

(Convenience translation into English from the original
previously issued in Portuguese)

ASSOCIAÇÃO PROJETO GAUSS

Independent auditor's report

Financial statements

As at December 31, 2020

ASSOCIAÇÃO PROJETO GAUSS

Financial statements
As at December 31, 2020

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the
Shareholders and Management of
Associação Projeto Gauss
São Paulo, SP

Qualified opinion

We have audited the financial statements of Associação Projeto Gauss ("Association"), which comprise the statement of financial position as at December 31, 2020 and the respective statements of activities, comprehensive surplus, changes in net assets and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for a qualified opinion" section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Associação Projeto Gauss as at December 31, 2020, its financial performance and cash flows for the year then ended, in accordance with Brazilian accounting practices applicable to small and medium-sized companies and non-profit entities.

Basis for a qualified opinion

Revenue recognition on a cash basis

As described in Note 3(a), in 2020 the Association, as a non-profit-entity, received a substantial portion of its income from donations. Considering that such donations are spontaneous ones, they can only be identified when received and recorded in accounting. For this reason our checking on such income was limited exclusively to the values included in our accounting records.

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). 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 Associação Projeto Gauss in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Association of Accountants (CFC), 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 qualified opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Brazilian accounting practices, applicable to small and medium-sized companies and non-profit entities, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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 (ISAs) 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 an audit in accordance with Brazilian standards and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Association'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 Association'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 auditor's report. However, future events or conditions may cause the Association 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 planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, May 11, 2021.



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

A handwritten signature in black ink, appearing to read 'Carlos Aragaki'.

Carlos Aragaki
Accountant CRC 1 SP 132091/O-1

ASSOCIAÇÃO PROJETO GAUSS

Statement of financial position As at December 31, 2020 and 2019 (In Brazilian Reals)

Assets				Liabilities and net assets			
	Note	2020	2019		Note	2020	2019
Current assets				Current liabilities			
Cash and cash equivalents	4	3,334,199	2,933,540	Tax liabilities	-	125	359
		<u>3,334,199</u>	<u>2,933,540</u>			<u>125</u>	<u>359</u>
Non-current assets				Non-current liabilities			
Property for investment	5	562,342	-	Assets received through donations to be appropriated	5	562,342	-
		<u>562,342</u>	<u>-</u>			<u>562,342</u>	<u>-</u>
				Net assets	6		
				Social capital		2,933,181	141,612
				Accumulated surplus		400,893	2,791,569
						<u>3,334,074</u>	<u>2,933,181</u>
Total assets		<u><u>3,896,541</u></u>	<u><u>2,933,540</u></u>	Total liabilities and net assets		<u><u>3,896,541</u></u>	<u><u>2,933,540</u></u>

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

ASSOCIAÇÃO PROJETO GAUSS

Statement of activities As at December 31, 2020 and 2019 (In Brazilian Reais)

	Note	2020	2019
Revenues			
Association revenues	7	845,318	2,651,072
Volunteer work	10	1,337,664	1,044,000
		<u>2,182,982</u>	<u>3,695,072</u>
Expenses			
General and administrative expenses	8	(576,268)	(477,246)
Expenses on assets	-	(27,724)	(19,733)
Advertising and publicity	-	-	-
Tax expenses	9	(36,501)	(185,323)
Volunteer work	10	(1,337,664)	(1,044,000)
Other operating income			
Other income	11	-	750,000
		<u>204,825</u>	<u>2,718,770</u>
Financial income	-	196,068	72,799
Surplus for the year		<u>400,893</u>	<u>2,791,569</u>

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

ASSOCIAÇÃO PROJETO GAUSS

Statement of comprehensive surplus As at December 31, 2020 and 2019 (In Brazilian Reais)

	2020	2019
Surplus for the year	<u>400,893</u>	<u>2,791,569</u>
Total comprehensive surplus	<u><u>400,893</u></u>	<u><u>2,791,569</u></u>

