95% CDI 2014).



Short-term, highly liquid financial investments are readily convertible into a known amount of cash and are subject to insignificant risk of change in value.

Of the total amount financially invested, R\$ 7,241,579 (R\$ 6,052,884 in 2015) refer to resources that may be used exclusively in the projects to be incurred, as mentioned in note 7.

## 5 Fixed assets

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net</b>	<b>Net</b>
	<b>2016</b>			<b>2015</b>
Properties	1.800.000	0	1.800.000	1.800.000
Gymnasium RJ - Construction in progress	1.489.452	0	1.489.452	1.489.452
Leasehold improvements	1.800.239	(1.132.368)	667.871	740.930
Furniture	747.364	(427.006)	320.358	192.446
Computers	803.528	(690.993)	112.535	124.465
Facilities and premises	56.824	(56.721)	103	625
Vehicles	46.900	(27.963)	18.937	24.917
Equipment and tools	10.610	(10.610)	0	0
Books	75.857	(25.753)	50.104	53.140
	<b>6.830.774</b>	<b>(2.371.414)</b>	<b>4.459.360</b>	<b>4.425.975</b>

### 2016 Movement

	<b>Cost</b>	<b>2016</b>			
		<b>2015</b>	<b>Addition per acquisition</b>	<b>Addition per donation</b>	<b>Write off</b>
Properties	1.800.000	0	0	0	1.800.000
Gymnasium RJ - Construction in progress	1.489.452	0	0	0	1.489.452
Leasehold improvements	1.774.189	26.050	0	0	1.800.239
Furniture	578.799	168.564	0	0	747.363
Computers	774.992	28.535	0	0	803.527
Facilities and premises	56.824	0	0	0	56.824
Vehicles	46.900	0	0	0	46.900
Equipment and tools	10.610	0	0	0	10.610
Books	75.857	0	0	0	75.857
	<b>6.607.623</b>	<b>223.149</b>	<b>0</b>	<b>0</b>	<b>6.830.772</b>
			<b>Addition per donation</b>	<b>Write off</b>	<b>Final balance</b>
<b>Depreciation</b>	<b>2015</b>	<b>Additions</b>			
Leasehold improvements	(1.033.259)	(99.109)	0	0	(1.132.368)
Furniture	(386.353)	(40.654)	0	0	(427.007)
Computers	(650.527)	(40.466)	0	0	(690.993)
Facilities and premises	(56.199)	(521)	0	0	(56.720)
Vehicles	(21.983)	(5.980)	0	0	(27.963)
Equipment and tools	(10.610)	0	0	0	(10.610)
Books	(22.717)	(3.034)	0	0	(25.751)
	<b>(2.181.648)</b>	<b>(189.764)</b>	<b>0</b>	<b>0</b>	<b>(2.371.412)</b>
	<b>4.425.975</b>	<b>33.385</b>	<b>0</b>	<b>0</b>	<b>4.459.360</b>

## 2015 Movement

Cost	2014	2015				Final Balance
		Acquisition	Donation	Write off	Write off	
Properties	1.800.000	0	0	0	0	1.800.000
Gymnasium RJ - Construction in progress	760.132	729.320	0	0	0	1.489.452
Leasehold improvements	1.641.307	132.882	0	0	0	1.774.189
Furniture	546.574	32.225	0	0	0	578.799
Computers	745.423	29.569	0	0	0	774.992
Facilities and premises	56.824	0	0	0	0	56.824
Vehicles	17.000	29.900	0	0	0	46.900
Equipment and tools	10.610	0	0	0	0	10.610
Books	75.857	0	0	0	0	75.857
	<b>5.653.727</b>	<b>953.896</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6.607.623</b>
Depreciation	2014	Addition	Addition per donation	Write off	Write off	Final balance
Leasehold improvements	(937.752)	(95.507)	0	0	0	(1.033.259)
Furniture	(350.405)	(35.948)	0	0	0	(386.353)
Computers	(605.991)	(44.536)	0	0	0	(650.527)
Facilities and premises	(52.785)	(3.414)	0	0	0	(56.199)
Vehicles	(17.000)	(4.983)	0	0	0	(21.983)
Equipment and tools	(10.610)	0	0	0	0	(10.610)
Books	(19.683)	(3.034)	0	0	0	(22.717)
	<b>(1.994.226)</b>	<b>(187.422)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2.181.648)</b>
	<b>3.659.501</b>	<b>766.474</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.425.975</b>

