

## **Financial Statements**

### **Friends of Good National Institution Against Hunger and Misery**

31 December 2021 and 2020  
with Independent Auditor's Report

# Friends of Good National Institution Against Hunger and Misery

## Financial statements

31 December 2021 and 2020

### Index

Independent auditor's report on the financial statements .....	1
Audited financial statements	
Balance Sheet.....	4
Statement of surplus for the year .....	5
Statement of changes in shareholders' equity .....	6
Cash Flow Statement .....	7
Notes to the financial statements .....	8



São Paulo Corporate Towers  
Presidente Juscelino Kubitschek, 1.909 6th  
to 10th floor - Vila Nova Conceição 04543-  
011 - São Paulo - SP - Brazil

Tel: +55 11 2573-3000  
ey.com.au

## Independent auditor's report on the financial statements

À  
Management and directors of the  
**Friends of Good National Institution Against Hunger and Misery**  
São Paulo - SP

### Opinion

We have audited the financial statements of Amigos do Bem Instituição Nacional Contra a Fome e a Miséria ("Institution"), which comprise the balance sheet as of December 31, 2021, and the related statements of surplus (deficit), comprehensive income, changes in equity and cash flows for the year then ended, as well as the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amigos do Bem Instituição Nacional Contra a Fome e a Miséria as of December 31, 2021, the performance of its operations and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to non-profit entities (ITG 2002 (R1)).

### Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institution in accordance with the ethical principles established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil applicable to non-profit entities (ITG 2002 (R1)) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the preparation of the financial statements.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.
- Obtain an understanding of internal control 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 Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of our planned audit work and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

São Paulo, May 16, 2022. ERNST

& YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

A handwritten signature in black ink, appearing to read 'Rita de C. S. Freitas', is written over a horizontal line.

Rita de C. S. Freitas  
Accountant CRC-1SP214160/O-5

## Friends of Good National Institution Against Hunger and Misery

Balance Sheet  
December 31, 2021 and 2020 (In  
reais)

	<b>Note</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
Current Assets			
Cash and cash equivalents	5	<b>2.018.804</b>	5.805.472
Restricted cash	14	<b>7.659.817</b>	3.171.350
Accounts receivable	6	<b>4.295.731</b>	3.677.784
Stocks	7	<b>16.029.472</b>	12.822.640
Advances	8	<b>166.756</b>	289.770
Taxes to be recovered		<b>1.633</b>	25.072
Expenses to be settled		<b>144.371</b>	147.850
Total current assets		<b>30.316.584</b>	25.939.938
Non-current assets			
Restricted financial investments	9	<b>39.815.742</b>	15.987.641
Fixed Assets	11	<b>18.448.231</b>	15.673.957
Intangible		<b>21.912</b>	20.660
Total non-current assets		<b>58.285.885</b>	31.682.258
Total assets		<b>88.602.469</b>	57.622.196
Current Liabilities			
Suppliers	10	<b>2.872.648</b>	822.349
Tax liabilities	12	<b>276.411</b>	237.978
Labor obligations	13	<b>2.084.920</b>	1.342.092
Other obligations		<b>170.696</b>	136.471
Projects to be carried out	14	<b>7.659.817</b>	3.171.350
Total current liabilities		<b>13.064.492</b>	5.710.240
Shareholders' equity	15		
Equity		<b>51.911.956</b>	29.699.855
Surplus/deficit for the period		<b>23.626.021</b>	22.212.101
Total shareholders' equity		<b>75.537.977</b>	51.911.956
Total liabilities		<b>88.602.469</b>	57.622.196

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

## Friends of Good National Institution Against Hunger and Misery

Statement of surplus for the year  
Years ended December 31, 2021 and 2020 (In reais)

	<b>Note</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
Recipes			
Income from donations	16	<b>86.277.415</b>	61.279.632
Revenue from sale of goods	16	<b>27.755.913</b>	15.668.641
Cost of goods sold	17	<b>(18.174.998)</b>	(6.709.275)
Gross surplus		<b>95.858.330</b>	70.238.998
Project Expenses	18	<b>(61.903.169)</b>	(40.434.518)
General and administrative expenses	19	<b>(9.371.001)</b>	(6.127.843)
Tax expenses		<b>(171.355)</b>	(66.266)
Depreciation	11	<b>(2.201.507)</b>	(1.477.776)
Other operating income		<b>489.013</b>	58.456
Earnings before financial income (expenses)		<b>22.700.311</b>	22.191.051
Financial result			
Financial revenue	20	<b>1.878.361</b>	361.206
Financial expenses	20	<b>(952.651)</b>	(340.156)
Surplus for the year		<b>23.626.021</b>	22.212.101

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

## Friends of Good National Institution Against Hunger and Misery

Statement of changes in stockholders' equity Years  
ended December 31, 2021 and 2020 (In reais)

Description	Equity	Accumulat ed surplus (deficit)	Shareholders' equity
Balances at 31 December 2019	26.328.844	3.371.011	29.699.855
Transfer of accumulated surplus	3.371.011	(3.371.011)	-
Surplus for the year	-	22.212.101	22.212.101
Balances at December 31, 2020	29.699.855	22.212.101	51.911.956
Transfer of accumulated surplus	<b>22.212.101</b>	<b>(22.212.101)</b>	-
Surplus for the year	-	<b>23.626.021</b>	<b>23.626.021</b>
Balances at December 31, 2021	<b>51.911.956</b>	<b>23.626.021</b>	<b>75.537.977</b>

