Financial Statements

Associação Operação Sorriso do Brasil

December 31, 2015
with Independent Auditor’s Report

Associação Operação Sorriso do Brasil

Financial statements

December 31, 2015

Contents

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil applicable to small and medium-sized entities (NBC TG 1000) and not-for-profit entities (ITG 2002 R1)

Independent auditors' report on financial statements

The Board of Trustees and Directors
Associação Operação Sorriso do Brasil
São Paulo – SP

We have audited the accompanying financial statements of Associação Operação Sorriso do Brasil ("Entity"), which comprise the balance sheet as at December 31, 2015 and the related statements of surplus (deficit), of comprehensive surplus (deficit), of changes in equity and of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to small and medium-sized entities (NBC TG 1000) and not-for-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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of the Entity's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Uma empresa-membro da Ernst & Young Global Limited

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associação Operação Sorriso do Brasil as at December 31, 2015, its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to small and medium-sized entities (NBC TG 1000) and not-for-profit entities (ITG 2002 R1).

Emphasis of a matter

Prior-year amounts

As mentioned in Note 3, as a result of the correction of error adopted by the Entity in 2015, the prior-year amounts, presented for comparison purposes, were adjusted and are restated, as determined by NBC TG 23 (R1) or CPC 23 (Accounting Policies, Changes in Accounting Estimates and Errors). Our opinion was not modified with respect to this matter.

São Paulo, July 26, 2016.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Alessandro Munhoz de Oliveira
Accountant CRC-PR049384/O-8

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Associação Operação Sorriso do Brasil

Balance sheets
December 31, 2015 and 2014
(In reais)

Assets	Note	2015	2014
Current assets			
Cash and cash equivalents	4	**363,843**	711,128
Accounts receivable	5	**47,758**	21,225
Inventories	6	**343,740**	76,766
Other		**6,417**	1,816
		761,758	810,935
Noncurrent assets			
Property and equipment	7	**217,596**	68,830
Intangible assets	8	**12,417**	16,485
Total noncurrent assets		**230,013**	85,315
Total assets		**991,771**	896,250

Liabilities and equity	Note	2015	2014
Current liabilities			(Restated – Note 3)
Accounts payable	9	**35,893**	18,187
Labor and social security liabilities	10	**87,432**	60,816
Tax liabilities	11	**10,996**	5,852
		134,321	84,855
Noncurrent liabilities			
Tax liabilities	11	**139,151**	57,326
Total noncurrent liabilities		**139,151**	57,326
Equity			
Net worth		**615,418**	651,188
Donation reserves		**102,881**	102,881
Total equity	13	**718,299**	754,069
Total liabilities and equity		**991,771**	896,250

See accompanying notes.

Associação Operação Sorriso do Brasil

Statements of surplus (deficit)
Years ended December 31, 2015 and 2014
(In reais)

	Note	2015	2014
Operating revenues			(Restated – Note 3)
Restricted revenues			
Volunteer work	14.1	**223,184**	236,759
		223,184	236,759
Unrestricted revenues			
Domestic donations		**1,165,002**	812,442
Donations - United Way/White Martins		**186,085**	129,360
Donations of materials and services		**666,595**	513,726
Foreign donations		**374,903**	462,333
Total donations	14.2	**2,392,585**	1,917,861
Total operating revenues		**2,615,769**	2,154,620
Costs with programs			
Costs with assistance programs	15	**(1,197,354)**	(1,017,250)
Volunteer work	14.1	**(223,184)**	(236,759)
		(1,420,538)	(1,254,009)
Surplus, gross		**1,195,231**	900,611
Operating expenses			
Personnel expenses	16	**(643,949)**	(489,029)
Administrative expenses	16	**(574,837)**	(358,289)
Other expenses, net		**(63,497)**	(33,665)
		(1,282,283)	(880,983)
Financial income (expenses)			
Financial income		**54,138**	51,626
Financial expenses		**(2,856)**	(2,729)
		51,282	48,897
Surplus (deficit) for the year		**(35,770)**	68,525

See accompanying notes.

