



## MANAGEMENT'S REPORT FOR THE 2020 FINANCIAL YEAR

Associates, Private and Public Partners and the Society,

The Executive Board of Instituto Ramacrisna, in compliance with the legal and statutory provisions, hereby submits You the Management Report, which highlights the main actions taken by the Institute, the Financial Statements and the respective Explanatory Notes regarding the equity status, as well as the Company's financial statement for the fiscal year ended on December 31, 2020, for your examination and deliberation.

This report incorporates the opinions of the independent auditors and the Fiscal Council.

The economic crisis caused by the impact of Covid-19 reached several sectors of the society. Companies, workers, welfare institutions, all were affected by the pandemic, which shook not only countries' health systems, but also the labor market and the education area. Civil Society Organizations – CSOs – suffered the most during the crisis due to the scarcity of resources available for funding.

Experienced management and innovative professionals are intangible assets, essential for Instituto Ramacrisna to stand out as one of the institutions that managed to remain active during the pandemic. The Organization was a point outside the curb during the crisis. All managers and employees were able to quickly restructure themselves to offer a new teaching model, with remote vocational courses and distance classes.

Ramacrisna's strength lies in its experienced management, their professionals' qualification and communication, which publicize the actions that the Institute carries out to the entire public, thus generating more credibility. In addition to the distance learning courses, the Institute also managed to maintain the activities of the *Jovem Aprendiz* Program and other projects, which received technical support from the Producer Antenados, responsible for the Institute's audiovisual productions.

The Institute's credibility is another point to be emphasized, as it allowed the continuity of projects collected together with public and private partners. The use of measures to maintain employment and income proposed by the Federal Government provided the maintenance of human resources, which are the vectors of the activities carried out, respecting all the sanitary and health measures of our body of employees and partners.

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Additionally to this, the Institution's ongoing project for its own income generation, Ramacrisna Wire Factory, currently a benchmark in self-sustainability, covered around 30% of assistance expenses with the results obtained from its operations.

#### SOCIAL ROLE

With the pandemic, the role of humanitarian aid gained even more relevance. Ramacrisna needed to diversify the way in which students and their families were welcomed, the ones that were more affected by the economic crisis and returned to a situation of greater social vulnerability. The Institute managed to attract more resources for actions focused on maintaining human dignity, distributing food, hygiene materials, books and strengthening the local economy in the communities in which it operates and in new communities served by its partners. Among the main partners are the Municipality of Betim, Fundação Itaú Social, Mesa Brasil, Fundação Petrobras and BrazilFoundation, an international institution that sent funds to assist people in situations of social vulnerability in Betim.

These investments are the result of Ramacrisna's credibility, which for over 60 years has been managing and practicing communication work to attract new partners. "When an international company thinks about investing money to help people in Brazil, who does it think about? In a trustworthy organization".

With the support of these organizations, the Institute was able to help more than 43,000 people in 2020, by offering personal care and food products. In addition, it also partnered with Central Única das Favelas (CUFA) to distribute 600 SIM cards to mothers, helping them with communication and with the children's access to education, as well as mothers regarding entrepreneurial family maintenance activities, such as selling snacks, bonbons and dissemination through WhatsApp.

The Award *PRÊMIO MELHORES ONGS 2020* (100 Best NGOs in Brazil – Instituto Doar and Rede Filantropia) – Ramacrisna is among the 100 Best NGOs in Brazil for 4 years in a row. The Award, which is the largest one in the Third Sector in Brazil, recognizes the Best NGOs to donate in Brazil, for good practices in matters such as governance, transparency, communication and financing.

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Held since 2017, the *Melhores ONGs* is a partnership with Instituto Doar, from the Ambev social and environmental projects agency, having technical support from researchers from Getúlio Vargas Foundation (FGV) and support from Toyota do Brasil Foundation.

### SERVICES PERFORMED

16,814 **SERVICES**, being: 1,472 Services provided directly by Instituto Ramacrisna; 630 Services made with Petrobras sponsorship; 14,712 Services provided in partnership with the Government.

15 **PROFESSIONAL COURSES**, 29 Classes, 479 Students.

**PRODUCER ANTENADOS**: 9 Employees, 453 Video-lessons recordings, 43 External works performed, 13 Clients.

**APPRENTICE**: 528 Apprentice Adolescents, working in 99 Companies, in 13 Cities in the Metropolitan Region of Belo Horizonte and 146 Adolescents in the Project *Jovens de Futuro*.

**STUDENTS OF CAER** – Ramacrisna Educational Support Center: 278 Students with Pedagogical Support and Digital Inclusion, 86 at the Music and Dance Workshops, 73 at the Innovation Space – Educational Robotics Workshop and 3D Printing, 179 at the Sports Workshop, 99 at the Judo Workshop, 110 at the Chess Workshop, 278 at the Literacy Table.

**CULTURAL ACTIVITIES**: 41 Musicians at the Ramacrisna Youth Orchestra, 328 Used the Ramacrisna Library, 179 Borrowed Books, 110 at Cinemateca.

**PROJECT CONSTRUINDO O FUTURO**, sponsored by Petrobras: 4 Courses, 14 Classes, 317 Young People in Vocational Courses, 313 Children in Early Childhood Activities.

**FOOD SERVED** at the Institute: 30,026 Meals and 15,362 Snacks.

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**MANAGEMENT:** 104 Employees, 1,594 Hours/Training for employees, 19 Partnerships signed.

**PARTNERSHIPS WITH THE GOVERNMENT:** 746,491 Meals served (Agreement with the Health Secretary of Betim), 388,755 Meals served at Popular Restaurants, 7,224 participants in cultural workshops, partnering with Funarbe – Fundação Artístico Cultural de Betim, and 7,488 participants in sports activities, partnering with the Department of Sports.