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



## Friends of Good National Institution Against Hunger and Misery

### Statement of cash flows

Years ended December 31, 2021 and 2020 (In reais)

	<b>31/12/2021</b>	<b>31/12/2020</b>
Cash flow from operating activities Surplus for the year	<b>23.626.021</b>	22.212.101
Adjustments to reconcile net income to cash used in operating activities		
Depreciation	<b>2.201.507</b>	1.477.776
Retirement of fixed assets	<b>209.218</b>	264.050
Unrealised financial revenue	<b>(285.719)</b>	(108.776)
Provision for inventory losses	<b>72.729</b>	51.398
Variation in assets and liabilities		
(Increase) decrease in assets		
Restricted cash	<b>(4.488.467)</b>	(3.171.350)
Customers	<b>(617.947)</b>	(594.110)
Advances	<b>123.014</b>	205.949
Taxes to be recovered	<b>23.439</b>	(20.010)
Stocks	<b>(3.279.561)</b>	(2.402.901)
Other asset accounts	<b>2.227</b>	(44.653)
Increase (decrease) in liabilities		
Suppliers	<b>2.050.299</b>	(3.058.453)
Tax liabilities	<b>38.433</b>	(8.585)
Labor obligations	<b>742.828</b>	(183.532)
Other obligations	<b>34.225</b>	106.295
Projects to be carried out	<b>4.488.467</b>	3.171.350
Net cash generated from operating activities	<b>24.940.713</b>	17.896.549
Investment activities Restricted financial investments	<b>(23.542.382)</b>	(15.878.865)
Fixed asset acquisitions	<b>(5.184.999)</b>	(3.230.877)
Net cash used in investing activities	<b>(28.727.381)</b>	(19.109.742)
Increase (decrease) in cash and cash equivalents	<b>(3.786.668)</b>	(1.213.193)
Cash and cash equivalents at the beginning of the year	<b>5.805.472</b>	7.018.665
Cash and cash equivalents at the end of the year	<b>2.018.804</b>	5.805.472
Increase (decrease) in cash and cash equivalents	<b>(3.786.668)</b>	(1.213.193)

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

## **Friends of Good National Institution Against Hunger and Misery**

Notes to the financial statements December 31,  
2021 and 2020  
(In reais)

### **1. Social and operational context**

The Institution is a Civil Association, nonprofit, nonpartisan, of welfare character, its mission is to promote citizenship and confront inequality, through social welfare work aimed at supporting people in a state of social vulnerability, making no distinction of race, sex, color, age, religious or political beliefs, ensuring the universality of care.

The Project began in 1993, with a group of friends, led by Alcione de Albanesi, who brought food, clothing, medical and dental care to families in the Brazilian Northeastern backlands, during the Christmas and New Year period. It has become a work of transformation with countless projects that move the lives of thousands of people and, on April 17th 2002, Friends of the Good National Institution Against Hunger and Misery ("Friends of the Good", "Entity" or "Institution") was born, registered with CNPJ: 05.108.918/0001-72.

The purpose of the Institution is to develop continuous, permanent and planned assistance programs, in the form of care, advice or defense and guarantee of rights, aiming at the promotion of the person, under equal conditions, through the practice of actions aimed at eradicating poverty, strengthening affective bonds, welcoming and developing the autonomy of children, adolescents and adults, strengthening social movements and integration into the labor market.

The Institution's operations are focused on Social Assistance for the beneficiary population, which is in a social reality of extreme vulnerability and extreme poverty, living in an area with the lowest Human Development Index (HDI) in the country.

The Institution has become one of the largest social projects in the country and regularly serves thousands of families in a systematic and sustainable manner. All activities are supported in this scope of social assistance, such as strengthening access to education, emergency actions for humanitarian services, among others, which aim to transform lives and local development through broad programs and projects, encompassing various aspects of the reality of the region.

The headquarters of Amigos do Bem is located in São Paulo - SP, and it also has branches, known as Cidades do Bem, to assist it in the exercise of its activities, which are located in Buíque-PE (CNPJ: 05.108.918/0002-5); Mauriti-CE (CNPJ: 05.108.918.0005/04), Inajá-PE (CNPJ: 05.108.918.0006/87); and Vila de Torrões-AL (CNPJ: 05.108.918.0007/68).

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 1. Social and operational context--Continued

#### a) Sources of funds

The resources for maintaining the activities of the Institution are obtained through own resources, private and secondary activities being them:

##### *Own resources*

- (I) Membership Contributions;
- (II) Financial revenue of any kind;
- (III) Events in general;
- (IV) Others of similar nature.

##### *Private resources*

- (I) Donations of any kind;
- (II) Annuities in his favor constituted by third parties;
- (III) Usufruct granted to him;
- (IV) Sponsorship resources;
- (V) Products of credit operations, internal and external, to finance its activities, subject to the approval of the Board of Directors;
- (VI) Others of similar nature.