Associação Operação Sorriso do Brasil

Statements of comprehensive surplus (deficit)
Years ended December 31, 2015 and 2014
(In reais)

	2015	2014 (Restated – Note 3)
Surplus (deficit) for the year	**(35,770)**	68,525
Other comprehensive surplus	**-**	-
Comprehensive surplus for the year	**(35,770)**	68,525

See accompanying notes.

Associação Operação Sorriso do Brasil

Statements of changes in equity
Years ended December 31, 2015 and 2014
(In reais)

	Note	Net worth	Donation reserves	Surplus (deficit)	Total
Balances at December 31, 2013		582,663	102,881	-	685,544
Surplus for the year		-	-	68,525	68,525
Transfer of unrestricted surplus		68,525	-	(68,525)	-
Balances at December 31, 2014 (Restated - Note 3)	14	**651,188**	**102,881**	**-**	**754,069**
Deficit for the year		**-**	**-**	**(35,770)**	**(35,770)**
Transfer of unrestricted surplus		**(35,770)**	**-**	**35,770**	**-**
Balances at December 31, 2015	14	**615,418**	**102,881**	**-**	**718,299**

See accompanying notes.

Associação Operação Sorriso do Brasil

Cash flow statements - indirect method
December 31, 2015 and 2014
(In reais)

	2015	2014
From operating activities		(Restated – Note 3)
Surplus (deficit) for the year	**(35,770)**	68,525
Adjustments to non-cash income and expenses		
Depreciation and amortization	**17,678**	15,983
Write-off of property and equipment/intangible assets	**3,736**	-
Foreign exchange variation	**(4,846)**	-
	(19,202)	84,508
Decrease in assets		
Accounts receivable	**(21,687)**	(1,838)
Inventories	**(266,974)**	(71,083)
Other	**(4,601)**	(1,289)
Increase in liabilities		
Accounts payable	**17,706**	5,387
Labor and social security liabilities	**26,616**	19,462
Tax liabilities	**86,969**	59,705
Net cash (used in)/generated by operating activities	**(181,173)**	94,852
Cash flow from investing activities		
Acquisition of property and equipment	**(166,112)**	(26,278)
Cash used in investing activities	**(166,112)**	(26,278)
Increase (decrease) in cash and cash equivalents	**(347,285)**	68,574
Cash and cash equivalents:		
At beginning of year	**711,128**	642,554
At end of year	**363,843**	711,128
Increase (decrease) in cash and cash equivalents	**(347,285)**	68,574

See accompanying notes.

1. Operations

Associação Operação Sorriso do Brasil ("Entity") is a not-for-profit philanthropic private civil association with its headquarters in the city of São Paulo, located at Avenida Faria Lima, nº 2413, São Paulo state, whose activities are regulated by its charter and the provisions of Law No. 9790, dated March 23, 1999 and Decree No. 3100, dated June 30, 1999, and other applicable legal provisions, having been set up to operate for an indefinite term.

The Entity's purpose is to provide support and assistance in conducting scientific, medical and educational works in connection with reconstructive plastic surgery and aesthetic surgery for children, adolescents, youngsters and also adults in need, following the provisions in sole paragraph, article 3 of Law No. 9790, dated March 23, 1999.

2. Accounting practices

2.1. Basis of presentation

The financial statements of the Entity for the years ended December 31, 2015 and 2014 were prepared in accordance with accounting practices adopted in Brazil, applicable to small and medium-sized entities (NBC TG 1000), and guidance contained in Interpretation ITG 2002 R1- Not-for-profit entities, approved by Brazil's National Association of State Boards of Accountancy (CFC), through Resolution No. 1409/12.

The financial statements as of December 31, 2015 were approved on June 3, 2016.

2.2. Summary of significant accounting practices

The significant accounting practices adopted to prepare these financial statements are as follows:

<u>Determination of surplus (deficit) - revenues and expenses</u>

Revenues from donations are recorded based on valid documents, upon effective receipt of funds. All the other revenues and expenses necessary for maintenance of the Entity's activities are recorded on an accrual basis.

2. Accounting practices (Continued)

2.2. Summary of significant accounting practices (Continued)

There is no provision for return of donations to the donor. In addition, Entity management has autonomy to decide about the destination of these donations and there are no projects according to which there is effective correlation between donations received and expenses to be incurred.