**DONATION:** 10,844 Donations received from partners and delivered to families in the community and 43,379 People benefited.

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#### PERSPECTIVES FOR THE FUTURE

Despite all the problems generated by the COVID-19 pandemic, Ramacrisna remains an extremely solid institution. New courses, such as the Installation of Photovoltaic Power Plants, continue to be created. Old projects remain in activity and new fundraising from private partners who trust the projects to be carried out, indicate a positive outlook for the uncertain future.

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#### BOARD

President: Expedito Martins Chumbinho

Vice-President: Solange Bottaro

Financial Director: João Bosco de Oliveira Brant

Welfare Director: Flávio Alves Gomes

Administrative Director: Yukari Hamada

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**Instituto Ramacrisna - 17.283.532/0001-86**

Balance Sheet for the Year ended in

(Amounts in  
Brazilian Reais)

	Notes	2020	2019
<b>Current Assets</b>			
Cash and Cash Equivalents - without restrictions	6	8,486,870	3,951,046
Cash and Cash Equivalents - with restrictions	6	7,713,145	2,841,729
Accounts Receivable - without restrictions	7	1,387,531	1,218,465
Accounts Receivable - with restrictions	7	10,526,415	5,608,922
Inventory	4,9	883,322	902,021
Advances		113,459	69,720
Other Accounts Receivable		12,945	9,313
Accounts Receivable from Lawsuits - without restrictions		155,283	151,457
Miscellaneous expenses to be appropriated		12,239	8,881
		<b>29,291,208</b>	<b>14,761,554</b>
<b>Non-Current Assets</b>			
<b>Long Term Achievable</b>			
Accounts Receivable - with restrictions	7	-	2,521,121
Judicial Deposits	9	2,817,259	3,825,342
Accounts Receivable from Lawsuits - without restrictions		46,075	46,075
Investment		250,000	-
Fixed Assets	10	9,767,183	8,940,051
Intangible	10	748,478	555,549
		<b>13,628,995</b>	<b>15,888,139</b>
<b>TOTAL ASSETS</b>		<b>42,920,202</b>	<b>30,649,693</b>
<b>Current Liabilities</b>			
Suppliers - without restrictions		417,113	434,450
Suppliers - with restrictions		186,859	36,575
Loans and Financing		63,590	34,790
Obligations and Social Charges - without restrictions		868,622	1,041,472
Obligations and Social Charges - with restrictions		1,591,608	1,049,307
Diverse Creditors - without restrictions		333,353	68,962
Diverse Creditors - with restrictions		227,477	26,344
Agreements and Partnerships to be Rendered Accountable	11	16,390,934	9,782,862
Taxes to be Collected - without restrictions		69,291	28,439
Taxes to be Collected - with restrictions		1,579	1,768
Advances to Customers		82,625	15,509
Labor Fines			
Revenues to be Appropriated		2,249	2,249
		<b>20,235,301</b>	<b>12,522,727</b>
<b>Non-Current Liabilities</b>			
Financing		265,187	81,177
Labor Fines		-	19,359
Judicial Deposits	9	2,817,259	3,815,088
		<b>3,082,446</b>	<b>3,432,137</b>
<b>Net Equity</b>			
Equity		11,797,394	11,133,305
Asset Valuation Adjustments	12	2,413,948	2,446,318
Surplus (Deficit) for the Year	4,9	5,391,113	631,720
		<b>19,602,455</b>	<b>14,211,342</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,920,202</b>	<b>30,649,693</b>

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

**Instituto Ramacrisna - 17.283.532/0001-86**

Income Statement for the Year ended in

(Amounts in  
Brazilian Reais)

	Notes	2020	2019
<b>Welfare Activities</b>			
Donations from Individuals		259,900	291,033
Donations from Legal Entities		5,036,437	3,374,825
Income from Charitable and Partnerships Activities		9,942,801	5,434,397
Income from Popular Restaurant Activities		5,118,377	4,645,558
Income from <i>Adolescente Aprendiz</i> Activities		6,215,151	6,956,781
Equity Income		13,459	113,363
<b>(=) Gross Operating Revenue</b>		<b>26,586,126</b>	<b>20,815,958</b>
<b>Cost of Services Provided</b>	-	<b>25,677,454</b>	<b>- 21,230,471</b>
Personnel and Charges		(12,522,131)	(12,635,838)
Services provided by Third Parties		(7,350,842)	(5,289,198)
Direct Material Applied		(5,804,480)	(3,305,435)
<b>(=) Gross Operating Result</b>		<b>908,672</b>	<b>(414,512)</b>
<b>Administrative Costs</b>		(572,193)	(640,805)
Administrative Costs		(15,187)	(33,340)
Donation Expenses		(3,135)	(450)
Legal/Judicial Expenses		(1,834)	(6,288)
General Costs		(552,038)	(600,728)
<b>(=) Operating Result before Financial Result</b>		<b>336,479</b>	<b>(1,055,317)</b>
<b>Financial Result</b>		(42,672)	(57,679)
Financial Expenses		(55,851)	(60,709)
Income from Financial Investments		13,179	3,030
<b>(=) Net Deficit for the Exercise of Welfare</b>		<b>293,806</b>	<b>(1,112,996)</b>
<b>Income Generation Activities</b>			
Revenues from Sales of Screens and Wires		9,743,488	6,258,367
Income from the Provision of Various Services		155,600	102,737
(-) Sales Deductions			
Cancellations and Returns		(42,696)	(2,535)
Discounts Given		(3,054)	(1,692)
Sales Tax		(486,874)	(319,922)
<b>(=) Net Revenue from Sales and Services</b>		<b>9,366,463</b>	<b>6,036,955</b>
<b>Cost of Goods Sold and Services Provided</b>			
Labor Used		(691,855)	(592,372)
Services provided by Third Parties		(316,542)	(219,808)
Direct and Indirect Material		(5,775,070)	(4,037,980)
<b>(=) Gross Operating Result</b>		<b>2,582,996</b>	<b>1,186,795</b>
Revenue (Administrative Expenses)		<b>1,355,900</b>	<b>225,578</b>
Administrative Costs		(1,411)	(4,054)
General Costs		(465,463)	(131,712)
Other Income	9	1,822,775	361,344
<b>(=) Operating Result before Financial Result</b>		<b>3,938,896</b>	<b>1,412,373</b>
<b>Financial Result</b>		<b>1,158,411</b>	<b>332,343</b>
Financial Expenses		(235,443)	(59,134)
Income from Financial Investments		278,296	338,241
Other Financial Income	9	1,115,558	53,236
<b>(=) Net Surplus from Income Generation</b>		<b>5,097,307</b>	<b>1,744,715</b>
<b>(=) Net Surplus (Deficit) of Ramacrisna</b>		<b>5,391,113</b>	<b>631,720</b>