##### *Activities for income generation*

The Institution has income generation programs, which are operated through the elaboration of products of various orders and their respective marketing, respecting the specificities of the legal parameters that regulate each activity. This is done through the operation of; a) two factories (CE and PE) for processing cashew nuts and; b) six workshops for sewables (being: 3 in CE; 1 in PE and 2 in AL).

#### b) Beneficiaries

The Institution serves about 83 thousand people benefited, in the Northeastern hinterland of the states of Pernambuco, Alagoas and Ceará. There are 16 thousand families living in more than 146 villages in the sertão of these states. The effort to fight hunger in the region also reached a record level, distributing 280,000 basic food baskets - a total of 4.1 million kilos of food - to registered families and other families in the region living in extreme poverty. This action not only reduced food insecurity, but also fostered better health prevention. With the distribution of food, clothes, toys at Christmas (18,000 children) and other emergency and humanitarian services.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 1. Social and operational context--Continued

#### b) Beneficiaries--Continued

The project generates work and income (1,500 direct work positions) with productive areas, sewing workshops and other development programs and promotes assistance to 10,000 students, children and adolescents in specially created spaces, called Transformation Centers (TC's), where socio-educational and human formation activities are developed.

The four "Cities of Good" provide decent housing, access to water, basic sanitation, and physical structures for developing programs and serving nearby villages. So far, 60 artesian wells have been drilled in 40 villages in Ceará and Pernambuco, with the goal of creating a water infrastructure for human consumption and agricultural production. Annually, the wells drilled by Friends of Good produce 1.2 billion liters of potable water for drinking, cooking, hygiene, cleaning and subsistence agriculture, serving more than 21,000 people. Still on the subject of water, the purchase of 5 water trucks was consolidated, which provided the distribution of 16 million liters.

The Muda project stimulates the activity of small producers in the region. In 2021, 45,000 cashew seedlings were distributed to 353 small producers, generating income for 2016 people in 34 villages in the region of Mauriti, Ceará.

The Institution also promotes actions to support the permanence and development of the capacities and potentialities of children and adolescents in the region's schools, in addition to funding enrollment so that socially vulnerable young people can have higher education in local colleges. By 2021, 530 scholarships have been granted and 124 students have graduated since 2016. In 2021, 172 beneficiaries studied in 20 higher education and post-graduate courses with scholarships granted.

#### c) Tax immunity

Article 150 of the Federal Constitution guarantees the institution immunity (or exemption) from taxes on its assets, income and services rendered. The Friends of the Well is a civil association of social assistance, non-profit. The Institution is exempt or immune from paying income tax and social contribution on any surplus calculated, as well as the Contribution for the Financing of Social Security (COFINS) related to its own activities, situation consolidated in the process 0005264- 50.2016.4.03.6100. The Institution is a beneficiary of ICMS (SP, PE, CE and AL) and ITCMD (SP), pursuant to Agreements 129/04 and process no. 51085-415204/2016, respectively.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 1. Social and operational context--Continued

#### 1.1. The highlights of the year

In 2021, a re-registration of the population served in the Northeastern Sertão was carried out. The Friends of Good census is conducted every 2 years and allows us to count the people served, recording variations in the number of families and in the total population, as well as registering new villages. In all, the census of 2021, accounted for 146 villages served regularly and registered in SAB (System of Friends of Good), in the states of Alagoas, Ceará and Pernambuco. With the re-registration of the local population and villages, the project now serves a total of 16,000 families and a total population of 83,000 people. The localities mapped and served in rural areas of the semi-arid region are in villages of 10 municipalities: Alagoas (28 povoados) - in the municipalities of São José da Tapera, Arapiraca, Batalha, Jaramataia; Ceará (44 povoados) - in the municipalities of Mauriti and Brejo Santo; Pernambuco (74 povoados) - in the municipalities of Buíque, Arcoverde, Inajá and Manari;

In addition to the people regularly served and registered in our system, throughout the pandemic, these actions were temporarily extended to more than 300 villages in these states.

There was also, the beginning of the telemedicine operation, which will impact more than 40 thousand people in the Northeastern Sertão with free medical care at a distance and the implementation of the Catimbau solar energy plant as well as the conversion of 8 wells to solar energy, introducing a new chapter of sustainability through the use of clean energy in abundance in the Sertão.

The legacy of the pandemic built by Friends of Good for the northeastern sertão has materialized throughout the year 2021 and includes: 04 Telemedicine Centers fully equipped with distance care infrastructure, a new digital inclusion and distance education program, and the expansion of water infrastructure - with the drilling and delivery of 22 new wells in the short period of 2 years, as well as the acquisition of 05 new water tanker trucks to serve the population in greater water vulnerability, totaling 1.2 billion liters of water produced per year in the driest region in Brazil.

The food security service has grown and made it possible to be present in a greater number of homes: in 2021, the service was expanded from 15,000 to 16,000 families in 146 towns in the states of Alagoas, Ceará and Pernambuco. Now, 83,000 people have their food security guaranteed every month through monthly collections and contributions from partners who support the mission to eradicate hunger in the Sertão.