The Foundation has its headquarters in the city of São Paulo, installed in a land assigned by the Attorney General's Office of the State of São Paulo, through the term of permission of use, dated October 30, 1998, and of the authorization in the government dispatch number GG-0882/98. On October 8, 2015, by means of Decree 61545, the State requested the return of the property, the delivery of which occurred in January 2016.

Leasehold improvements are supported (i) by term of permission of use (headquarters in São Paulo) until 12/2015, (ii) by a lease agreement (Caju unit in Rio de Janeiro), with a term of 10 years and maturity on August 31, 2017 and (iii) by term of cooperation and partnership (block in São Paulo) with a term of 2 years and renewable. Accordingly, for fixed-term contracts, the Foundation has adopted as the depreciation criteria the term of fiscal rate of the assets, and for fixed-term use contracts, the Foundation adopts the criteria of amortization of improvements by remaining term of the contract.

## 6 Salaries, vacation and social charges

	2016	2015
Vacation and social charges	79.279	68.007
Social Security	0	6.248
Salaries payable	7.752	0

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FGTS payable	0	1.836
PIS on the payroll payable	3.348	1.420
Other	242	267
	<u>90.621</u>	<u>77.778</u>

## 7 Projects to be incurred

	Final Balance 2015	Restatement of previous balance	Resources Received	Reimbursements	Financial Revenue	Resources Invested	Returns	Accounts Receivable	Cash Balance 2016	Payable	Final Balance 2016
<b>Project Sport Incentive Law</b>											
Open Play Vila 3	606.090	4.711		280	26.146	(637.227)			0		0
Open Play Vila 4	1.546.811		330.858		202.396	(851.679)			1.228.386	46.110	1.274.496
Open Play Vila 5			790.776		403				791.179	29.699	820.878
Turning the Game - Vila Albertina Sport and Education	460.775	(33.206)			40.517	(21.084)			447.001	16.779	463.780
Systematization of Experience - Sport in Community	56.122	1	83.473		3.703	(143.298)			0		0
Caju Sport and Education 2	3.026								3.026		3.026
Caju Sport and Education 3	1.095.950	(8)			74.427	(1.025.870)			144.499	5.424	149.923
Open Play Caju 1	877.951		3		55.985	(543.278)			390.660	14.664	405.324
Caju Sport and Education 4			1.384.584						1.384.584	52.546	1.437.130
Open Play Caju 2			858.667						858.667	32.232	890.899
<b>Projects Rouanet Culture Incentive Law</b>											
Gol de Letrinha	6.213								6.213		6.213
<b>Projects CONDECA</b>											
Youth - Art & Facts			100.122		233				100.355	3.767	104.122
Community - Sexuality in Action			126.377		294				126.671	4.755	131.426
<b>Projects FUMCAD</b>											
Youth - Agency of Opportunity			234.052		557	(209.365)			25.244	948	26.192
Youth - Culture and Employability	61.254								61.254	2.299	63.553
Youth - Life Project	17.386								17.386	653	18.039
Turning the Game - Child Scenes	6.021	(1)							6.020		6.020
Turning the Game - Stories and Games	88.792	(1)	26.179		17	(1.940)	(113.046)		0		0
Communities - Sexuality Sharing Ideas	10.871				1	(509)	(10.363)		0		0
<b>Public Resources</b>	<b>4.837.262</b>	<b>(28.505)</b>	<b>3.935.088</b>	<b>280</b>	<b>404.679</b>	<b>(3.434.251)</b>	<b>(123.409)</b>	<b>0</b>	<b>5.591.146</b>	<b>209.876</b>	<b>5.801.022</b>
<b>Open Play</b>											
Fifa - Federation Internationale de Football Association 2014	271				5	(276)			0		0
Fifa - Federation Internationale de Football Association 2015	21.239				815	(22.053)			0		0
Fifa - Federation Internationale de Football Association 2016			156.190	99	15.465	(103.027)			68.728		68.728
Manchester - City Football Group Limited			205.844		243	(203.594)			2.493		2.493
<b>Youth</b>											
Constructor Training - Leroy						(20.912)		20.912	0		0
Youth in Action - Starbucks	56.705	(5.760)			266	(51.018)			192		192
<b>Turning the Game</b>											
Turning the Game with Music - H. Griffo	15.056	(14.193)			43	(906)			0		0
<b>Dissemination</b>											
Project Ginga Social - Adidas	108.194	(52.385)	802.731		1.132	(714.654)			145.018		145.018
<b>Extras</b>											
Diversity Aquarelle - Unilever	463	(58.541)	80.428			(32.150)		9.800	0		0
<b>Two-touch</b>											
Games of the World - Laureus	352.191	(100.377)	284.708		19.015	(520.877)			34.660		34.660
<b>Open Play</b>											
Open Play - Petrobras	240.292	(1.126)			19.603	(217.340)			41.429		41.429
Barreira do Vasco - Lacoste	263.632	(973)	371.030		43.414	(225.204)			451.899		451.899
<b>Work Goal</b>											
Employability - Inst. Societe Generale		9.699	178.801		669	(175.399)			13.770		13.770
<b>Gymnasium Gol de Letra</b>											
Gymnasium Socrates - Furnas	13.991		624.987		7.534	(544.720)			101.793		101.793
<b>Extras</b>											
Integration Games - Adidas	197.890	94			13.371	(211.209)			147		147
<b>Others</b>											
Exchange SDV	14.106	49.999	612.241		9.412	(74.618)			611.140		611.140
<b>Private Resources</b>	<b>1.284.030</b>	<b>(173.562)</b>	<b>3.316.960</b>	<b>99</b>	<b>130.987</b>	<b>(3.117.958)</b>	<b>0</b>	<b>30.713</b>	<b>1.471.269</b>	<b>-</b>	<b>1.471.269</b>
<b>GAND TOTAL</b>	<b>6.121.292</b>	<b>(202.066)</b>	<b>7.252.048</b>	<b>379</b>	<b>535.666</b>	<b>(6.552.209)</b>	<b>(123.409)</b>	<b>30.713</b>	<b>7.062.415</b>	<b>209.876</b>	<b>7.272.291</b>