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



**Instituto Ramacrisna - 17.283.532/0001-86**

Statement of Changes in Net Equity for the Year Ended in

(Amounts in Brazilian Reais)

Description	Equity	Equity Valuation Adjustments	Accumulated Surplus (Deficit)	Net Equity
<b>Balance as of December 31, 2018</b>	<b>10,041,196</b>	<b>2,694,497</b>	<b>843,929</b>	<b>13,579,623</b>
Equity Valuation Adjustment Realization	248,180	(248,180)		-
Incorporation of Previous Results	843,929		(843,929)	-
Surplus for the Year			631,720	631,720
<b>Balance as of December 31, 2019</b>	<b>11,133,305</b>	<b>2,446,317</b>	<b>631,720</b>	<b>14,211,342</b>
Equity Valuation Adjustment Realization	32,370	(32,370)		-
Incorporation of Previous Results	631,720		(631,720)	-
Surplus for the Year			5,391,113	5,391,113
<b>Balance as of December 31, 2020</b>	<b>11,797,395</b>	<b>2,413,947</b>	<b>5,391,114</b>	<b>19,602,456</b>

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

**Instituto Ramacrisna - 17.283.532/0001-86**

Cash Flow Statement for the Year ended in

(Amounts in Brazilian Reais)

	<u>2020</u>	<u>2019</u>
<b>Cash Flow from Operating Activities</b>		
Deficit for the Year	5,391,113	631,720
<b>Adjustment to Reconcile the Net Income for the Year with Funds from Operating Activities:</b>		
Depreciation/Amortization	686,021	598,690
<b>Adjusted Net Surplus</b>	<b>6,077,134</b>	<b>1,230,410</b>
<b>(Increase) Decrease of Assets</b>		
Accounts Receivable - without restrictions	(169,067)	(244,266)
Accounts Receivable - with restrictions	(4,917,493)	(716,362)
Inventory	18,700	(243,452)
Other Assets	(54,553)	(70,955)
Long-Term Operating Accounts	3,529,204	(2,521,121)
	<u>(1,593,209)</u>	<u>(3,796,156)</u>
<b>Increase (Decrease) of Liabilities</b>		
Suppliers - without restrictions	(17,337)	138,331
Suppliers - with restrictions	150,284	(80,768)
Obligations and Social Charges - without restrictions	(172,850)	361,151
Obligations and Social Charges - with restrictions	542,301	234,334
Agreements and Partnerships to be Rendered Accountable	6,608,072	3,474,065
Other Liabilities	(443,885)	(115,133)
	<u>6,666,586</u>	<u>4,012,179</u>
<b>Cash Generated by Operating Activities</b>	<b>11,150,511</b>	<b>3,967,554</b>
<b>Cash Flow Used in Investing Activities</b>		
Investment Acquisitions	(250,000)	-
Acquisitions of Assets and Rights for the Asset	(1,706,081)	(632,278)
<b>Net Cash Consumed by Investing Activities</b>	<b>(1,956,081)</b>	<b>(3,153,400)</b>
<b>Cash Flow Used in Financing Activities</b>		
Short and Long Term Loans and Financing	212,810	108,650
<b>Net Cash Consumed by Financing Activities</b>	<b>212,810</b>	<b>108,650</b>
<b>(=) Variation in Availabilities</b>	<b>9,407,240</b>	<b>922,804</b>
Cash and Cash Equivalents at the Beginning of the Year	6,792,775	5,869,971
Cash and Cash Equivalents at the End of the Year	16,200,015	6,792,775
<b>Net Increase in Availabilities</b>	<b>9,407,240</b>	<b>922,804</b>

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



INSTITUTO RAMACRISNA

CNPJ No. 17.286.532/0001-86

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

DRAWN ON 12/31/2020 AND 12/31/2019

1. OPERATING CONTEXT

**Instituto Ramacrisna** is a non-profit and charitable association, headquartered at Rua Mestre Ramacrisna, 379, Bairro Santo Afonso, in the city of Betim, State of Minas Gerais. It operates in the service and basic family protection areas in the city of Betim/MG, and also in 11 cities in the Metropolitan Region of Belo Horizonte that participate in the programs developed, in accordance with the National Welfare Plan, and in the form defined in their bylaws.

The Institute's objective is to promote the local development of communities in situations of social vulnerability, through actions that lead to the minimization of school dropout, raising the level of education of children and adolescents, professional qualification of young people and adults, youth relevance and community empowerment.

The actions seek to promote the growth of the human being through art, culture, education, sports, professionalization, job and income generation, as well as social support, without discrimination of race, color, sex or religion, working with families in situations of social vulnerability, so that, through self-knowledge, they become self-sufficient.