## **Friends of Good National Institution Against Hunger and Misery**

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### **1. Social and operational context--Continued**

#### **1.1. Highlights of the year--Continued**

The administration believes that through applications, events sponsored and organized by partners (Live's; Shows and dinners) aligned with the objectives of the project, all these actions driven through social networks, was and will be, possible to promote and enable the collection of financial and material resources that provided the performance and continuity of the Institution in various actions and social projects. The plans for 2022 meet the maintenance of the pillars of the project for the assisted population, without creating new projects and contemplating cost reduction.

The institution has established partnerships in the development of projects (see note 13), enabling medium-term actions, which promote assistance to the communities reached by these actions, which aim at food security, water supply, improvements in health, teaching and learning. In addition, the Institution has an e-commerce platform to promote the sale and marketing of products produced with the support of the Institution, aiming to strengthen the inflow of resources.

### **2. Presentation of the financial statements**

The Institution's financial statements were prepared in accordance with the Brazilian Accounting Standards, embodied in the technical pronouncements of the Accounting Pronouncements Committee (CPC) and the provisions applicable to non-profit institutions, ITG 2002 - "Non-Profit Entity" and NBC TG 1000 - "Accounting for Small and Medium-Sized Companies", issued by the Federal Accounting Council (CFC), which aim to guide compliance with legal requirements on accounting procedures to be followed by non-profit legal entities.

These financial statements were approved by the Institution's Board of Directors on May 16, 2022.

The principal accounting policies applied in the preparation of these financial statements are set out below.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 3. Significant accounting policies

The most relevant practices adopted by the Institution are:

a) Functional and presentation currency

The financial statements are being presented in Brazilian reais, which is the Institution's functional currency, and also its presentation currency.

b) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and not for investment or other purposes. The Institution considers cash equivalents to be a financial investment with immediate convertibility into a known cash amount and subject to an insignificant risk of change in value. Accordingly, an investment normally qualifies as cash equivalent when it has a short-term maturity, for example, three months or less from the contracting date.

c) Restricted cash

These are held for the purpose of meeting medium-term commitments and not for investment or other purposes, since they are directly linked to projects to be carried out. These funds are invested in short-term investments and are utilized to the extent of the projects to which they are linked.

d) Accounts receivable

Refer to notes receivable for products with the brand name Friends of the Well (which contains handmade products, nuts, sweets and others produced in the City of the Well).

e) Stocks

Inventories are valued at the average cost of acquisition or donation, which does not exceed the net realizable value of the product.

The costs incurred to bring each product to its current location and condition are accounted for as follows:

- Raw materials - acquisition cost according to the average cost.
- Finished products and work in progress - cost of direct materials and labor and a proportionate share of manufacturing overhead based on normal operating capacity.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 3. Significant accounting policies (Continued)

#### f) Fixed Assets

Property, plant and equipment are valued at the historical cost of acquisition. Depreciation is calculated on a straight-line basis, considering the estimated useful lives of the assets and the depreciation rates used by the Institution are described in the Explanatory Note nº 10.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residual value of an asset, the depreciation of that asset is reviewed prospectively to reflect the new expectations.

An item of property, plant and equipment is derecognized when it is sold or when no future economic benefits are expected from its use or sale. Any gain or loss resulting from the asset retirement (calculated as the difference between the net sales value and the book value of the asset) is included in the statement of surplus/deficit in the year in which the asset is retired.

#### g) Financial liabilities

Financial liabilities are classified as trade and other payables, to which are added the directly related transaction cost.

The Institution determines the classification of its financial liabilities at the time of their initial recognition. Financial liabilities are initially recognized at fair value. After initial recognition, financial liabilities are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the income statement (surplus) when the liabilities are derecognized, as well as during the amortization process using the effective interest rate method.

A financial liability is derecognised when the obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are significantly changed, such replacement or change is treated as a derecognition of the original liability and recognition of a new liability, and the difference in the corresponding carrying amounts is recognized in the income statement.

The Institute's financial liabilities mainly include: suppliers, tax and labor obligations.

Suppliers include obligations with suppliers of materials and services, which are initially recognized at fair value and subsequently measured at amortized cost.



## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 3. Significant accounting policies (Continued)

#### h) Projects to be carried out

Every two years an event is held to raise funds for specific projects based on the development and promotion of social actions in the areas where Amigos do Bem operates.

In 2021, still due to health restrictions, all in-person events were cancelled. The account in question shows a balance in 2021, reflecting the link between specific funds received and the contractual requirement to be executed in up to two years.

These revenues are recognized as surplus to the extent of the incurrence of expenses until a cut-off date, for each project.

#### i) Equity

The Institution's equity consists of all the movable and immovable assets it owns and all those it may acquire, as well as all the legitimate rights it holds or may come to hold. The transfer of the surplus/deficit to the equity capital occurs upon approval by the associates' assembly.

#### j) Calculation of the surplus/deficit

Income from donations is recognized in the statement of income upon actual receipt, except for those donations that are linked to designated projects, which are recognized in the statement of income as such funds are invested in the projects.

Revenue from sales of goods is recognized when it is probable that economic benefits will be generated for the Institution and when it can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. The Institution evaluates revenue transactions based on the specific criteria for determining whether it is acting as agent or principal, and ultimately concluded that it is acting as a principal in all of its product sales agreements.

