

**(CONVENIENCE TRANSLATION INTO ENGLISH FROM
THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)**

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL

**FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2020 AND 2019
REVIEW AND REPORT OF INDEPENDENT AUDITORS**

(CONVENIENCE TRANSLATION INTO ENGLISH FROM THE ORIGINAL PREVIOUSLY ISSUED IN PORTUGUESE)

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL

FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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



INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Administrators and Directors

BAOBÁ - Fundo para Equidade Social

São Paulo - SP

Opinion

We have examined the financial statements of **BAOBÁ - Fundo para Equidade Social**, which comprise the balance sheet as of December 31, 2020 and the respective statements of income, changes in equity and cash flows for the year then ended, as well as the corresponding explanatory notes, including a summary of significant accounting practices.

In our opinion, the aforementioned financial statements adequately present, in all material respects, the equity and financial position of **BAOBÁ - Fundo para Equidade Social** as of December 31, 2020, the performance of its operations and its cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and ITG 2002.

Base of opinion

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "**Auditor's Responsibility for Auditing the Financial Statements.**" We are independent of the **BAOBÁ - Fundo para Equidade Social** in accordance with the relevant ethical principles set forth in the Professional Code of Ethics and Professional Standards issued by the Federal Accounting Council - CFC and we comply with all other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our opinion.

Other matters - Financial statements for the previous year audited by other independent auditors

The examination of the financial statements for the year ended December 31, 2019 was conducted under the responsibility of other independent auditors, who issued an audit report dated June 26, 2020.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and proper presentation of the financial statements in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC) and ITG 2002 and for the internal controls that it determined as necessary to allow the preparation of free financial statements material misstatement, whether caused by fraud or error.

In preparing the financial statements, the management is responsible for evaluating the capacity of **BAOBÁ - Fundo para Equidade Social**, to continue operating, 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 administration intends to liquidate the **BAOBÁ - Fundo para Equidade Social**, or cease its operations, or does not have any realistic alternative to avoid the closure of operations.

Responsibilities of the auditor for the audit of the financial statements

Our objective is to obtain reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect any relevant material misstatements. Distortions may be due to fraud or error and are considered relevant when, individually or jointly, they can influence, from a reasonable perspective, the economic decisions of the users taken based on the said financial statements.

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



INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Administrators and Directors

BAOBÁ - Fundo para Equidade Social

São Paulo – SP

- We evaluate the overall presentation, structure and content of financial statements and whether they represent the corresponding transactions and events in a manner consistent with the appropriate presentation objective.
- We communicate with management, among other things, about the planned scope, timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we have identified during our work.
- We identify and evaluate the risks of material misstatement in the financial statements, whether caused by fraud or error, we plan and perform audit procedures in response to such risks, and we have obtained audit evidence that is appropriate and sufficient to support our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that of error, since fraud may involve circumvention of internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal controls relevant to the audit to plan appropriate audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **BAOBÁ - Fundo para Equidade Social** internal controls.
- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.

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

Rio de Janeiro, 23 de julho de 2021.

Vinicius dos Santos Batista
Diretor Executivo - CRC RJ 091.540/O-2
SEIER Auditoria Independente Ltda.
CRC 005.204/O-2

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
Notes to the Financial Statements in
December 31, 2020 and 2019