Since its creation 62 years ago, **1,913,560** people have already benefited, and Ramacrisna now holds several titles and certificates, such as:

- Title of State Public Utility, Law No. 2,215, issued on August 24, 1960;
- Title of Municipal Public Utility of Betim, Law No. 1,462, issued on September 22, 1981;
- Municipal Public Utility of Belo Horizonte: Law No. 1,288, issued on December 1, 1966;
- CEBAS – Certificate of Beneficent Entity of Social Assistance, renewed through Ordinance No. 348, dated December 21, 2018, of the National Secretariat of Social Assistance;
- Qualification as an OSCIP – Civil Society Organization of Public Interest by the Secretariat of State for Planning and Management of Minas Gerais;
- Certificate of Registration of Welfare Entity – 382, on June 11, 1959;
- National Council of Welfare: Certificate No. 60,188/62;
- Betim Council for the Rights of Children and Adolescents: 01 of December 1, 1992;
- Betim Municipal Council of Welfare: 001;
- Belo Horizonte Council for the Rights of Children and Adolescents: No. 0420

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## 2. CORPORATE ASPECTS

Instituto Ramacrisna's administrative structure is formed by a Deliberative Council, an Executive Board and a Fiscal Council. Its Mission is to transform lives through solutions in education and professionalization, aiming at human, cultural, social and environmental development.

Its Vision is to be a reference in innovation, management of social projects and optimization of the use of resources in the Third Sector. Its Values are: Ethics, Altruism, Innovation, Commitment, Determination, Transparency and Flexibility.

Instituto Ramacrisna's main statutory purpose is to provide services typified by CNAS Resolution No. 109/2009, prioritizing basic social protection services, classified by SUAS, as validated by the Betim Municipal Council of Welfare, through proof of enrollment No. 007, that discriminates:

- I. Coexistence and Bond Strengthening Service for children, adolescents, young people, adults and seniors;
- II. Development of professional qualification courses;
- III. Development of workshops;
- IV. Project *Adolescente Aprendiz*;
- V. Maintenance of Popular Restaurants.

The Entity's management has been closely following the news about the Covid-19 virus, as well as the reactions of the markets due to the expectation of a slowdown in the global economy. Up to the presentation date of the financial statements, no material disruptions in the communities and economic activities in the main areas where the Entity operates were observed. Although it is not possible to predict at this time the extent, severity and duration of the impacts of the Covid-19 virus, the Management understands that, until the presentation date of the financial statements, no significant impacts that could modify its business assumptions and the measurement of its assets and liabilities in the financial statements as of December 31, 2020 were observed. The Entity expects that the measures taken by the sanitary and health authorities will be sufficient to stop the spread of the virus at the regional and global levels.

## 3. PRESENTATION OF THE FINANCIAL STATEMENTS

The Financial Statements were prepared and are being presented in accordance with the accounting practices adopted in Brazil, in particular in compliance with the provisions contained in the Brazilian Accounting Standards – ITG 2002 – *Non-Profit Entities*, approved by Resolution No. 1409/12, of the Federal Council of Accounting, especially NBC TG 1000 and NBC TG 26 – *Presentation of Financial Statements*, approved by CFC Resolution No. 1185/09, amended its nomenclature from NBC T 19.27 to NBC TG 26, according to CFC Resolution No. 1,329/11.

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The provisions of Laws No. 11,638/07, Law No. 11,941/09, Law No. 91-1935 and Decree No. 50,517/61, amended by Decree No. 60,931/67, and also Law No. 12,101/09 and Decree No. 7237/10, which guides the actions of social assistance entities.

Considering the Emergency Program for the Maintenance of Employment and Income to face the state of public calamity recognized by Legislative Decree No. 6, dated March 20, 2020, and the public health emergency of international importance due to Coronavirus (Covid-19), pursuant to Law No. 13,979, dated February 6, 2020, temporary suspensions and reductions of employment contracts, early vacations and change of the on-site modality to telework were carried out for most of the Institution's employees from April to December 2020.

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#### 4. MAIN ACCOUNTING PRACTICES

The Brazilian accounting standards, described in detail below, have been consistently applied to the years presented in these financial statements, namely:

4.1 - Revenues and expenses were recognized on a monthly basis, respecting the accrual basis of accounting. Revenues from public and private partnerships are recognized when employment contracts, purchases of materials and contracting of services are made, according to ITG 2002.

a) The Institute was successful in a court decision, which withdrawal of the judicial deposit positively affected the result for the year 2020, better presented in note 9.

4.2 - The Entity's rights and obligations are in accordance with its actual real values.

4.3 - Financial investments are stated at the investment amount plus the corresponding income, appropriated up to the balance sheet date.

4.4 - Accounts receivable - without restrictions, correspond to the amounts receivable from customers for the generation of their own income, through the production, sale of goods and provision of services in the normal course of activities. Most sales are based on normal credit terms, and accounts receivable are not subject to interest. The book values of trade accounts receivable and others are reviewed to determine if there is any objective evidence that the amounts will not be recoverable. If there is evidence, an impairment loss is immediately recognized in the Statement of Income for the period.

4.5 - The allowance for Doubtful Accounts (PCLD) was not constituted at the end of the year due to the inexistence of securities overdue for more than one hundred and eighty days and due to the recognition of the actual losses in the realization of credits, as explained in the previous item, see item 14 (fourteen) of CFC Resolution No. 1,409/12 (NBC – ITG 2002).

4.6 - Accounts receivable - with restrictions, refer to the amounts receivable from public agencies and private companies arising from partnerships entered into in 2020 with installments receivable during 2021.