The surplus or deficit from activities is determined on the accrual basis of accounting.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 4. Critical accounting estimates and judgements

The financial statements were prepared based on several valuation bases used in accounting estimates.

Accounting estimates involved in the preparation of the financial statements considered objective and subjective factors, based on Management's judgment to determine the appropriate amount to be recorded in the financial statements, are continually evaluated and are based on historical experience and other factors, including expectations of future events.

Significant items subject to these estimates and assumptions include:

- (a) Estimation of the useful lives of property, plant and equipment and its recoverability;
- (b) Analysis of the other risks to determine other provisions, such as recoverability of assets, such as trade receivables, inventories and estimates of the probability of losses for contingencies;
- (c) Estimated valuation of volunteer work at fair value.

The settlement of transactions involving these estimates could result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent to the estimation process. The Institution reviews its estimates and assumptions at least annually.

During 2021 and 2020, no events or assumptions were identified that could present significant risks of causing a material adjustment to the carrying amounts of the Institution's assets.

### 5. Cash and cash equivalents

	<u>31/12/2021</u>	<u>31/12/2020</u>
Box	<b>16.135</b>	13.653
Banks - current accounts	<b>448.826</b>	212.781
Fintec - payment settlement company	<b>19.656</b>	-
Financial investments	<b>1.534.187</b>	5.579.038
	<b><u>2.018.804</u></b>	<u>5.805.472</u>

Cash equivalents are held with domestic financial institutions for the purpose of meeting short-term cash commitments, and not for investment or other purposes. The Fintec account (Banco Útil) is solely and exclusively intended to settle taxes on e-commerce transactions.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 5. Cash and cash equivalents--Continued

Financial investments classified as cash equivalents are represented by investment funds, Bank Deposit Certificates ("CDB") and repurchase agreements, and bear interest at the weighted average rate of 101.0% of the CDI rate (100.5 % at December 31, 2020).

### 6. Accounts receivable

Composition of customer balances by maturity:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Due	<b>3.333.996</b>	2.439.597
Defeated:		
0 to 30 days	<b>904.975</b>	1.044.977
From 31 to 60	<b>56.760</b>	193.210
	<u><b>4.295.731</b></u>	<u>3.677.784</u>

Receivables from products sold under the Amigos do Bem brand which contain handmade products, nuts, sweets and others produced in the Cities of Good. The Institution periodically assesses the credit risk of its receivables and, given that Amigos do Bem has no history of losses related to its receivables, as well as no expectation (forecast) of non-receipt for the amounts receivable at December 31, no reserve for estimated credit losses was recorded in 2021 and 2020.

### 7. Stocks

a) Composition of balances:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Acquired from 3rd party for resale	<b>720.068</b>	756.581
Donation	<b>24.747</b>	105.506
Amigos do Bem finished products	<b>2.672.887</b>	1.286.823
Allowance for losses on adjustment to market value	<b>(72.729)</b>	(51.398)
<b>Goods Distribution Center SP</b>	<u><b>3.344.973</b></u>	<u>2.097.512</u>
Chestnuts in natura	<b>10.386.377</b>	5.632.586
Other inputs	<b>1.571.443</b>	5.037.374
Amigos do Bem finished products	<b>726.679</b>	55.168
<b>Goods Sertão (NE)</b>	<u><b>12.684.499</b></u>	<u>10.725.128</u>
	<u><b>16.029.472</b></u>	<u>12.822.640</u>

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 7 Inventories--Continued

At December 31, 2021 and 2020, the Institution had inventory items recorded at average cost value.

b) Changes in the reserve for losses due to adjustment to market value:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Opening balance	<b>(51.398)</b>	-
(Additions)/Reversals	<b>(21.331)</b>	(51.398)
<b>Closing balance</b>	<b><u>(72.729)</u></b>	<b><u>(51.398)</u></b>

The provision for losses on inventory is made at the lower of cost or market, for the by-products generated, namely: Crushed nuts and flour.

With regard to expiry dates, the customers' characteristics minimize the occurrence of expired products, given the need for a minimum period for the product to be sold at the point of sale. There is no commitment and or guarantee of repurchases for marketed products. The validity periods are 6 months for FLV products (fruits, vegetables and greens), 10 months for MIX products and 12 months for other products. FLV products are directed to large supermarket chains. There is no history of losses with expired products, due to the constant monitoring of the stock by the Administration.

### 8. Advances

	<u>31/12/2021</u>	<u>31/12/2020</u>
Vacation	<b>81.240</b>	74.222
Loans to employees	<b>4.304</b>	-
Suppliers	<b>81.212</b>	215.548
	<b><u>166.756</u></b>	<b><u>289.770</u></b>

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 9. Restricted cash investments - Non-current assets

The amount of R\$39,815,742 at December 31, 2021 (R\$15,987,641 at December 31, 2020) represents financial investments linked to the resolution of the shareholders' meeting for restricted and long-term use. This measure was taken with a focus on financial management, to establish and preserve a reserve of funds to back up the use of difficult operational situations or new long-term investments. They are represented by CDB and repurchase agreements, remunerated at the weighted average rate of 101.52% of the CDI rate (100.38% at December 31, 2020).