Revenues from services received are measured at fair value taking into consideration the amounts that the Entity would have to pay if these services had been contracted in similar markets. These revenues are recognized in surplus (deficit) for the year, matched against costs with assistance programs, also in surplus (deficit) for the year.

Costs with assistance programs are recorded when the respective expenses are incurred. All the other revenues and expenses necessary for maintenance of the Entity's activities are recorded on an accrual basis.

Cash and cash equivalents

Cash and cash equivalents include cash, cash deposits and highly-liquid short-term investments redeemable within 90 days from acquisition date or considered highly liquid or convertible into a known cash amount, subject to insignificant risk of change in value. These are recorded at cost, plus earnings through the balance sheet date, which do not exceed market or realizable value.

Property and equipment, net

The Entity elected not to measure its property and equipment at fair value as deemed cost, considering that: (i) the cost method, net of provision for losses, is the method that best measures the Entity´s property and equipment; and (ii) the Entity's property and equipment is segregated into well-defined classes related to their operating activities. Depreciation is calculated by the straight-line method over the useful life of assets, as per the rates disclosed in Note 7.

Labor and social security liabilities

These amounts represent social charges and contribution taxes due by the Entity. This group also includes provisions for labor contingencies arising from vacation pay and charges, which are set up based on each employee's salary and on the vesting period incurred through the balance sheet date.

2. Accounting practices (Continued)

2.2. Summary of significant accounting practices (Continued)

Other (current and noncurrent) assets and liabilities

An asset is recognized in the balance sheet when its future economic benefits are likely to flow to the Entity, and its cost or value may be reliably measured. A liability is recognized in the balance sheet when the Entity has a legal or constructive obligation as result of a past event and it is probable that an outflow of funds will be required to settle it. Provisions are recorded reflecting the best estimates of the risk involved. Assets and liabilities are classified as current when realization or settlement thereof is likely to occur within the next 12 months. Otherwise, these are stated as noncurrent.

Contingent assets and liabilities and legal obligations

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follows: (i) contingent assets are recognized only when there is security interest or favorable final court decisions. Contingent assets involving probable favorable outcome on the case are only disclosed in the notes to the financial statements; (ii) contingent liabilities are recognized when losses are assessed as probable and the amounts involved may be reliably measured. Contingent liabilities assessed as possible losses are only disclosed in the notes to financial statements and contingent liabilities assessed as remote losses are not provisioned or disclosed; (iii) legal obligations are recorded as liabilities irrespective of the likelihood of a favorable outcome on the proceedings in which the Entity questions constitutionality of the taxes.

Significant accounting judgments, estimates and assumptions

The preparation of the Entity's financial statements requires management to make judgments and estimates and to adopt assumptions that affect the amounts presented referring to revenues, expenses, assets and liabilities, as well as disclosures of contingent liabilities at the financial statement closing date. Key assumptions related to sources of uncertainty in future estimates and other significant sources of uncertainty in estimates as of the balance sheet date that could result in different amounts upon settlement are as follows: a) useful life of property and equipment, b) measurement of financial instruments, and c) analysis of risks to determine provisions, including provision for contingencies. Settlement of transactions involving these estimates could result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimate process. Management monitors and reviews these estimates and their assumptions periodically and on a timely basis.

2. Accounting practices (Continued)

2.3. New pronouncements and standards published

The Entity has adopted all (new or revised) pronouncements and interpretations issued by the Brazilian FASB (CPC) that were effective at December 31, 2015. There are no other standards and interpretations issued until the date of these financial statements.

3. Restatement of comparative figures

After issue of the financial statements for the year ended December 31, 2014, authorized on October 15, 2015, the Entity, in the ordinary course of its activities, revisited its internal procedures and understanding regarding the scope of services provided by legal entities, and adjusted its accounting records for the year ended December 31, 2014, retroactively establishing tax obligations regarding the provision of administrative services by legal entities, totaling R$57,326. We point out that there was no adjustment effect on the opening balance (January 1, 2014), given that these services were engaged in the course of the year ended December 31, 2014. The adjustment made and the consequent impact on the surplus of the restated financial statements for the year are as follows:

Liabilities and equity	Originally presented in 2014	Adjustments	Restated in 2014
Current liabilities	84,855	-	84,855
	84,855	-	84,855
Noncurrent liabilities			
Tax liabilities	-	57,326	57,326
	-	57,326	57,326
Equity			
Net worth	708,514	(57,326)	651,188
Donation reserves	102,881	-	102,881
Total equity	811,395	(57,326)	754,069
Total liabilities and equity	896,250	-	896,250

	Originally presented in 2014	Adjustments	Restated in 2014
Surplus, gross	900,611	-	900,611
Operating expenses			
Personnel expenses	(489,029)	-	(489,029)
Administrative expenses	(300,963)	(57,326)	(358,289)
Other expenses, net	(33,665)	-	(33,665)
	76,954	(57,326)	19,628
Financial income (expenses)	48,897	-	48,897
Surplus for the year	125,851	(57,326)	68,525

4. Cash and cash equivalents

	2015	2014
Cash	**1,736**	289
Bank accounts	**10**	132,446
Short-term investments	**362,097**	578,393
	363,843	711,128

The Entity has fixed cash funds, available deposits in checking accounts and highly-liquid short-term investments recorded at cost, plus earnings accrued to the balance sheet date. These amounts are intended for purchase of supplies for use in surgical missions.

5. Accounts receivable

	2015	2014
Accounts receivable from donations	**42,912**	21,225
Accounts receivable (foreign exchange gains)	**4,846**	-
	47,758	21,225

Accounts receivable comprise donations from domestic or foreign companies that undertake to make a contribution in a subsequent period. These donations are intended for the Entity's operation as regards 2016 surgical missions and treatments.

The balance of accounts receivable from donations refers to amounts to be credited to the Entity's checking account, under the agreement entered into with Operation Smile for transfer of foreign donations in cash, which occurred after the current year.

6. Inventories

	2015	2014
Inventories	**343,740**	76,766
	343,740	76,766

Inventory amounts correspond to materials intended for future programs. Durable materials are returned to the warehouse at the end of each program. These inventories comprise materials or consumer goods that will be used to provide services.

7. Property and equipment, net

Breakdown is as follows:

In use	% - Depreciation rate	2014	Additions	Write-offs	2015
Medical equipment	10	39,392	-	-	**39,392**
Computers and peripherals	20	21,095	-	-	**21,095**
Furniture and facilities	10	42,001	31,164	(3,736)	**69,429**
Machinery and equipment	10	3,827	3,045	-	**6,872**
		106,315	34,209	(3,736)	**136,788**
In progress					
Medical equipment		-	131,903	-	**131,903**

Depreciation	2014	Additions	Write-offs	2015
Medical equipment	(13,005)	(3,939)	-	**(16,944)**
Computers and peripherals	(9,190)	(3,848)	-	**(13,038)**
Furniture and facilities	(13,766)	(5,335)	-	**(19,101)**
Machinery and equipment	(1,524)	(488)	-	**(2,012)**
	(37,485)	(13,610)	-	**(51,095)**
Property and equipment, net	**68,830**	**152,502**	**(3,736)**	**217,596**

8. Intangible assets, net

Cost	2014	Additions	2015
Software and applications	20,339	-	**20,339**
	20,339	-	**20,339**

Amortization	2014	Additions	2015
Amortization of software and applications	(3,854)	(4,068)	**(7,922)**
	(3,854)	(4,068)	**(7,922)**
Intangible assets, net	**16,485**	**(4,068)**	**12,417**

9. Accounts payable

	2015	2014
Sundry accounts payable	**35,893**	17,321
Credit card	**-**	866
	35,893	18,187

10. Labor and social security liabilities

	2015	2014
Social Security Tax (INSS) payable	**14,093**	9,320
Unemployment Compensation Fund (FGTS) payable	**17,808**	3,045
Severance pay	**29,102**	-
Accrued vacation pay including 1/3 vacation bonus	**19,462**	35,678
Charges on accrued vacation pay	**6,967**	12,773
	87,432	60,816

11. Tax liabilities

	2015	2014
		(Restated – Note 3)
Social Security Tax (INSS)	**139,151**	57,326
Withholding Income Tax (IRRF) on salaries payable	**7,434**	5,142
IRRF payable	**767**	330
PIS, COFINS and Social Contribution tax payable	**2,208**	-
Service Tax (ISS) payable	**20**	-
PIS on salaries payable	**567**	380
	150,147	63,178
Current liabilities	**10,996**	5,852
Noncurrent liabilities	**139,151**	57,326

12. Taxes

12.1. Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)

For being a not-for-profit entity, it enjoys the benefit of exemption from payment of federal taxes on profits, in accordance with articles 167 to 174 of the Income Tax Regulation approved by Decree No. 3000, dated March 26, 1999, and article 195 of the Federal Constitution.