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

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL

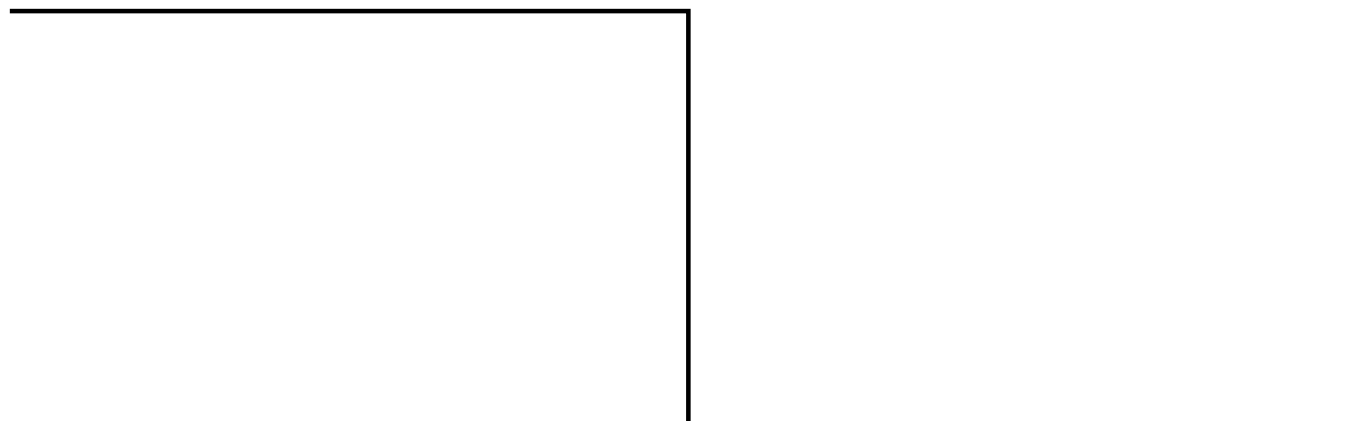
EXHIBIT 1 - BALANCE SHEETS

(In Brazilian reais)

Description	Note	YEARS ENDED DECEMBER 31	
		2020	2019
Current assets			
Cash and cash equivalents	5	714.190,63	1.534.818,52
Resources linked to projects	6	18.750.371,35	12.431.723,89
Other values	-	3.179,69	5.784,01
Total current assets		19.467.741,67	13.972.326,42
Non-current			
Endowment Fund	7	44.345.327,61	35.476.869,12
Fixed assets	8	41.186,67	61.459,86
Intangible	9	6.946,04	8.985,25
		44.393.460,32	35.547.314,23
TOTAL ASSETS		63.861.201,99	49.519.640,65

Description	Nota	YEARS ENDED DECEMBER 31	
		2020	2019
Current Liabilities			
Labor and social obligations	10	7.178,13	-
tax obligations	11	344,40	-
Other payables	-	-	5.785,02
Projects to be executed	12	19.464.561,98	15.147.975,06
Total current liabilities		19.472.084,51	15.153.760,08
Non-current			
Endowment Fund	7	44.345.327,61	30.829.818,61
		44.345.327,61	30.829.818,61
Equity Social			
Surplus Accumulated deficit	14	43.789,87	3.536.061,96
		43.789,87	3.536.061,96
TOTAL LIABILITIES AND EQUITY SOCIAL		63.861.201,99	49.519.640,65

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



BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
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BAOBÁ - FUNDO PARA EQUIDADE SOCIAL

EXHIBIT 2 - STATEMENT OF INCOME

(In Brazilian reais)

Description	Note	YEARS ENDED DECEMBER 31	
		2020	2019
OPERATING REVENUES			
. Donations		8.471.124,60	4.626.486,51
. Volunteer work		10.835,75	12.162,14
		8.481.960,35	4.638.648,65
OPERATING COSTS AND EXPENSES			
Donations granted		(5.869.886,30)	(701.070,15)
		(5.869.886,30)	(701.070,15)
		2.612.074,05	3.937.578,50
(EXPENSES) OPERATING REVENUE			
Personnel expenses		(332.292,87)	(366.645,26)
Administrative and general expenses		(1.946.632,50)	(1.762.517,50)
Tax expenses		(5.714,90)	-
Financial expenses		(334.175,02)	(343.309,06)
Other operating income/expenses		(9.078,25)	-
Volunteer work		(10.835,75)	(12.162,14)
		(2.638.729,29)	(2.484.633,96)
		(26.655,24)	1.452.944,54

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

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
Notes to the Financial Statements in
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BAOBÁ - FUNDO PARA EQUIDADE SOCIAL

EXHIBIT 3 - STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY SOCIAL

(In Brazilian reais)