### 10. Suppliers

The amount of suppliers reflects short-term commitments, due to the acquisition of goods, products and services, and are subdivided as follows

	<u>31/12/2021</u>	<u>31/12/2020</u>
Baskets	977.368	-
Consumable materials	1.320.639	186.260
Cooperative (productive MO)	132.300	528.361
Shipping	68.046	-
Fleet	80.272	17.391
Inputs and raw materials	234.103	80.566
Products for resale	59.920	9.771
	<u>2.872.648</u>	<u>822.349</u>

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31, 2021  
and 2020  
(In reais)

### 11. Fixed Assets

The breakdown of the Institution's property, plant and equipment at December 31, 2021 and 2020 is as follows:

	Land	Properties	Houses	Installations	Machinery and equipment	Furniture and fixtures	IT equipment	Vehicles	Fixed Assets in progress	Total
<b>Cost</b>										
<b>31 December 2019</b>	690.223	4.619.919	1.188.235	75.120	1.863.510	529.299	289.900	5.616.493	3.604.556	18.477.255
Transfers	160.000	1.465.326	1.008.433	80.325	240.000	-	-	603.903	(3.557.987)	-
Additions	90.000	-	-	194.548	835.331	2.153	375.518	1.733.327	-	3.230.877
Downloads	-	-	-	-	-	-	-	(501.574)	(46.569)	(548.143)
<b>31 December 2020</b>	940.223	6.085.245	2.196.668	349.993	2.938.841	531.452	665.418	7.452.149	-	21.159.989
Transfers										
Additions	421.000	318.322	-	462.445	1.815.292	24.997	359.522	1.783.421	-	5.184.999
Downloads	-	-	-	-	-	-	-	(299.680)	-	(299.680)
<b>31 December 2021</b>	1.361.223	6.403.567	2.196.668	812.438	4.754.133	556.449	1.024.940	8.935.890	-	26.045.308
<b>Depreciation</b>										
<b>31 December 2019</b>	-	(923.984)	(123.388)	(29.112)	(291.926)	(182.100)	(146.365)	(2.595.474)	-	(4.292.349)
Additions	-	(230.996)	(41.130)	(19.947)	(215.485)	(60.369)	(65.708)	(844.141)	-	(1.477.776)
Downloads	-	-	-	153	127	-	-	283.813	-	284.093
<b>31 December 2020</b>	-	(1.154.980)	(164.518)	(48.906)	(507.284)	(242.469)	(212.073)	(3.155.802)	-	(5.486.032)
Additions	-	(236.010)	(87.867)	(65.542)	(399.288)	(61.403)	(149.886)	(1.201.511)	-	(2.201.507)
Downloads	-	-	-	-	-	-	-	90.462	-	90.462
<b>31 December 2021</b>	-	(1.390.990)	(252.385)	(114.448)	(906.572)	(303.872)	(361.959)	(4.266.851)	-	(7.597.077)
<b>Balances at:</b>										
<b>31 December 2020</b>	940.223	4.930.265	2.032.150	301.087	2.431.557	288.983	453.345	4.296.347	-	15.673.957
<b>31 December 2021</b>	1.361.223	5.012.577	1.944.283	697.990	3.847.561	252.577	662.981	4.669.039	-	18.448.231
<b>Average annual depreciation rate</b>	-	4%	2%	6%	7%	11%	10%	11%	-	-

In accordance with the requirements established in NBC TG 1000 (R1), the Institution periodically assesses whether there are internal and external indicators that show that its fixed assets are recognized in its balance sheet at an amount higher than the amount that the asset would be recovered, whether through use or sale. At December 31, 2021, the Institution performed an impairment assessment and did not identify any evidence of loss and, therefore, there was no need to record a reserve for impairment of fixed assets.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### 12. Tax liabilities

	<b>31/12/2021</b>	<b>31/12/2020</b>
IRRF on wages	<b>77.190</b>	24.020
Income Tax without services Code 1708	<b>654</b>	725
ISS withheld at source	<b>2.743</b>	1.731
CSLL/COFINS/PIS ret.	<b>1.075</b>	273
INSS to be collected	<b>65.360</b>	101.874
FGTS to be collected	<b>106.142</b>	90.306
Union contribution for assistance to be collected	<b>6.792</b>	6.792
ICMS to be collected	<b>16.455</b>	12.257
	<b>276.411</b>	237.978

### 13. Social and labor obligations

	<b>31/12/2021</b>	<b>31/12/2020</b>
Salaries payable	<b>788.259</b>	487.356
Alimony payable	<b>442</b>	418
Provisions for holidays and related charges	<b>1.296.219</b>	854.318
	<b>2.084.920</b>	1.342.092

### 14. Projects to be carried out

In 2021, the Institution signed an agreement to receive donations for specific projects.