The projects to be incurred represent the obligations that the Foundation has in the execution of the respective projects in function of the financial resources (partial or total) that have already been received. The write-off of the liability occurs to the extent that the resources received in the execution of the projects are used. According to the Rouanet Law and the Sports Incentive Law, in case there is excess cash at the end of the projects, the resources available must be returned by the tenderer to the Union.

### Sports Incentive Law n. 11.438/06

The President of the Republic, through Decree N. 6,180, dated August 03, 2007, regulates Law N. 11,438, of December 29, 2006, which deals with incentives and benefits to encourage sports activities, decrees that from the calendar year 2007 up to and including the calendar year 2015, may be deducted from income tax due, ascertained in the annual adjustment statement by the individuals or in each quarterly or annual calculation period by the person legal taxed on the basis of real profit amounts spent as sponsorship or donation, in direct support to sports and para-sports projects previously approved by the Ministry of Sport.

**Law Municipal Fund for the Rights of Children and Adolescents of the City Hall of Sao Paulo (FUMCAD) n. 8.069/90**

The Municipal Fund for the Rights of the Child and Adolescent of the City Hall of Sao Paulo, through awareness of the use of the Withholding Income Tax, seeks to benefit entities with projects that support children and teenagers (through donations via law number 8.069, from July 13/90, of FUMCAD).

The Income Tax is the main source of funding for FUMCAD of the City of Sao Paulo, and its use does not have a burden on those who contribute.

This initiative, whose benefits to society are extremely significant, is aligned with the growing importance of the role that individuals can play as active agents of community development and the building of responsible and productive citizenship.