Description	Surplus / Accumulated Deficit	Surplus / Deficit for the Year	Total
BALANCE AT 31 DECEMBER 2018	2.083.087,42	-	2.083.087,42
Surplus for the year ended December 31, 2019	-	1.452.974,54	1.452.974,54
Transfer of surplus for the year ended December 31, 2019	1.452.974,54	(1.452.974,54)	-
BALANCE AT 31 DECEMBER 2019	3.536.061,96	-	3.536.061,96
Adjustments from previous fiscal years	(3.465.616,85)		(3.465.616,85)
Deficit for the year ended December 31, 2020	-	(26.655,24)	(26.655,24)
Transfer of deficit for the year ended December 31, 2020	(26.655,24)	26.655,24	
BALANCE AT 31 DECEMBER 2020	43.789,87	-	43.789,87

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

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
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(Convenience translation into English from the original previously issued in Portuguese)

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL

EXHIBIT 4 - STATEMENT OF CASH FLOWS

(In Brazilian reais)

Description	YEARS ENDED DECEMBER 31	
	2020	2019
Operational Activities Cash Flow		
(Deficit) Surplus for the year	(26.655,24)	1.452.974,54
Adjustment to Reconcile Deficit Surplus for the year to cash generated by operating activities		
Depreciation and amortization	22.312,40	17.686,31
Adjustments from previous years	(3.465.616,85)	-
	(3.469.959,69)	1.470.660,85
(Increase) decrease in current assets and non current		
Resources linked to projects	(6.318.647,46)	(5.504.202,07)
Other values	2.604,32	(5.784,01)
Endowment Fund	(8.868.458,49)	(21.662.595,96)
	(15.184.501,63)	(27.172.582,04)
Increase (decrease) in current liabilities and non current		
Labor and social obligations	7.178,13	-
tax obligations	344,40	-
Other payables	(5.785,02)	5.785,02
Projects to be executed	4.316.586,92	8.264.902,95
Endowment Fund	13.515.509,00	18.850.822,85
	17.833.833,43	27.121.510,82
Net cash provided by operating activities	(820.627,89)	1.419.589,63
Investments Activities		
Fixed asset acquisition	-	(43.170,29)
Intangible acquisition	-	(10.196,05)
Net cash used in investing activities	-	(53.366,34)
Decrease in cash and cash equivalents during the year	(820.627,89)	1.366.223,29
Cash and cash equivalents at beginning of year	1.534.818,52	168.595,23
Cash and cash equivalents at end of year cash	714.190,63	1.534.818,52
Decrease in cash and cash equivalents during the year	(820.627,89)	1.366.223,29

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

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
Notes to the Financial Statements in
December 31, 2020 and 2019

1. OPERATING CONTEXT

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL, a legal entity governed by private law, is a civil society organization of public interest - OSCIP, non-profit, political-partisan or religious, with headquarters and jurisdiction in the city of São Paulo - SP, at Rua Marquês de Itu, 95 – Conjunto 11, Vila Buarque, with the purpose, in accordance with article 3 of its reformed bylaws, to promote human rights through actions aimed at promoting racial equality in Brazil.

The financial statements were approved by the Organization's board of directors on July 23, 2021.

2. PRESENTATION OF ACCOUNTING INFORMATION.

The financial statements were prepared and are being presented in accordance with accounting policies adopted in Brazil and issued by the Technical Pronouncements Committee (CPC) and ITG 2002 and approved by the Federal Accounting Council. They were prepared considering the historical cost based on the value

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires management, based on estimates, to record certain transactions that affect assets and liabilities, revenues, costs and expenses, as well as disclosure of information on data in its statements accounting. The final results of these transactions and information, upon their effective realization in subsequent periods, may differ from these estimates.

2.2. FUNCTIONAL CURRENCY.

The functional currency of **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** is the real.