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

ASSOCIAÇÃO PROJETO GAUSS

Statement of changes in net assets (In Brazilian Reais)

	Social Capital	Accumulated Surplus	Total
Balance as at December 31, 2018	67,232	74,380	141,612
Transfer to social capital	74,380	(74,380)	-
Surplus for the year	-	2,791,569	2,791,569
Balance as at December 31, 2019	141,612	2,791,569	2,933,181
Transfer to social capital	2,791,569	(2,791,569)	-
Surplus for the year	-	400,893	400,893
Balance as at December 31, 2020	2,933,181	400,893	3,334,074

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

ASSOCIAÇÃO PROJETO GAUSS

Statement of cash flows As at December 31, 2020 and 2019 (In Brazilian Reais)

	2020	2019
Operating activities cash flow		
Surplus for the year	400,893	2,791,569
Depreciation of donated assets	23,428	-
Increase in assets/liabilities		
Tax liabilities	(234)	(359)
Fixed assets liabilities to be appropriated	562,342	-
Net cash from operating activities	986,429	2,791,210
Investing activities cash flow		
Addition of real estate received as donation	(585,770)	-
Net cash used in investing activities	(585,770)	-
Net increase in cash and cash equivalents	400,659	2,791,210
Cash and cash equivalents at beginning of the year	2,933,540	141,971
Cash and cash equivalents at end of the year	3,334,199	2,933,181
Net increase in cash and cash equivalents	400,659	2,791,210

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

ASSOCIAÇÃO PROJETO GAUSS

Management's notes to the financial statements
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1. Operations

Associação Projeto Gauss is a non-profit and non-partisan association, which operations will be ruled by its bylaws and other applicable legal provisions. Its operation purposes are to promote, support, encourage and develop education, culture, social assistance and social-economic development. The Association may also:

- Promote, support and foster educational, cultural and social assistance activities;
- Implement programs and grant scholarships;
- Promote and support actions for awareness of the society regarding the importance of the education as a tool for economic-social development;
- Develop a cooperation network to support education;
- Support educational institutions of any levels;
- Conduct courses, classes, symposia, seminars, congresses, conferences and lectures;
- Perform any other activities or take any other necessary actions related to the fulfillment of its operations purpose.

Brazil Foundation

Regarding donations from abroad, Projeto Gauss is an entity registered in the donations platform of Brazil Foundation and is beneficiary of a "Designated Fund" in its name, through which the entity receives donations from abroad, mainly from people resident in the United States, with tax benefits and better transaction rates.

Although such funds have not been redeemed yet and, therefore, are not added to the Entity's cash, it is important to highlight that as at December 31, 2020, the balance of funds available in the mentioned "Designated Fund" of Associação Projeto Gauss was in the total amount of USD 41,871.10, equivalent, in the mentioned base-date, to R\$ 217,591.54 that will be in the due course used for fulfillment of the Entity's social purposes.

Impacts from Coronavirus Outbreak (Covid-19)

In March 2020, the World Health Organization (WHO) classified the Covid-19 outbreak as a pandemic. As the virus spreads, impact on the companies and on the financial market is observed worldwide.

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It is an event that affects the life of people in general, as well as the routine of companies and of financial market. The National Congress, through the Legislative Decree No. 6 dated March 20, 2020, recognized the state of public calamity resulting from Covid-19 pandemic.

Initially, with the Covid-19 pandemic, all preparatory courses for university, where the Entity's students study, transitioned to distance learning, and so the feeding and transportation aids were converted into one only "emergency aid" directed not only to the fellow, but to his/her family what, in spite of the increase in the total number of students beneficiary of the Project, has generated a decrease in unitary cost for the Entity, taking into consideration, above all, the high transportation costs.

Furthermore, with the uncertainty related to the effects of the pandemic and in order not to assume new commitments and expenses, the entity opted for not having the selection process for new scholarship holders, for younger profile (8th. degree of the Elementary School), as well as decided not to launch the program "Gaussiana do Futuro", directed to women willing to attend college in one of the STEM school subjects.