The Fund, created in São Paulo by Law 11,247, seeks to join efforts by voluntarily participating in the development of programs approved by the Fund for the Rights of Children and Adolescents.

**8 Related Parties**

The main liability balances as of December 31, 2016 and 2015, as well as the transactions that influenced the year's profit or loss linked to related party transactions, are summarized as follows:

**Donation Revenue**

	<b>2016</b>	<b>2015</b>
Gol de Letra France	389.481	480.407

**9 Provisions for contingencies**

The Foundation is a party to lawsuits and administrative proceedings before courts and government agencies, arising from the normal course of operations, involving labor matters and other matters.

The Foundation, based on information from its legal advisors and analysis of outstanding legal claims, recorded a provision related to the probable risk of loss to the Entity in the amount of R\$ 98,141.00 due to cases evaluated by legal advisors as probable risk. The remainder was evaluated as possible and remote risk and was not recorded.

**10 Equity**

The income generated by the Gol de Letra Foundation is used integrally in its social objectives commented on in note number 1.

In case of extinction of the Foundation, which must be approved by 2/3 of the members of the Board of Trustees, the assets will be destined to another non-profit foundation and of a similar nature, registered in the CNAS - National Council of Social Assistance, under public prosecutor's approval.

## **11 Financial instruments**

The Foundation operates only with non-derivative financial instruments that include financial investments and other receivables, cash and cash equivalents, as well as accounts payable and other debts, whose values are representative of the respective market values. The Foundation does not have specific policies or strategies for the management of financial instruments since Management understands that there is no significant risk of losses associated with these instruments. The Foundation does not make speculative investments in derivatives or any other risk assets.

### ***Fair value***

The carrying amounts included in the balance sheet, when compared to the values that could be obtained when trading in an active market or, in the absence thereof, with the net present value adjusted based on the current interest rate in the market, are very close to their corresponding market values.

### ***Derivative financial instruments***

The Foundation does not hold derivative financial instruments to hedge against exchange rate risks.

CPC 38 - Financial Instruments: Recognition and Measurement establishes a three-level hierarchy for fair value, which prioritizes information when measuring the fair value by the Entity, to maximize the use of observable information and minimize the use of unobservable information. CPC 38 describes the three levels of information that should be used to measure fair value:

**Level 1** - Prices negotiated (without adjustments) in active markets for identical or passive assets;

**Level 2** - Other available information, except those in Level 1, where quoted (unadjusted) prices are for similar assets and liabilities, in non-active markets, or other information that is available and can be used indirectly (derived from prices).

**Level 3** - Information unavailable due to little or no market activity and significant for the definition of the fair value of assets and liabilities.

The processes to measure the fair value of the Foundation's financial instruments are classified as Level 2.

Due to the characteristics and form of operation, as well as the financial and equity position as of December 31, 2016, the Foundation is subject to the:

### **Liquidity Risk**

Liquidity risk is the risk that the Foundation will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Foundation's approach to liquidity management is to ensure as much as possible that it always has sufficient liquidity to meet its obligations under normal and stressful conditions without causing unacceptable losses or at risk of undermining the Foundation's reputation.

### Market Risk

Market risk is the risk that changes in market prices such as exchange rates and interest rates have on the Foundation's earnings in the value of its holdings in financial instruments. These fluctuations in prices and fees can cause changes in the Foundation's revenues and costs. The purpose of market risk management is to manage and control market risk exposures, within acceptable parameters, while optimizing return.

### Interest Rate Risk

With respect to interest rates, aiming at mitigating this type of risk, the Foundation centralizes its investments in operations with rates of return that accompany the CDI variation in interbank deposit certificate and fixed income funds. In exchange rates the risk is also mitigated since the Foundation does not have cash and financial investments in foreign currency.