4.7 - Inventories are stated at average acquisition cost and less than replacement cost or net realization value. They are represented by maintenance and consumption materials, together with the materials used in fabric and food factories, cleaning products, and packaging in popular restaurants. The cost of finished products comprises the cost of raw materials plus the inputs necessary for manufacturing, in specific cases.



The values of inventories recorded do not exceed market values. They are handled in accordance with the guidelines of CFC Resolution No. 1,170/09 (NBC TG 16).

4.8 - The provision for vacations and charges was calculated based on the rights acquired by employees up to the balance sheet date, and includes the corresponding social charges presented under the heading of obligations and charges.

4.9 - The methodology applied in the preparation of the Cash Flow Statement was indirect. Under this method, the net cash flow from operating activities is determined by adjusting the surplus for the year for items that do not affect cash, such as depreciation, changes in inventories and operating accounts receivable and payable during the period. In addition to all other items which effects on cash are due to investment or financing activities, as per item 7.8, of TG 1000. In Accounts Receivable - without restrictions, the amounts receivable arising from Donations from Individuals and Legal Entities, together with other transactions in other accounts receivable accounted for in Assets.

4.10 - Measures adopted for labor purposes constitute a case of force majeure, pursuant to the provisions of art. 501 of the Consolidation of Labor Laws and are in accordance with art. 8, of Provisional Measure 936, dated April 1, 2020, later regulated by Law No. 14,020, dated July 7, 2020, which established the Emergency Program for the Maintenance of Employment and Income.

On the date of these financial statements, it is not possible to measure other risks that may arise and consequently result in any losses that this pandemic may generate on its estimates, risks or on the Entity's business. The Management concluded that the financial statements adequately present the financial and equity position, performance and cash flows of the entity.

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## 5. MAIN ACCOUNTING JUDGMENTS AND SOURCES OF UNCERTAINTY IN ESTIMATES

As it applies the accounting policies, the Management must make judgments and make estimates regarding the book values of assets and liabilities, since they are not easily obtained from other sources. Estimates and respective assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

Underlying estimates and assumptions are continually reviewed. The effects arising from revisions made to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only this period, or also in subsequent periods if the revision affects both the present period and future periods.

The main estimates made by the Management when preparing the financial statements include the useful life of its fixed and intangible assets, the residual value of the fixed assets and losses on the recoverable value of receivables.

Current assets and liabilities accounts, as well as non-current assets and liabilities accounts, are presented at cost or realization value, including, when applicable, income and monetary variations earned, being recorded at present value. No cases requiring present value adjustment were identified.



ITG 2002 determines that volunteer work, including by members of the management bodies, in the exercise of their functions, must be recognized at the fair value of the provision of the service, as if the financial disbursement had occurred. However, Instituto Ramacrisna did not measure and recognize the volunteer work, considering that the cost to generate this information would be higher than its benefit.

## 6. CASH AND CASH EQUIVALENTS

The cash and financial resources held can be displayed in this way:

	<b>2020</b>	<b>2019</b>
Fixed Fund	-	-
Banks account movement	2,931,123	315,786
Immediate Liquidity Applications	5,555,747	3,635,260
<b>Total (a)</b>	<b><u>8,486,870</u></b>	<b><u>3,951,046</u></b>
<b>Cash and Cash Equivalents - with restrictions</b>		
	<b>2020</b>	<b>2019</b>
Fixed Fund	2,500	2,500
Banks account movement	10,619	53,617
Immediate Liquidity Applications	7,700,026	2,785,612
<b>Total (b)</b>	<b><u>7,713,145</u></b>	<b><u>2,841,729</u></b>
<b>Total Availabilities (a+b)</b>	<b><u>16,200,015</u></b>	<b><u>6,792,775</u></b>

The increase in the immediate liquidity applications with restrictions is due to contracts and partnerships signed in December 2020, with execution scheduled for 2021, which were duly applied in order to protect against currency devaluation.

## 7. ACCOUNTS RECEIVABLE

These assets arise from activities with financial counter-delivery originating from private resources for the sustainability of assistance programs and projects carried out by the Entity, whether from third parties or from its own income generation.

	<u>2020</u>	<u>2019</u>
<b>Accounts Receivable - without restrictions</b>		
Accounts receivable from Screen Factory Activities	982,139	607,798
Accounts receivable from <i>Adolescente Aprendiz</i> Activities	404,513	574,736
Accounts receivable from Popular Restaurant Activities	325	34,901
Accounts receivable from other Activities	-	600
Donations receivable	555	430
<b>Total (a)</b>	<b><u>1,387,531</u></b>	<b><u>1,218,465</u></b>

The amounts to be received from partnerships, of public or private origin, are represented by the amounts contained in the partnership terms and contracts duly signed between the parties, being the publics disclosed in official newspapers, as provided for in Article 2<sup>nd</sup>, item III of Law No. 13,204/2015. These values can only be applied in activities established under the terms agreed between the parties, they are technically called "with restrictions".