12.2. Contribution tax on gross revenue for social integration program (PIS)

As a not-for-profit organization, the Entity is subject to PIS payment on payroll at 1% in accordance with Law No. 9532/97.

12.3. Contribution tax on gross revenue for social security financing (COFINS)

For being a not-for-profit entity, it enjoys the benefit of COFINS exemption on revenues from Entity activities, in accordance with Laws No. 9718/98 and No. 10833/03, and is subject to such tax on other revenues at the rate of 3%.

13. Equity

	2015	2014 (Restated – Note 3)
Net worth	**651,188**	582,663
Donation reserves	**102,881**	102,881
Surplus (deficit) for the year	**(35,770)**	68,525
	718,299	754,069

The Entity's equity consists of donations plus surplus and less deficits accumulated since its incorporation.

Allocation of surplus

Surplus calculated for the year will be allocated for the maintenance of activities, including the purchase of supplies for the 2016 surgical missions, in compliance with the Entity's going concern accounting principle and legal provisions in force applicable to not-for-profit entities.

14. Revenues

14.1. Restricted operating revenue

Corrective surgeries offered by Operação Sorriso do Brasil are carried out by a team of volunteer health professionals. This service is recognized as a donation and accounted for by means of worked hours, according to the corresponding professional category. The fee per professional is determined according to the tables disclosed and union collective agreements of each category. For 2015, revenues from volunteer work amounted to R$223,184 (R$236,759 at December 31, 2014).

14. Revenues (Continued)

14.2. Unrestricted operating revenues

	2015	2014
Corporate donations (a)	**892,962**	592,578
Individual donations (c)	**154,959**	186,124
Anonymous donations	**112,681**	33,740
Donations – lottery	**4,400**	-
	1,165,002	812,442
Donations - United Way/White Martins	**186,085**	129,360
Donations of materials and services (d)	**666,595**	513,726
Foreign donations (b)	**374,903**	462,333
	1,227,583	1,105,419
	2,392,585	1,917,861

(a) Corporate donations

These refer to donations made by companies by means of deposits in the Entity's checking account. Breakdown of corporate donations for 2015 and 2014 is as follows:

	2015	2014
Aumund Ltda.	**38,200**	31,000
Associação Citiesperança	**50,000**	50,000
Bichara, Barata & Costa Advogados	**1,200**	1,200
Bradesco Seguros	**70,000**	70,000
Colgate Palmolive Comercial Ltda.	**-**	150,000
Comerc Comercializadora Energia Elétrica Ltda.	**98,025**	84,000
Comercial Nicks de Art. Esportivos Ltda.	**-**	30,000
Schiwartche Advogados	**-**	18,000
Icatu Seguros S.A/	**50,000**	50,000
Instituto Azzi	**27,000**	44,000
Assoc. Clube Literatura / Cooperjohnson	**123,915**	-
LDS Church	**59,626**	22,602
Milano Comércio	**50,000**	-
Pepsico.	**196,390**	5,560
The British School - Associação Britânica de Educação	**-**	17,121
Citibank	**50,000**	-
Other	**78,606**	19,095
	892,962	592,578

(b) Foreign donations

These are funds received in foreign currency from the head office (Operation Smile Inc.) or other international partner organizations, as follows:

	2015	2014
Operation Smile	**374,903**	255,557
Temasek Holdings	**-**	206,776
	374,903	462,333

14. Revenues (Continued)

14.2. Unrestricted operating revenues (Continued)

(c) Individual donations

These are donations made by individuals through direct deposit in the Entity's checking account.