Finally, in spite of the crisis, the decrease in number of donators was offset with the amounts received under new strategic partnerships established over the year, what enabled financial sustainability and to keep the Entity's activities over the year.

2. Basis of preparation and presentation of the financial statements

The financial statements were prepared in accordance with the Brazilian accounting practices applicable to small and medium-sized companies (NBC TG 1000) and to Non-profit Entities (NBC ITG 2002/12 R1), both issued by the Federal Association of Accountants (CFC).

In preparing financial statements it is necessary to use estimates to account for some assets, liabilities and other transactions. Therefore, the financial statements include several estimates, among them those related to evaluations of financial assets at their fair value, as well as an analysis on other risks to determine necessary provisions for contingent liabilities and similar ones. As they are estimates, it is possible that actual results may differ from the estimated ones.

The financial statements are being presented in reais, except when otherwise stated.

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The issue of the financial statements was approved by the Board of Directors of Associação Projeto GAUSS, in the person of its Finance Director, on March 23, 2021, and may be approved at the General Meeting of the Entity until April 30, 2021, after favorable opinion of the Supervisory Board, according to the Entity's bylaws.

3. Summary of significant accounting policies

Significant accounting policies adopted for preparation of these financial statements are the following:

(a) Functional currency and reporting currency

The financial statements were prepared in Reais, which is the functional currency of the Association and are presented in Reais, unless otherwise stated.

(b) Financial assets and financial liabilities

The Entity has non-derivative financial instruments, as cash and cash equivalents, and has not made transactions involving financial instruments for the purpose of reducing its level of exposure to market, currency and interest rates risks, as well as transactions involving financial instruments for speculative purposes.

The Association has the following non-derivative financial assets: financial assets recorded at fair value through income/loss and receivables.

Financial assets recorded at fair value through income (loss)

A financial asset is classified at fair value through income (loss) in case it is classified as held for negotiation and is designated as such at initial recognition. Financial assets are designated at fair value through income (loss) if the Association manages such investments and make purchase and sale decisions based on their fair value, according to the documented risk management and the investment strategy of the Association. Transaction costs after initial recognition are recognized in income (loss) as incurred. Financial assets recorded at fair value through income (loss) are measured at fair value and changes in the fair value of these assets are recognized in income (loss).

Cash and cash equivalents

Cash and cash equivalents include balances of cash, bank deposits and financial investments with original maturity of three months or less as of the contracting date.

(c) Cash and cash equivalents

They include money in cash, bank deposits and financial investment of immediate liquidity and low liquidity risk, which rates correspond to the market ones and are recorded at their fair and realization value and evaluated at cost plus received earnings until the balance sheet date, having income (loss) as contra-entry.

(d) Current liabilities

Current liabilities are stated at the known or calculable values, plus, where applicable, the related charges and monetary variations incurred up to the balance sheet date.

(e) Income tax and social contribution

The Entity is tax-exempted for Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL), as provided for in current legislation.

(f) Provisions for contingencies

Provisions for contingencies related to labor, civil and tax proceedings at administrative and judicial bodies are recognized based on opinion from legal advisors and the best estimates made by the Management on the likely outcome of the outstanding processes on the balance sheet dates.

(g) Impairment

Management reviews annually the net book value of financial assets with the objective of assessing events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment. When such evidence is identified and the net book value exceeds the recoverable value, a provision for devaluation is set up, adjusting the net book value to the recoverable value. The recoverable value of an asset, or of a cash generating unit, is defined as the highest of value in use and net sale value.

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(h) Calculation of surplus or deficit

Surplus or deficit is calculated in accordance with the cash method.

(i) Associative revenues

Donations

Donations are recognized in accordance with the cash method.

Contributions

Contributions are recognized in accordance with the cash method.

Sponsorship

Sponsorships are recognized in accordance with the cash method.