	<u>2020</u>	<u>2019</u>
<b>Accounts receivable - with restrictions</b>		
<b>Public Partnerships</b>		
Popular Restaurant Centro	765,290	274,055
Popular Restaurant Teresópolis	352,715	132,051
SCFV - FUNARBE 001/2017	1,418,142	379,812
SCFV - TC 001/2018 <i>VIVA O ESPORTE</i>	2,817,893	1,405,311
SCFV - <i>Poupança Jovem</i>	641,302	641,302
Food Bank - PA 52309/2018	330,447	430,447
<i>Educação Cidadã</i> - PA 10.305/2019	-	87,458
Term of Development <i>Construindo a Cidadania</i>	95,571	232,100
S.A SAÚDE – Food Saf. and Nut. – SUS Network	2,194,959	-
SCFV Program <i>Descubra BH</i>	319,851.35	
SCFV Program <i>Descubra Betim</i>	64,749.98	
FIA <i>Orquestrando o Futuro</i>	106,543.98	
<b>Subtotal</b>	<b><u>9,107,464</u></b>	<b><u>3,582,537</u></b>
<b>Private Partnerships</b>		
American Consulate - Betim	-	14,992
American Consulate - Contagem	-	29,954
<i>Criança Esperança</i>	-	5,534
USA - Culture and Education Program	11,790	11,790
BrazilFoundation <i>Ampliando Fronteiras</i>	14,237	71,185
Petrobras - <i>Construindo o Futuro</i>	1,390,674	1,890,681
Reimbursement of 2017 agreements expenses	2,249	2,249
<b>Subtotal</b>	<b><u>1,418,950</u></b>	<b><u>2,026,385</u></b>
<b>Total (b)</b>	<b><u>10,526,415</u></b>	<b><u>5,608,922</u></b>
<b>Total Short Term - Accounts Receivable (a+b)</b>	<b><u>11,913,946</u></b>	<b><u>6,827,387</u></b>



Long Term - Accounts Receivable with restrictions	2020	2019
Food Bank PA 52309/2018	-	1,130,446.82
Petrobras - <i>Construindo o Futuro</i>	-	1,390,674.47
<b>Total Long Term - Accounts Receivable</b>	-	<b>2,521,121</b>

## 8. FINANCIAL RISK MANAGEMENT

**Labor Liability Risk:** The activities developed by Instituto Ramacrisna expose it to various market and liquidity risks. Despite the responsibility for the full transfer of financial resources by the Municipality of Betim and others, which are guaranteed under the terms of agreements entered into, the generation of a labor liability through the management of employees may entail a liquidity risk in the future. In order to face this risk, including the one resulting from the measures adopted as per note 4.10, Instituto Ramacrisna has sought to reserve resources for the payment of expenses with the respective severance pay in its available resources with its own income generation.

**Credit Risk:** Credit risk arises from cash and cash equivalents and is related to credit exposure to customers.

**Liquidity Risk:** Failure to receive public funds within the time provided for in the partnership agreement may result in liquidity risks. With respect to loans and financing, the amounts presented originate from FINAME fixed assets, in this case a truck vehicle and a heavy vehicle consortium.

**Loss due to impairment of assets:** After evaluating the assets of Instituto Ramacrisna, it was concluded that there is no indication that these assets suffered impairment losses.

## 9. JUDICIAL DEPOSITS

Judicial deposits are made in court in a linked bank account and judicial process, and are made in cash with the purpose of guaranteeing the settlement of potential future obligations. Judicial deposits can only be used by court order. The amount under discussion is recorded in non-current liabilities.

As they are used as a guarantee, they can be withdrawn by the winning party. Thus, if Instituto Ramacrisna is not successful in the processes, the deposited amounts will be converted into Public Treasury income or used to deduct the amount of the corresponding liability, if any. Otherwise, if the decision is favorable, there is the possibility of redeeming the deposits. These deposits refer to two processes related to the exemption/immunity of the IPI - Tax on Industrialized Products and the PIS - Social Integration Program.

Including the latter, related to PIS, the Institute was successful in a final and unappealable court decision at the end of the year. The amount raised from the escrow deposit and the restatement of Selic interest was accounted for in the income statement, causing an effect on other income of R\$ 1,468,584.11 and on other financial income of R\$ 1,038,953.39.



The Institute is a party to lawsuits in the administrative or judicial spheres on tax, civil and labor issues arising from the normal course of its operations. Based on the opinion of its external legal advisors, it did not set up a provision for contingencies, since the expectations of loss were considered possible, in a tax foreclosure process, which refers to R\$ 637,096.56, as it understands that the result of the ongoing general judicial discussion on its tax immunity, will encompass all others at this level.

## 10. FIXED AND INTANGIBLE ASSETS

Fixed and Intangible Assets are stated at acquisition cost. Depreciation and amortization are calculated using the straight-line method, based on rates that consider the economic useful life of the assets.

Description	%	2019			Depreciation Amortization	2020	
		Rate	Net	Addition		Settle.	Net
<b>Fixed Assets</b>							
Land	0%	3,954,708				3,954,708	3,954,708
Buildings	4%	3,526,967	182,401		-287,243	3,422,125	3,526,967
Construction in progress	0%	0	182,401	-182,401		0	0
Furniture/Utensils	10%	124,020	41,349		-30,030	135,339	124,020
Machines and Equipment	10%	539,565	57,923		-84,547	512,940	539,565
Computers and Peripherals	20%	114,618	281,499	-5,365	-69,853	320,899	114,618
Vehicles	20%	241,417	119,890		-70,245	291,062	241,417
Electronic Devices	20%	23,164	126,527		-27,210	122,481	23,164
Library and Applications Collection	20%	3,917	0		-949	2,968	3,917
Musical Instruments	20%	13,446	3,500		-3,862	13,084	13,446
Tools	10%	1,486	0		-426	1,060	1,486
Assets of the Project		391,742	383,363	-13,000		762,105	391,742
Machines and Equipment - Lending		5,000	3,796			8,796	5,000
Imports in progress			219,615			219,615	0
<b>Total Fixed Assets</b>		<b>8,940,051</b>	<b>1,602,264 (200,766)</b>		<b>(574,366)</b>	<b>9,767,183</b>	<b>8,940,051</b>
<b>Intangible Assets</b>							
Software use license		555,549	304,584		(111,655)	748,478	555,549
<b>Total Intangible</b>		<b>555,549</b>	<b>304,584</b>		<b>(111,655)</b>	<b>748,478</b>	<b>555,549</b>

The Institute periodically checks for indications of possible losses due to impairment of its fixed assets, with the next appraisal taking place in 2021, and if there are such indications, if the net book value exceeds the recoverable value, it will be constituted estimate of impairment loss, adjusting the net book value to the recoverable value.