(d) Donations of materials and services

These are donations of surgical consumption products by companies producing such materials, such as sutures and anesthetics or services rendered to the Entity free of charge. Balance breakdown is as follows:

	2015	2014
Alfa Computer Assessoria em Informática	**20,520**	6,090
Auto Suture do Brasil Ltda.	**29,205**	25,297
Azul Linhas Aéreas	**244,154**	226,635
Bionexo do Brasil S.A.	**-**	61,200
Pepsi Cola Indústria da Amazônia Ltda.	**135,995**	-
Cristália Prods. Químicos Farmacêuticos Ltda.	**14,601**	54,498
Medtronic	**131,904**	-
Johnson & Johnson BR Ind. e Com. Prod. Saúde Ltda.	**51,073**	76,303
Microsoft Citizenship & Publlic Affairs	**-**	18,604
Ruanda Serv. de Publicidade Ltda.	**-**	10,170
Schiwartche Advogados	**15,000**	15,000
Other	**24,143**	19,929
	666,595	513,726

15. Costs with programs

Funds and donations received by the Entity were allocated to the programs developed, and funds received were used for the Entity´s institutional purposes in conformity with its charter, in connection with granting of free social assistance.

	Period	Number of surgeries	Funds R$
Expenses from own resources	2014	230	(1,017,250)
	2015	**222**	**(1,197,354)**

2014: 450 people were screened, resulting in 4,050 medical appointments, 230 surgeries and 356 surgical procedures carried out.

2015: 456 people were screened, resulting in 4,104 medical appointments, 222 surgeries and 312 surgical procedures carried out.

15. Costs with programs (Continued)

In meeting the provisions of item VI, article 3, of Decree No. 2536/98, in 2015 and 2014, the Entity provided the following free social assistance services:

	2015	2014
Air tickets	**(527,757)**	(397,134)
Meals	**(179,888)**	(36,110)
Medical supplies	**(175,806)**	(226,860)
Lodging services	**(84,220)**	(67,500)
Cargo warehousing services	**(38,742)**	(22,339)
Transportation services	**(29,193)**	(17,099)
Customs technical services	**(20,648)**	(18,000)
IT advisory services	**(20,520)**	(6,090)
Telephone	**(15,578)**	(12,899)
Legal advisory services	**(15,000)**	(15,000)
Media relations services	**(12,600)**	(12,000)
Overland transportation	**(12,163)**	(10,617)
Distribution of free gifts/prizes/kits	**(8,777)**	(18,451)
Conference call services	**(5,974)**	(6,996)
Non-medical supplies	**(6,618)**	(64,992)
Other	**(43,870)**	(85,163)
	(1,197,354)	(1,017,250)

16. Personnel and administrative expenses

Administrative expenses for 2015 and 2014 are broken down as follows:

	2015	2014 (Restated – Note 3)
Personnel expenses	**(430,112)**	(341,520)
Related charges	**(213,837)**	(147,509)
	(643,949)	(489,029)
Lease	**(58,107)**	(42,161)
Rent of office equipment	**(7,766)**	(5,382)
Internet	**(1,276)**	(903)
Office supplies	**(3,369)**	(1,444)
Air tickets	**(6,323)**	(9,505)
Website registration/domain	**(10,050)**	(9,201)
Accounting advisory services	**(21,005)**	(19,446)
IT advisory services	**(111)**	(3,118)
Audit services	**(9,329)**	(8,163)
Mail pouch/courier/transportation services	**(3,945)**	(3,232)
Advisory and consulting services	**(390,549)**	(235,788)
Telephone	**(3,382)**	(4,635)
Other	**(59,625)**	(15,311)
	(574,837)	(358,289)
	(1,218,786)	(847,318)

17. Exemptions and tax expenditures considered foregone debts

Pursuant to ITG 2002 (R1) - Not-for-profit entities, approved by CFC Resolution No. 1409/12, the Entity presents below the amount of tax expenditures considered foregone debts calculated for 2015 and 2014 if such obligation were due. Accordingly, in the Entity’s understanding, the following taxes and their respective rates were considered. It should be stressed that these are estimated calculations of referred to tax expenditures, comprising the main taxes, since the Entity is not required to write up any tax records such as the Taxable Profit Control Register (LALUR), due to its not-for-profit nature.

Breakdown is as follows:

	2015	**2014**
PIS and COFINS (0.65% and 3.0% on revenues)	**95,476**	78,644
IRPJ and CSLL (34% on surplus for the year)	**-**	23,299
	95,476	101,943