(j) Financial income and expenses

Financial income includes income from interests on financial investments.

Financial expenses refer, exclusively, to administration, brokerage and/or custody of financial investments fees, applied mainly on amounts invested in investment account owned by the Entity linked to the Credit Suisse Hedging Griffo, which composes the Endowment fund of Associação Projeto Gauss

(k) Income with volunteer work

As established in Technical Interpretation ITG 2002 (R1) - Non-Profit Entities, the entity measures income with volunteer work at fair value, taking into consideration the amounts that the Entity would have paid in case it had contracted such services in similar market. Income and expenses with volunteer work are recognized in income (loss) for the year.

4. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
Cash	722	722
Banks - current account	101,370	40,950
Financial investments	3,232,107	2,891,868
	<u>3,334,199</u>	<u>2,933,540</u>

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4.1. Financial investments

Financial investments balance refers to (i) automatic investment linked to current account at Banco Bradesco; and (ii) the investment account of the Entity linked to Credit Suisse Hedging Griffo, which composes the Endowment fund of Associação Projeto Gauss;

FPPG had an accumulated return of 8.28% in 2020, therefore above inflation (measured according to IPCA) and CDI, which return was 2.77%. With a realized volatility of 9.59%, the Sharpe ratio of the Fund was 0.57.

In monetary terms, the 2020 return increased FPPG's equity in nearly 224 thousand reais. Complete information about the transaction and FPPG's results in 2020 can be found in the letter of the Investments Committee of FPPG to the investors, available at <https://projetogauss.org/wp-content/uploads/2021/02/Carta-Gauss-2020.pdf>.

5. Property for investment

			2020		2019	
	Cost	Depreciation	Residual	Residual		
Real estate (a)	585,770	(23,428)	562,342	-		
	585,770	(23,428)	562,342	-		

	2019		2020		
	Cost	Additions	Write-offs	Transfers	Cost
Real estate (a)	-	585,770	-	-	585,770
	-	585,770	-	-	585,770

	2019		2020		
	Depreciation	Additions	Write-offs	Transfers	Depreciation
Real estate (a)	-	(23,428)	-	-	(23,428)
	-	(23,428)	-	-	(23,428)

(a) On January 16, 2020, the Entity received as donation a real estate evaluated, at the time, at its market value of R\$ 585,770.00 (five hundred eighty-five thousand, seven hundred and seventy reais), which is presented in liabilities under the caption "assets received as donations to be recognized and property for investment", located at Rua Campos Bicudo, 153 - Apartamento 221 - Jardim Paulista São Paulo - SP. The income related to this depreciable asset is recognized in income (loss) over the useful life of the asset and in the same proportion of its depreciation.

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6. Equity

As Associação Projeto Gauss is a non-profit entity, no profits, dividends, benefits or stakes are distributed to its founders and administrators, in any form.

It is composed of the initial assets of the Project, plus surpluses and/or deficits, calculated since the formation of the entity.

In case of dissolution of the Associação Projeto Gauss, the respective equity will be transferred to another legal entity qualified under the terms of Law nº 9.790/99, preferably having the same social purpose.

7. Operating income

	2020	2019
Donations	658,617	2,539,351
Contributions São Paulo	51,011	44,601
Contributions Sergipe	3,300	3,600
Sponsors	108,962	63,520
Donation of fixed assets (a)	23,428	-
	<u>845,318</u>	<u>2,651,072</u>

Income refers to (i) donations received from about 100 collaborators, among which there are monthly recurring donators and occasional donators, besides 6 legal entities; and (ii) monthly recurring associative contributions made, not mandatorily, by 23 statutory members of the Association. Such income is fully reverted to the maintenance of the Associação Projeto Gauss's activities.

(a) In 2020, the Entity received as donation a real estate, evaluated at the time at its market value of R\$ 585.770,00 (five hundred and eighty five thousand, seven hundred and seventy reais), which balance is presented under the caption donations.