3. MAIN ACCOUNTING PRACTICES.

a. Cash and cash equivalents

Cash and cash equivalents include balances of cash funds, bank accounts and highly liquid financial investments and are recorded at their market value. These balances are highly liquid and present an insignificant risk of changes in value.

b. Fixed assets

• **Recognition and measurement**

Items of fixed assets are stated at historical cost of acquisition, less accumulated depreciation and accumulated impairment in value (impairment), where applicable.

Cost includes expenditures that are directly attributable to the acquisition of an asset.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property.

Gains and losses on disposal of an item of property (calculated as the difference between the proceeds from disposal and the carrying amount of assets), are recognized in other operating income / expenses in income.

• **Depreciation**

Items of fixed assets are depreciated using the straight line method in the income statement based on the useful lives of the assets. Items of fixed assets are depreciated from the date they are installed and available for use, or in the case of internally constructed assets, from the day when construction is completed and the asset is available for use.

c. Accounts Payable Suppliers

These are obligations to pay for goods or services that were acquired from suppliers in the normal course of business, and are classified as current liabilities if payment is due by the end of the subsequent year (or in the normal operating cycle of the business, even if longer). Otherwise, and when applicable, these obligations are presented as non-current liabilities.

They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the corresponding invoice amount.

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d. Provisions

Provisions are recognized when: **(a)** there is a present or constructive obligation as a result of events that have already occurred; **(b)** it is probable that an outflow of resources will be necessary to settle an obligation; **(c)** the value can be reliably estimated.

When there is a series of similar obligations, the probability of settling is determined by taking into account the class of obligations as a whole. A provision is recognized even if the probability of settlement relating to any individual item included in the same class of obligations is small.

Provisions are measured at the present value of the expenses that are expected to be necessary to settle the obligation, using a pre-tax rate that reflects current market assessments of the cash value over time and the specific risks of the obligation. The increase in the obligation when in arrears is recognized in profit or loss as a financial expense.

4. ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances.

The estimates and assumptions that are likely to cause a material adjustment to the carrying amounts of assets and liabilities for the next year are described below:

(a) Provisions for tax, civil and labor risks

The Organization did not record provisions, which involve considerable judgment by Management, for labor risks as a result of past events, an outflow of resources involving economic benefits is likely to settle the obligation and a reasonable estimate can be made of the amount of this obligation.

The assessment of the likelihood of loss includes the assessment of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the assessment of external legal advisors.

5. CASH AND CASH EQUIVALENTS.

On December 31, the available funds of **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL**, are constituted by resources in national currency, deposited with the financial institutions operating in the country.

Description	31.12.2020	31.12.2019
Cash Fund	-	2.000,00
Bank account movement - Own resources		
. Banco Itaú C.C. 02546-6 – Reserve Fund	11.185,59	198.228,28
Financial application of immediate liquidity – Own resources		
. Banco Itaú C.C. 02546-6 – Reserve Fund	703.005,04	1.334.590,24
	714.190,63	1.534.818,52

The bank account is intended for the receipt of funds and settlement of current expenses of **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL**, with no restrictions, as well as legal blocks for its transactions.

Financial investments with immediate liquidity are highly liquid and are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. These financial investments refer to investments in CDB remunerated at a post-fixed rate equivalent to a percentage of the CDI, according to the value of the investment.

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
Notes to the Financial Statements in
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6. RESOURCES LINKED TO PROJECTS

Descrição	31.12.2020	31.12.2019
Banks account movement (nota 6.1)	123.681,05	1.057.224,53
Financial application of immediate liquidity (Nota 6.2)	18.626.690,30	11.374.499,36
	18.750.371,35	12.431.723,89