## 12 Project Revenues - Linked Donations

	2016			2015		
	Project Revenue	Financial Revenue	Total	Project Revenue	Financial Revenue	Total
<b>Projects - Sports Incentive Law</b>						
Open Play Vila	1.259.961	228.945	<b>1.488.906</b>	1.211.199	118.175	<b>1.329.374</b>
Caju Sport and Education	932.011	114.944	<b>1.046.955</b>	1.369.699	214.288	<b>1.583.987</b>
Open Play Caju	487.293	55.985	<b>543.278</b>	0	0	<b>0</b>
Sport in Community	139.595	3.703	<b>143.298</b>	0	0	<b>0</b>
Sport in Vila	0	0	<b>0</b>	62.641	6.475	<b>69.116</b>
<b>Mun. Fund Children and Adolescent (FUMCAD)</b>						
Culture and Employability	208.808	557	<b>209.365</b>	0	0	<b>0</b>
Stories and Games	1.923	17	<b>1.940</b>	360.918	433	<b>361.351</b>
Sexuality Sharing Ideas	508	1	<b>509</b>	55.696	70	<b>55.766</b>
<b>Other Projects</b>						
Project Ginga Social	712.996	1.659	<b>714.655</b>	1.625.886	33.421	<b>1.659.307</b>
Open Play	691.949	79.546	<b>771.495</b>	788.906	50.803	<b>839.709</b>
Gymnasium Socrates - Furnas	537.187	7.534	<b>544.721</b>	0	0	<b>0</b>
Two-touch	501.862	19.015	<b>520.877</b>	381.540	14.776	<b>396.316</b>
Extras	197.837	13.371	<b>211.208</b>	29.526	5.720	<b>35.246</b>
Work Goal	174.730	669	<b>175.399</b>	165.965	1.129	<b>167.094</b>
Exchange SDLV	65.206	9.412	<b>74.618</b>	67.097	2.940	<b>70.037</b>
Project Youth	71.664	266	<b>71.930</b>	26.822	177	<b>26.999</b>
Diversity Aquarelle	32.150	0	<b>32.150</b>	142.607	0	<b>142.607</b>
Award Itau-Unicef: Believe and Do	863	42	<b>905</b>	443.008	1.558	<b>444.566</b>
Sexuality in action	0	0	<b>0</b>	67.781	2.922	<b>70.703</b>
Marking the time	0	0	<b>0</b>	22.719	555	<b>23.274</b>
Education - Laureus	0	0	<b>0</b>	799	0	<b>799</b>
Project Family	0	0	<b>0</b>	780	0	<b>780</b>
	<b>6.016.543</b>	<b>535.666</b>	<b>6.552.209</b>	<b>6.823.589</b>	<b>453.442</b>	<b>7.277.031</b>

## 13 Free Donations

### Unrestricted Revenue

	2016	2015
Mobilization campaign	145.701	142.417
Contributions	698.520	515.238
Partner companies	800	171.259
Gol de Letra France	389.481	480.407
International resources	57.693	205.712
Foundations and institutes	0	370
Tournament gol de letra	147.500	315.000
Sao Paulo fiscal note program (SEFAZ/SP)	370.770	454.525
	<b>1.810.465</b>	<b>2.284.928</b>

Donations received "without restrictions", in cash, products or services, from companies and individuals.

## 14 General and administrative expenses

	Projects with restrictions	Projects without restrictions	General administratio n	Projects with restrictions	Projects without restrictions	General administratio n
	2016			2015		
Personnel, charges and benefits	3.774.479	359.711	918.320	3.698.993	597.724	808.992
Contracted services	875.010	59.671	153.295	808.031	83.739	79.616
Travel	85.619	9.523	14.439	126.774	4.178	51.519
Information technology	11.586	19.637	20.631	29.099	30.229	38.664
Marketing and advertising	103.010	16.604	-	120.590	215.282	16.769
Transfer to other organizations	532.132	-	-	1.137.453	-	-
Others	1.170.373	336.790	83.336	1.356.091	115.846	336.716
	<b>6.552.209</b>	<b>801.936</b>	<b>1.190.021</b>	<b>7.277.031</b>	<b>1.046.998</b>	<b>1.332.276</b>

## 15 Tax Waiver

In compliance with item 27, letter "c" of ITG 2002 (R1) - a non-profit entity, the Entity presents below the list of taxes subject to tax exemption for the years ended December 31, 2016 and 2015:

- IRPJ (Corporate Income Tax)
- CSLL (Social Contribution on Net Income)
- INSS (Employee Pension Fund)
- ISSQN (Tax on Providing of Services of any Nature)
- COFINS (Contribution to the Financing of Social Security) on own revenues

### Tax Waiver

	<b>2016</b>		<b>2015</b>
INSS (26,8% on incidental expenses)	890.777		1.054.458
COFINS (3% of total revenues with and without restrictions)	253.475		289.861
	<b>1.144.252</b>		<b>1.344.319</b>
	<b>2016</b>		<b>2015</b>
Total revenues	8.449.159		9.662.023
Costs - projects with restriction	(6.552.209)	<b>78%</b>	(7.277.031)
Gratuity - other projects	(801.936)	<b>9%</b>	(1.046.998)
Indirect Expenses	(1.190.021)	<b>14%</b>	(1.539.992)
		<b>101</b>	<b>102</b>
Application in gratuity	(8.544.166)	<b>%</b>	(9.864.021)
		<b>%</b>	<b>%</b>



## 16 Gratuity

The Foundation provides services and carries out assistance actions, free of charge, continuous and planned, for users and those who need them, without any discrimination, in compliance with Law Number 8,742 of December 7, 1993.

The Foundation's management understands that the resources allocated to the activities are adequate and meet the requirements of Law 12.101 / 09 and other regulations in force. The approval of the calculations, as well as the assumptions used by the Foundation, are linked to the future installments of accounts with the Ministry of Social Development and Fight against Hunger - M D S.

Certificate of social assistance charity entity

On October 22, 2004, the National Council of Social Assistance testified that the Gol de Letra Foundation is registered in that body pursuant to Resolution 103 of October 15, 2004, published in the Official Gazette of October 20, 2004 based on the judgment of the process number 44006.002207/2002-12.

On October 22, 2004, the National Council of Social Assistance granted to Gol de Letra Foundation the Certificate of Social Assistance Charity Entity - CEBAS, valid until October 19, 2007.

The Foundation has been making timely requests for renewal of the Certificate of Social Assistance Charity Entity - CEBAS.

### **CEBAS | CERTIFICATE OF SOCIAL ASSISTANCE CHARITY ENTITY**

Law 8.742 from December 07, 1993

Record: 0429/2004 | Date: 15/10/2004 | Process 44006.002207/2002-12

<b>REQUEST</b>	<b>PROCESS</b>	<b>DECISION</b>	<b>PUBLICATION</b>	<b>CERTIFICATION TERM</b>
07/10/2002	44006.002207/2002-12	Granted	DOU 20/10/2004	20/10/2004 to 19/10/2007
10/07/2007	71010.002511/2007-70	Granted	DOU 26/01/2009	20/10/2007 to 19/10/2010
14/10/2010	71000.122086/2010-59	Granted	DOU 30/01/2015	20/10/2010 to 19/10/2015
17/04/2013	71000.049427/2013-87	Filed		20/10/2013 to 19/10/2016
03/07/2015	71000.070966/2015-47	Granted	DOU 02/12/2015	20/10/2015 to 19/10/2018

### **COMAS - Municipal Council of Social Assistance**

According to art. 27 of Resolution n. 528/2011, the registration of the entity and organization of social assistance or service, program, project and socio-welfare benefit is for an indefinite period. The Foundation is enrolled in COMAS/SP under number 607.

## 17 Sureties, guarantees and collaterals

The Foundation has not provided guarantees or participated in any transactions as a guarantor during 2016 and 2015 financial years.

## **18 Insurance coverage**

The Foundation contracted insurance to protect its assets in accordance with the characteristics of the assets, the relevance and the replacement value of the assets and the risks to which they are exposed, observing the legal, contractual and technical grounds. Amounts are considered sufficient by management to cover the risks involved. 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 our independent auditors.

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### **Management Team**

Beatriz Campos Pantaleao  
Executive Director

### **Quality Associados Servicos Empresariais S/S Ltda.**

Rogério Gerlah Paganatto  
Accountant CRC 1SP131987/O-3

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