8. General and administrative expenses

	2020	2019
Expenses with students São Paulo (a)	263,428	199,539
Expenses with students Sergipe (a)	32,536	49,277
Expenses with students Distrito Federal (a)	23,963	25,620
General expenses (b)	232,913	202,810
Depreciation of donated items	23,428	-
	<u>576,268</u>	<u>477,246</u>

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Expenses with students refer to expenditures with college applications, tuition fees, courses, payment of transportation, among other expenses inherent to education.

- (a) Expenses with students refer to expenditures with college applications, tuition fees and school materials, sundry courses, payment of emergency aid to students, online platforms of studies, among other expenditures inherent to education;
- (b) General expenses refer substantially to expenses that are not directly linked to studies, i.e., operating costs and expenses related to the activities of the Associação Projeto Gauss, such as, among others: sundry bank tariffs, accounting and audit services, maintenance and update of the website and email domain, publicity and social network management, preparation and application of selection processes, contracting of printing services, contracting of audio-visual services for photo making and creation of institutional and promotional videos of the Project, consulting services, etc.

9. Tax expenses

	<u>2020</u>	<u>2019</u>
Tax expenses	(36,501)	(185,323)

Tax expenses incurred over the 2019 period refer mainly to the Tax on Transmission of Property Causa Mortis and Donations (ITCMD) on individual nominal donation made by individual entity, in the amount of R\$ 200,000 (two hundred thousand reais), besides withholdings of IR and ISS related to services providers and suppliers, as well as other tax expenses related to compliance with tax and accessory obligations.

10. Volunteer work

	<u>2020</u>	<u>2019</u>
Volunteer work	(1,337,664)	(1,044,000)

As established by ITG 2002 (R1), to comply with the resolution applicable to non-profit entities, the Associação identified and measured the entire value of the volunteer work carried out by its Administrators during 2020.

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2020				
Position	Qty per position	Hours in the year per position	Hour value	Total
Management	3	600	550	990,000
Board of Directors/ Audit Committee	8	40	600	192,000
Total				1,182,000

Regarding volunteers out of the Board of Directors and Supervision/Administration Board of the Association, it was considered an average of 3.45 hours spent by month by each volunteer, divided into the following groups: mentors (131 volunteers), learning support teachers (14 volunteers); and psychologists (14 volunteers).

Considering the market man/hour value (conservative estimate as it is about a non-profit entity) for each group of volunteers, we have the following division:

2020				
Position	Qty per position	Hours in the year per position (3.45*12)	Hour value	Total
Mentor	131	41.4	10	54,234
Teacher	14	41.4	75	43,470
Psychologist	14	41.4	100	57,960
Total				155,664

By adding-up the above values, we have the amount shown in the DRE of the Entity.

11. Other income

In 2019 the entity received as donation a real estate evaluated at the time in R\$ 1,000,000.00 (One million reais), a balance duly presented in Note No. 10, Donations.

This real estate was immediately destined to sale. The sale was made at a gross amount of R\$ 1,750,000.00 (One million, seven hundred fifty thousand reais), generating a gain of R\$ 750,000.00 (Seven hundred fifty thousand reais) from the sale, presented in the caption other operating income.

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12. Provision for contingencies

The Entity is not a party in labor, tax or civil lawsuits and, therefore, has not set-up any provision for contingencies during 2020.

13. Subsequent events

After closing of the fiscal year ended December 31, 2020, the Entity received significant donations from 2 (two) Individuals, one of them a volunteer and the other one an associate and member of the Supervisory Board of Associação Projeto Gauss, and 1 (one) legal entity, in the total amount of R\$ 427,000.00 (four hundred and twenty-seven thousand reais). In less than 4 months of the current period, this amount represents more than 50% (fifty percent) of the total 2020 income and originated tax payments related to ITCMD, in the amount of R\$ 13,400.00 (thirteen thousand and four hundred reais).