6.1. BANKS ACCOUNT MOVEMENT

Descrição	31.12.2020	31.12.2019
Banco Itaú C.C. 12452-5 PADLFN Ibirapitanga	4.259,89	3.115,10
Banco Itaú C.C. 02145-7 Project Negras Potências Instituto Coca-Cola	-	6,82
Banco Itaú C.C. 02145-7 Project Recuperação Econômica	43,03	-
Banco Itaú C.C. 07444-9 OAK – A cidade que queremos	57,01	38,39
Caixa Econômica Federal C.C. 4710-3 Fundo Socioambiental Caixa	-	23.891,10
Banco Itaú C.C. 11877-4 Porticus	178,35	16.237,98
Banco Itaú C.C. 05260-1 PADLFN Fundação Ford	270,30	13.238,25
Banco Itaú C.C. 07439-9 PADLFN Open Society	695,50	274,50
Banco Itaú C.C.11778-4 Instituto C&A	-	122,10
Banco Itaú C.C.84711-6 Fundação Lemann	0,90	3,65
Banco Itaú C.C. 84740-5 Provisões Trabalhistas	0,06	28.314,10
Banco Itaú C.C.84710-8 PADLFN Kellogg	4.356,55	3.028,61
Banco Itaú C.C. 84741-3 Project Já É- Juventude e Equidade Racial	98.016,03	968.953,93
Banco Itaú C.C. 84921-1 Project Primeira Infância	15.600,00	-
Banco Itaú C.C.84920-3 Project Éditodos	203,43	-
	123.681,05	1.057.224,53

6.2. FINANCIAL APPLICATION OF IMMEDIATE LIQUIDITY.

Description	31.12.2020	31.12.2019
Banco Itaú C.C.12452-5 PADLFN Ibirapitanga	1.929.113,51	2.761.006,29
Banco Itaú C.C.02145-7 Project Negras Potências Instituto Coca-Cola	-	40.752,29
Banco Itaú C.C.07444-9 OAK – A cidade que queremos	152.907,45	145.434,95
Banco Itaú C.C.00852-0 Consolidando capacidades	162.561,49	427.863,52
Banco Itaú C.C.11877-4 Porticus	124.527,41	299.093,51
Banco Itaú C.C.05260-1 Fundação Ford	1.486.780,29	144.210,31
Banco Itaú C.C.07439-9 PADLFN Open Society	45.782,69	899.343,07
Banco Itaú C.C.11778-4 Instituto C&A	-	51.288,70
Banco Itaú C.C.84711-6 Fundação Lemann	511.557,37	193.424,20
Banco Itaú C.C. 84740-5 Provisões Trabalhistas	131.638,27	68.931,17
Banco Itaú C.C.84710-8 PADLFN Kellogg	9.958.647,22	6.343.151,35
Banco Itaú C.C.84741-3 Project Já É- Juventude e Equidade Racial	1.510.913,90	-
Banco Itaú C.C.84921-1 Project Primeira Infância	432.689,87	-
Banco Itaú C.C.84920-3 Project Éditodos	393.974,25	-
Banco Itaú C.C.02145-7 Project Recuperação Econômica	1.785.596,58	-
	18.626.690,30	11.374.499,36

7. ENDOWMENT FUND

Its purpose is to allow the achievement of Baobá social objectives, pursuant to art. 3 of the Statute, through: (I) availability of resources, in the long term, to finance the actions and projects of Baobá or third parties, under the terms of its Statute; (II) representation of the concrete legacy of its donors for the cause of racial equity in Brazil; (III) promotion of sustainable financial balance between the use and preservation of Baobá's assets, through its financial management and redemption rules in real values, allowing the generation of regular and predictable redemptions, in the long term, linked and destined to promoting the cause of racial equity in Brazil. On December 31, 2020, **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** had the amount of R\$ 44.345.327.61 in custody at Banco Itaú through investments in the TRUST DI AND TOP DI FIC Fund.

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
Notes to the Financial Statements in
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8. FIXED ASSETS

Description	31.12.2019	Addition	Low	31.12.2020
Furniture and utensils	26.330,53	-	-	26.330,53
Machines and equipment	600,00	-	-	600,00
Computer equipment	87.900,71	-	-	87.900,71
Acquisition Cost	114.831,24	-	-	114.831,24
(-)Furniture and utensils	(6.835,53)	(2.633,05)	-	(9.468,58)
(-)Machines and equipment	(510,00)	(60,00)	-	(570,00)
(-)Computer equipment	(46.025,85)	(17.580,14)	-	(63.605,99)
(-)Accumulated depreciation	(53.371,38)	(20.273,19)	-	(73.644,57)
	61.459,86	(20.273,19)	-	41.186,67