The composition of projects to be carried out by the Institution at December 31, 2021 and 2020, represents the amount received and linked to the execution project, presented as follows:

	<b>31/12/2021</b>	<b>31/12/2020</b>
Nivea Project	<b>2.126.934</b>	3.171.350
Google Project	<b>1.132.883</b>	-
Mapfre Project	<b>4.400.000</b>	-
	<b>7.659.817</b>	3.171.350

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### 14. Projects to be carried out--Continued

The Nivea, Google and Mapfre projects are innovative for the region where the Institution operates and have an average execution period of 2 years. They are linked to: 1) food, food security and fight against malnutrition, through the distribution of basic food baskets; 2) supply and distribution of water for consumption, through the supply of cisterns via water tanks and drilling of artesian wells with solar energy system, in addition to the maintenance of existing wells and their conversion to solar energy; 3) infrastructure, connectivity and enabling services directed to telemedicine. 4) actions aimed at stimulating the teaching and learning of young people assisted and adult literacy.

The projects have an average contracted term for execution of up to 2 years. The administration has met the schedules of the plans linked to each project, and has systematically reported to partners. There are expectations of execution in shorter periods than those contractually established and the data obtained from the departments responsible for implementation, demonstrate and point to completion by December 2022.

#### (a) restricted cash

	<u>31/12/2021</u>	<u>31/12/2020</u>
Restricted cash	<u>7.659.817</u>	<u>3.171.350</u>
	<u>7.659.817</u>	<u>3.171.350</u>

The funds received as donations related to these projects and not yet used are invested in financial assets, Funds and CDBs, are linked to the use and commitment to Nivea, Google and Mapfre projects and, therefore, are classified as restricted cash.

### 15. Equity

Represents the Institution's initial equity, reduced by deficits or increased by surplus calculated annually since the date of its incorporation, as well as donation of assets.

As determined in its Bylaws, article 48, in case of dissolution, the General Meeting must decide on the destination of the corporate assets, which will be distributed to another legal entity qualified under the terms of Law No. 9.790/99, preferably one with the same corporate purpose.



## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### 16. Recipes

The Institution's revenues are comprised of various sources, as shown in the table below. The recognition of non-financial income is recorded based on third sector standards. The minimum wage is used as a base to value income from volunteer work.

The Institution's revenues from the sale of goods are basically from its own production, which is one of its main objectives, the generation of employment. The products are produced, harvested and processed in the Amigos do Bem Factories, located in Catimbau-PE and Mauriti-CE. The handcrafted products are made from sewing and handicrafts from the region.

#### I) Composition of the Entity's revenues

	<u>31/12/2021</u>	<u>31/12/2020</u>
Financial income (monetary donations)	<b>69.347.224</b>	48.759.343
Physical revenues (product donations)	<b>8.487.001</b>	4.550.939
Recipes with volunteer hours	<b>1.102.904</b>	1.469.136
Revenue from hours of rendering of services	<b>3.367.294</b>	2.257.109
Revenues from airline tickets	<b>995.372</b>	511.660
Income from donations linked to d i n e r projects	<b>2.977.620</b>	3.731.445
Total revenues from donations	<b>86.277.415</b>	61.279.632
Revenue from sales of goods (a)	<b>27.755.913</b>	15.668.641
Total revenue from sales	<b>27.755.913</b>	15.668.641

(a) As specified in note 20, on September 27, 2019, Confaz granted ICMS treatment through ICMS Agreement No. 143. This condition establishes that Amigos do Bem must highlight the respective tax in the invoices issued, however, at the end of each month, the Entity has the right to offset the obligation to pay the tax due to the presumed ICMS credit established by the agreement itself. At December 31, 2021, the total ICMS payable and presumed credit obtained was R\$4,066,257.

#### II) Estimated revenue from volunteer hours

In 2021, the number of hours incurred in volunteer work and used as a basis for measuring the respective revenue from "volunteer hours" was 163,706 hours (170,282 hours in 2020). The restrictions resulting from the pandemic impacted the volume of hours in 2021 and 2020, due to compliance with health restrictions imposed by state and municipal governments. To calculate the monetary value, volunteer hours were multiplied by the minimum wage in force divided by the total number of hours considered useful per month (220 hours), and, in the case of specialized volunteer work, 10 minimum wages were considered for the calculation. The capture of hours is done through the SAB system (sistema amigos do bem), where registered volunteers indicate, through a magnetic badge, the hours linked to their respective activities.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### 16. Revenue--Continued

#### II) Estimated revenue from volunteer hours--Continued

	<u>31/12/2021</u>	<u>31/12/2020</u>
Minimum wage	<b>1.163.55</b>	1.163,55
Volunteer hours	<b>158.726</b>	158.345
Specialized volunteer hours	<b>4.980</b>	11.937
Donation of volunteer hours - R\$	<b>839.519</b>	837.645
Donation hours of specialized volunteers R\$	<b>263.385</b>	631.491
Total	<b>1.102.904</b>	1.469.136

### 17. Cost of goods sold

Changes in the year were as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Initial stock	<b>(12.822.640)</b>	(10.471.137)
Purchases of chestnuts in the financial year	<b>(6.293.887)</b>	(2.401.201)
Purchases of products and inputs during the financial year	<b>(7.083.319)</b>	(1.573.663)
Cost of labor and others	<b>(8.004.624)</b>	(5.085.914)
Ending inventory	<b>16.029.472</b>	12.822.640
Cost of goods sold	<b>(18.174.998)</b>	(6.709.275)