## 11. AGREEMENTS AND PARTNERSHIPS TO BE RENDERED ACCOUNTABLE

The amounts presented correspond to accountable balances arising from public and private partnerships, duly added to the financial income of amounts transferred and not invested in activities until the end of the year, which must be remunerated via financial investments. These obligations are combined with the amounts recorded in Assets, in the cash and cash equivalents and accounts receivable group, with restrictions.

### Agreements and Partnerships to be rendered Accountable

	<b>2020</b>	<b>2019</b>
Restaurant Centro	1,712,026	667.255
Popular Restaurant Teresópolis	891,110	424.378
Diageo Brasil	25,115	25.115
SCFV - PSB	-	-
<i>Poupança Jovem</i>	414,706	414.706
PSF - <i>Saúde Familiar</i>	-	17.497
US Consulate	73,193	126.391
SCFV - <i>Educação p/ o futuro</i>		305.985
SCFV - <i>CP 001/2017 Funarbe</i>	1,619,865	545.527
SCFV - <i>Prêmio Itaú Unicef 2017</i>	-	20.066
SCFV - <i>TC 001/2018 SEMES</i>	3,948,341	1.743.823
<i>Criança Esperança 2018/2019</i>	-	5.253
<i>CONSTRUINDO A CIDADANIA -</i>	178,631	290.644
Food Bank - <i>PA 52309/2018</i>	748,582	1.713.734
Petrobras - <i>Construindo o Futuro</i>	2,298,963	3.281.355
Culture Incentive Law to <i>Clima Cultural</i>	-	383
Term of Development - <i>Novos Rumos</i>	112,495	200.750
S.A SAÚDE – <i>Food Saf. and Nut. – SUS Network</i>	3,463,641	-
BrazilFoundation <i>Ampliando Fro</i>	51,423	-
Program <i>Descubra BH</i>	488,702	-
Program <i>Descubra Betim</i>	98,104	-
FIA <i>Orquestrando o Futuro</i>	106,544	-
<i>Itau Unicef - Galácticas</i>	4,489	-
Term of Emergency Comp - <i>Ponto de Cultura</i>	140,004	-
Term of Emergency Comp - <i>Library</i>	15,000	-
<b>Total</b>	<b>16,390,934</b>	<b>9,782,862</b>

The acronym SCFV stands for Coexistence and Bond Strengthening Service, typification used in welfare services.



## 12. EQUITY

The equity comprises the initial balance, increased or decreased with the surplus(s) or deficit(s) amounts that occurred.

The valuation of assets is detailed below, increased with the adjustments made in 2020:

	<b>2020</b>	<b>2019</b>
Land Assessment	2,413,947	2,413,947
Building Assessment	-	32,370
<b>Total</b>	<b>2,413,947</b>	<b>2,446,317</b>

## 13. SOCIAL ASSISTANCE PRACTICED

The social assistance project carried out is in accordance with article 18 of Law No. 12,101/09, regulated by Decree No. 8242/14, also observing the guidelines of Law No. 8,742/93. The entity provides services or performs its actions, **free of charge**, in a continuous and planned base, for users and those who need them, without any discrimination. In the year 2020, the services performed that were funded with third-party resources and self-generation are listed.

<b>Service Nomenclature according to its Typification</b>	<b>Resource Source</b>	<b>Type</b>	<b>Name of the Project at Instituto Ramacrisna</b>
Food Safety	Public	Term of Collaboration	Popular Restaurant Centro
Food Safety	Public	Term of Collaboration	Popular Restaurant Teresópolis
Food Safety	Public	Term of Collaboration	Food Bank
SCFV	Public	Term of Collaboration	Funarbe - CP 0001/2017
SCFV	Public	Term of Collaboration	Viva o Esporte - Semes
SCFV	Private	Private Partnership	Fiat - Promovendo a Educação
SCFV	Private	Private Partnership	American Consulate
SCFV	Public	FDCA	Educação para o futuro



SCFV	Public	FDCA	<i>Construindo a Cidadania</i>
SCFV	Public	FDCA	<i>Orquestrando o Futuro</i>
SCFV	Private	Award	<i>Itaú Unicef</i>
SCFV	Public	Term of Collaboration	<i>Educação cidadã</i>
SCFV	Private	Private Partnership	BrazilFoundation
SCFV	Private	Private Partnership	Petrobras
Income and Employment - Youth	Public	Term of Collaboration	Program <i>Descubra</i>
Income and Employment - Youth	Public	Term of Collaboration	Novos Rumos
Culture	Public	Term of Collaboration	Cultural
Health	Public	Term of Collaboration	Food Safety and Hospital Nutrition

The main partners with private source of funds were the Rotary Club of Belo Horizonte – Liberdade, FIAT and the American Consulate, with direct support, and Localiza Fleet, Esab, Cemig and Copasa, through the Fund for the Rights of Children and Adolescents – FDCA, administered by the Municipal Council for Children and Adolescents of Betim. Public contracts were signed with the Municipality of Betim, the Public Prosecutor's Office and the State Department of Culture of Minas Gerais.