9. INTANGIBLE

Description	31.12.2019	Addition	Low	31.12.2020
Machine and Equipment Software	10.196,05	-	-	10.196,05
Software use license	9.326,14	-	-	9.326,14
Acquisition Cost	19.522,19	-	-	19.522,19
(-) Machine and Equipment Software	(1.210,80)	(2.039,21)	-	(3.250,01)
(-) Software use license	(9.326,14)	-	-	(9.326,14)
(-)Accumulated amortization	(10.536,94)	(2.039,21)	-	(12.576,15)
	8.985,25	(2.039,21)	-	6.946,04

10. LABOR AND SOCIAL OBLIGATIONS.

Description	31.12.2020	31.12.2019
PIS on payroll	135,45	-
INSS payable	3.131,90	-
FGTS payable (i)	1.083,52	-
IRRF payable on payroll (i)	2.827,26	-
	7.178,13	-

(i) Refers to labor obligations falling within December 2020, which will be settled in January 2021 in their entirety.

11. TAX OBLIGATIONS.

Description	31.12.2020	31.12.2019
COFINS PIS CSLL payable	260,40	-
IRRF payable	84,00	-
	344,40	-

(i) Refers to obligations withheld from service providers in December 2020, which will be settled in January 2021 in their entirety.

BAOBÁ - FUNDO PARA EQUIDADE SOCIAL
Notes to the Financial Statements in
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12. PROJECTS TO BE EXECUTED.

Description	31.12.2020	31.12.2019
Institucional Kellogg Foundation	-	152.799,98
Pequenos Projetos Fundação Ford	-	(60.753,91)
FOPIR Fundação Ford	-	(6.200,11)
Pequenos Projetos Fundação Tides	-	(25.426,18)
2º Ed. Negras Potências Instituto Coca-Cola	-	76.214,07
Gestão Escolar para Equidade- Juventude Negra Unibanco	-	(101.471,73)
AMMCQ do Estado do Pará Johnson & Johnson	-	(3.448,93)
CCA Fronteiras Fundação Ford	162.561,49	394.809,30
Cidade que Queremos- OAK Foundation	152.964,46	128.118,71
Jovens e Mulheres Negras – Refletindo e atuando sobre saúde, direitos e saberes Fundo Socioambiental Casa	-	(20.407,44)
Fundo Reserva Baobá - Fundo para Equidade Racial	714.190,63	32.092,91
Desenvolvimento Institucional Porticus	124.705,76	306.902,19
PADLFN MF Ibirapitanga	1.933.373,40	2.598.022,27
PADLFN Fundacao Ford	1.487.050,59	200.124,42
PADLFN MF Open Society	46.478,19	869.315,16
Desenvolvimento Institucional Instituto C&A	-	49.987,77
Wellspring	511.558,27	-
Fundacao Lemann	-	2.123.000,00
PADLFN Kellogg Foundation	9.963.003,77	7.378.710,44
Já é Citibank	1.051.828,09	972.650,00
AFROLAB	557.100,94	-
EDITODOS	432.893,30	-
1ª INFANCIA	409.574,25	-
Recuperação Econômica	1.785.639,61	-
Outros	131.638,33	82.936,14
	19.464.561,98	15.147.975,06

PADLFN IBIRAPITANGA PROJECTS | PADLFN FORD FOUNDATION | PADLFN OPEN SOCIETY | PADLFN

KELLOGG: The Accelerated Program for the Development of Black Women's Leadership: Marielle Franco, emerges to drive the development of black women leaders and, at the same time, honor the trajectory and life of Marielle Franco, brutally murdered on March 14, 2018.

The Program is the result of a partnership established between the Kellogg Foundation, the Ford Foundation, the Ibirapitanga Institute, the Open Society Foundations and the Baobá Fund. Effective from 2019 to 2024, its main objective is to expand and consolidate the representation of black women in positions of power and influence, through investment in black women's organizations/groups/collectives and in the political and technical training of black female leaders.