### 18. Project Expenses

The project expenses determined during the years can be demonstrated as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Wages (a)	<b>(16.156.442)</b>	(10.817.902)
Donations of goods and emergency actions (b)	<b>(26.974.877)</b>	(15.388.075)
Donations with volunteer hours	<b>(1.102.904)</b>	(1.469.136)
Donations of services	<b>(8.668.318)</b>	(2.768.480)
Freight and vehicles	<b>(4.067.630)</b>	(2.954.533)
Airline tickets donations	<b>(1.063.875)</b>	(511.660)
Purchased airline tickets	-	(226.739)
Purchase of materials	<b>(2.440.347)</b>	(3.963.559)
Material for use and consumption	<b>(1.428.776)</b>	(2.334.434)
	<b>(61.903.169)</b>	(40.434.518)

(a) The Institution ended the year with 516 professionals (476 in 2020) under the CLT regime. The Institution used the mechanisms of the labor legislation edited for the emergency maintenance of employment and income.

(b) Expenses with emergency actions are linked to the list of expenses incurred with the promotion of activities related to minimizing the effects of the pandemic in assisted regions, listed in the operational context above.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### 19. General and administrative expenses

The general and administrative expenses incurred during the years may be summarized as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
General services	<b>(4.932.014)</b>	(2.741.135)
Communication	<b>(1.475.145)</b>	(265.619)
Taxes and fees	<b>(86.927)</b>	(30.105)
Maintenance	<b>(2.741.882)</b>	(2.445.760)
Location	<b>(127.161)</b>	(642.139)
Events	<b>(7.872)</b>	(3.085)
	<b><u>(9.371.001)</u></b>	<u>(6.127.843)</u>

### 20. Financial income and expenses

The financial income and expenses determined during the years may be presented as follows:

	<u>31/12/2021</u>	<u>31/12/2020</u>
Income from financial investments	<b>1.837.658</b>	344.522
Discounts obtained	<b>40.703</b>	16.684
Financial revenue	<b><u>1.878.361</u></b>	<u>361.206</u>
Bank charges	<b>(948.442)</b>	(321.157)
Losses on financial investments	-	(18.325)
Interest and exchange variations	<b>(4.209)</b>	(674)
Financial Expenditure	<b><u>(952.651)</u></b>	<u>(340.156)</u>
Total financial result	<b><u>925.710</u></b>	<u>21.050</u>

### 21. Tax aspects

#### a) Of tax immunity and the ICMS treatment

The Institution is a non-profit legal entity under private law, as defined in its bylaws, and meets the requirements of the law, being exempt from Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL), considering the cumulative compliance with the conditions established in articles 12 and 15 of Law

No. 9.532, of December 10, 1997. On September 27, 2019, Confaz granted the ICMS treatment, through ICMS Agreement no. 143, for the Institution in the States of SP, PE, CE and AL, which have concurred through Decrees 64.806-21 Feb 2020-SP; Decree 48.473-26 Dec 2019-PE; Decree 33.416-27 Dec 2019-CE; Agreement 143/19-27 Sept 2019- AL.

## Friends of Good National Institution Against Hunger and Misery

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### 21. Tax aspects (Continued)

#### a) Tax immunity and ICMS treatment--Continued

The approximate exempt tax benefit amounts were as follows in FY 2021 and FY 2020 (for FY 2020, the amounts are republished):

	<u>2021</u>	<u>2020</u>
IRPJ	<b>5.894.505</b>	5.541.025
CSLL	<b>2.126.342</b>	1.999.089
INSS	<b>2.011.628</b>	1.331.396
PIS	<b>100.581</b>	66.570
COFINS	<b>832.677</b>	470.059
ICMS	<b>1.724.565</b>	1.612.686
ITCMD	<b>926.944</b>	408.768
	<b><u>13.617.242</u></b>	<u>11.429.593</u>

### 22. Hiring of insurance

The Institution contracted an insurance policy for the Shed at Friends of Good Farm-PE, Shed at Friends of Good Farm-CE and for all motor vehicles, in amounts considered sufficient.

### 23. Risk Management

The Institution maintains operations with non-derivative financial instruments, in which the results obtained from the free movement accounts are appropriated in the result and the income from the "blocked" accounts are reversed for the projects in liabilities, and the assumptions adopted are consistent with Management's expectations.

Amigos do Bem does not have specific policies or strategies for the management of financial instruments since the Administration believes that there is no significant risk of loss associated with these instruments, since they are not speculative in nature.

The amounts of financial instruments assets and liabilities in the financial statements for the years ended December 31, 2021 and 2020 were determined in accordance with the criteria and accounting practices disclosed in specific notes.

The Institution does not have risks related to exchange rate variations in its operations.

The Institution has a concentration of clients, however, since they are large corporations, management understands that the risk involved is low and works to broaden this distribution.

## **Friends of Good National Institution Against Hunger and Misery**

Notes to the financial statements--Continued December 31,  
2021 and 2020  
(In reais)

### **24. Subsequent events**

On 3/18/22, the Institution contracted insurance for the premises of the administrative center located at Rua Dr. Gabriel de Rezende in São Paulo with a premium of R\$6,777.95 and a base insured value of R\$10,000,000.00.