#### 14. SOCIAL SECURITY EXEMPTIONS ENJOYED

In compliance with the Sole Paragraph, Article 4<sup>th</sup>, of Decree No. 2,536, dated 07/April/1998, the amounts related to social security exemptions taken during the year are shown below, as if due:

Exemptions enjoyed	2020	2019
INSS	1,823,347.45	1,812,152.55
RAT	182,343.47	181,202.42
Third-Parties	300,623.40	296,721.13
<b>Total</b>	<b>2,306,314</b>	<b>2,290,076</b>



#### 15. APPLICATION OF RESOURCES AND REMUNERATION

Instituto Ramacrisna does not distribute profits or results, nor does it remunerate any of its members by reason of the positions for which they were elected, provided for in their bylaws. The association's resources are fully invested in the country and in maintaining its institutional objectives according to statutory provisions.

#### 16. INSURANCE

The Institute adopts the policy of contracting insurance coverage for assets subject to risks at amounts considered sufficient to cover any losses.

Betim, December 31, 2020.

**Expedito Martins Chumbinho**  
President

CPF: 010.810.986-00

**Solange Bottaro**

Vice-President

CPF: 256.021.016 - 91

**Américo Amarante Neto**

Superintendent

CPF: 265.453.306-91

**Daniela Balbina de Souza Crespo Marra**

Controllership Manager

CRC/MG nº 74.949



Belo Horizonte, April 14, 2021

To  
Honorable President and Counselors of  
**Instituto Ramacrisna**  
Betim – MG

*Dear Sirs,*

We have attached the Final and Conclusive Report of the External Audit to the Explanatory Notes prepared by **Instituto Ramacrisna**, including the Accounting and Financial Statements for the period drawn up on December 31, 2020, comprising the Balance Sheet, the Income Statement for the Period, the Statement of Changes in Net Equity and the Cash Flow Statement.

We are at your disposal for any further clarifications that may be necessary.

Sincerely,

**R&R AUDITORIA E CONSULTORIA**

Warley de Oliveira Dias  
Director



## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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Honorable Counselors and Managers of  
**Instituto Ramacrisna**  
Betim – MG

### Opinion

We have examined the financial statements of **Instituto Ramacrisna**, which comprise the balance sheet as of December 31, 2020, and the respective statements of income, comprehensive income, changes in net equity and cash flows for the year then ended, as well as the corresponding Explanatory Notes, including a summary of the main accounting policies.

In our opinion, the aforementioned financial statements were prepared, in all material respects, in accordance with the accounting practices adopted in Brazil and applicable to non-profit entities.

### Basis for Opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities are described in the following section entitled “Auditor’s Liability for Auditing the Financial Statements”, in accordance with these standards. We are independent from **Instituto Ramacrisna**, in accordance with the relevant ethical principles defined in the Accountant’s Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

### Emphasis

According to Explanatory Notes 5, **Instituto Ramacrisna** has volunteers trained in the most diverse professional areas, individuals that take part in activities according to their specificities and needs. ITG 2002, in item 19, determines that volunteer work, including by members of the management bodies, in the exercise of their functions, must be recognized at the fair value of the service provision, as if the financial disbursement had occurred. However, **Instituto Ramacrisna** did not measure and recognize volunteer work, considering that the cost to generate this information would be higher than its benefit.



## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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### **Other information accompanying the financial statements and the auditor's report.**

**Instituto Ramacrisna's** Management is responsible for any other information that comprises the administration report.

Our opinion on the financial statements does not encompass the management's report and we do not express any form of audit conclusion on that report.

In connection with the audit of the financial statements, our responsibility is to read the management report and, in doing so, consider whether that report is substantially inconsistent with the financial statements or with our knowledge obtained in the audit, or, otherwise, if it appears to be distorted in a relevant way. If, based on the work performed, we conclude that there is a material misstatement in the management report, we are required to report this fact. We had access to the management report, and we have nothing to report on it.

### **Management and governance liability for the financial statements**

**Instituto Ramacrisna's** Management is responsible for preparing the financial statements in accordance with accounting practices adopted in Brazil, and for the Internal Controls, which it has determined as necessary to allow the preparation of financial statements free of material distortion, regardless of whether caused by fraud or error.

In preparing the financial statements, the Management is responsible for evaluating the capacity of **Instituto Ramacrisna** to continue operating, and disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless the Management intends to liquidate the **Instituto Ramacrisna**, or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those responsible for the governance of **Instituto Ramacrisna** are the ones responsible for supervising the process of preparing the financial statements.



## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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### Auditor's liability for auditing the financial statements

Our objectives are to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee, that the audit carried out in accordance with Brazilian and international auditing standards will always detect any material misstatements that may exist. Distortions can arise from fraud or error and are considered material when, individually or in the aggregate, they can influence, within a reasonable perspective, the economic decisions of users, taken based on these financial statements.

As part of an audit performed in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, regardless of whether caused by fraud or error; we plan and perform audit procedures in response to such risks, and obtain sufficient and appropriate audit evidence to support our opinion.
- The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, as fraud may involve the act of circumventing Internal Controls, collusion, falsification, omission or intentional misrepresentation.
- We obtain an understanding of the Internal Controls relevant to the audit in order to design audit procedures appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Instituto Ramacrisna's** Internal Controls.
- We assess the adequacy of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- We conclude on the adequacy of Management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether there is a material uncertainty regarding events or conditions that may raise significant questions regarding the ability to continue as a going concern of the company. If we conclude that material uncertainty exists, we must draw attention in our audit report to the related disclosures in the financial statements or include a modification in our opinion if the disclosures are inadequate.



## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead **Instituto Ramacrisna** to no longer maintain its operational continuity.

We communicate those responsible for its governance regarding, among other things, the planned scope, the timing of the audit and the relevant audit findings, including any shortcomings in the Internal Controls that we may identify during our work.

Belo Horizonte, April 14, 2020

### **R&R AUDITORIA E CONSULTORIA**

CRC/MG No. 5.198-02  
CVM 8460

Warley de Oliveira Dias  
ACCOUNTANT  
CRC/MG No. 094.865