PROJETO NEGRAS POTÊNCIAS | INSTITUTO COCA - COLA: The Benefactory, together with the Baobá Fund and with the support of the Coca-Cola Institute, carried out the project Negras Potências, whose main objective is to finance and enable initiatives that work in the scope of reducing inequality in relation to girls and black women in the country.

ECONOMIC RECOVERY PROJECT: Project developed by the Baobá Fund, financed by the Coca-Cola Foundation, Instituto Coca-Cola, Banco Votorantim and Instituto Votorantim to foster black entrepreneurship, contributing to the development and expansion of the capacities of people who lead the business and business, in itself, is one of the priorities of the Baobá Fund, understanding that these investments are also necessary instruments so that the full potential of the black population that works in this ecosystem is reached and that a fair society can be built.

OAK FOUNDATION: The program is an initiative of **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** and the OAK Foundation and aims to promote and develop, through support to 10 civil society organizations, projects that promote the right to fairer cities and inclusive for everyone, fighting the inequalities to which the black population is subjected.

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PORTICUS: Institutional Development of Baobá to cover fundraising expenses.

INSTITUTO C&A: Institutional Development of Baobá to cover communication expenses.

LEMANN FOUNDATION: Baobá Institutional Development to cover operating expenses.

LABOR PROVISIONS: Financial reserve of the organization to prevent terminations/employment liabilities impacting the budget and cash flow.

JÁ É PROJECT - YOUTH AND RACIAL EQUITY: The “Já é” Program: Education and Racial Equity is an initiative of the Baobá Fund in partnership with Fundação Citibank and Demarest Advogados. The Program is aimed at young people aged 17 to 25 who have already completed or are attending the 3rd year of high school in public schools and who reside in the city of São Paulo and its metropolitan region. Young people will receive a scholarship in a preparatory course for the entrance exam, will have transportation and food expenses covered, will participate in activities aimed at confronting the psychosocial effects of racism and others that contribute to the expansion of their socio-emotional and vocational skills, including mentoring program.

FIRST CHILDHOOD PROJECT: Program developed by the Baobá Fund in partnership with Maria Cecilia Souto Vidigal Foundation and Imaginable Futures to select projects presented by individuals working in the areas of health, education and social assistance with proven previous experience involving actions aimed at adults responsible for caring , stimulate, interact, impose limits, strengthen autonomy and prepare children aged 0 to 6 years for the challenges and opportunities of present and adult life. The notice is one of the actions that integrate the emergency support strategy of the Baobá Fund. The strategy has 4 key dimensions: PREVENTION AND INTERVENTION IN THE TRANSMISSION CHAIN; RISK COMMUNICATION; RESILIENCE; RECOVERY and was prepared based on evidence such as that compiled in the Covid-19 Primary and Secondary Impacts on Children and Adolescents study (UNICEF, 2020), which reveals that families with children and adolescents up to 18 years of age were the most impacted by the pandemic in the Brazil. Carried out by Ibope, the study shows that these groups were the ones who had the greatest loss of employment and, consequently, the greatest loss of income, exposure to hunger and violence.

ÉDITODOS PROJECT: The Éditodos group is a coalition without a legal body, consisting of 6 organizations that came together to provide financial support to entrepreneurs impacted by the economic crisis resulting from the Covid-19 pandemic. The Baobá Fund figures in this project as a fiscal sponsor, being responsible for receiving the amounts from investors and carrying out the financial transactions that involve: payments, calculation of taxes and formalization of contracts, when necessary.

RESERVE FUND: This is a financial reserve constituted by the sum of the administrative fees of the projects (if any) and also shelters the donations received for the institutional development of the organization. In 2020, in the context of Covid 19, the installments arising from the redemption of the endowment fund were allocated to the reserve fund account to carry out the Emergency Baobá Program, which conducted emergency notices for donations to non-profit organizations or black individuals for the realization humanitarian and community actions, prevention and dissemination of information to fight the Coronavirus pandemic, with a focus on investment in the outskirts of large cities, slums, remote areas and other territories of socioeconomic vulnerability.

13. PROVISION FOR CONTINGENCIES.

The Management of **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL**, in accordance with CVM Deliberation 489/05, adopts a procedure to classify the lawsuits filed against the Organization according to the risk of loss, based on the opinion of its legal advisors, as follows:

- For causes whose negative outcome for the Organization is considered probable, provisions are made;
- For causes whose negative outcome for the Organization is considered as possible, the corresponding information is disclosed in Explanatory Notes, and
- For cases whose negative outcome for the Organization is considered remote, only information that, at Management's discretion, is considered relevant for the full understanding of the financial statements are disclosed in the Explanatory Notes.

On December 31, 2020, **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** has a lawsuit referring to the security mandate not to levy ITCMD on donations from abroad.

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14. SOCIAL EQUITY.

14.1. SUPERAVIT | ACCUMULATED DEFICIT.

The Social Equity is constituted by the surplus and deficits occurred in the operational activities of **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL**, calculated at the end of each fiscal year.

14.2. ADJUSTMENTS FROM PREVIOUS EXERCISE.

During the year ended December 31, 2020, the Organization's Management carried out an administrative and operational reorganization, seeking to optimize the accounting and administrative processes. As a result of this reorganization, accounting adjustments had to be made due to the closure of some projects that were pending for the year ended December 31, 2019.

15. TAX IMMUNITIES - IRPJ E CSLL.

The **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL**, for its purpose and objectives and to meet the requirements of the legislation in force, enjoy immunity from Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) on eventual surpluses of the fiscal years, as determined the article 150 of the Federal Constitution.

In accordance with the disclosures required by NBC ITG 2002 - "Non-Profit Entities" if the Entity were not exempt the current rates for collection would be as follows:

Descrição	31.12.2020	31.12.2019
Imposto de Renda Pessoa Jurídica (*)	-	339.243,64
Contribuição Social sobre Lucro Líquido (*)	-	130.767,71
	-	470.011,34

(*) As of December 31, 2020, Corporate Income Tax and Social Contribution on Net Income were not calculated due to the Organization presenting a Deficit..

16. TAX IMMUNITIES - COFINS

The **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** for its purpose and objectives and to meet the requirements of current legislation, enjoy exemption from PIS and COFINS on billing, according to Article 46 of Decree N° 4.524/2002. The Foundation collect only the PIS / PASEP-Social Integration Program and Public Server Training in the percentage of 1% of the payroll.

In accordance with the disclosures required by NBC ITG 2002 - "Non-Profit Entities" if the Entity were not exempt the current rates for collection would be as follows:

Description	31.12.2020	31.12.2019
Contribuição para o Financiamento da Seguridade Social	254.032,67	139.159,46
	254.032,67	139.159,46

17. RISK MANAGEMENT.

The main risk factors to which the **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** is exposed are the following

(a) Capital management

The **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL** manages its capital to ensure the continuity of its normal activities, while at the same time seeking to maximize the return of its operations, through the optimization of the use of debt and equity instruments.

The indebtedness index at December 31 are as follows:

Description	31.12.2020	31.12.2019
Debt (*)	(63.817.412,12)	(45.983.578,69)
Cash and cash equivalents (note 5)	714.190,63	1.534.818,52
Resources linked to projects (note 6)	18.750.371,35	12.431.723,89
Endowment Fund (note 7)	44.345.327,61	35.476.869,12
	(7.522,153)	3.459.832,84
Social equity (note 14)	43.789,87	3.536.061,96
Total debt	-	-

(*) Debt is defined by the sum of current liabilities and non-current liabilities

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18. INSURANCE

BAOBÁ – FUNDO PARA EQUIDADE SOCIAL adopts the policy of maintaining insurance coverage for property, plant and equipment and against fire.

The risk assumptions adopted are not part of the scope of an audit of the financial statements, therefore, they were not audited by our independent auditors.

The main information on the insurance coverage in force on December 31, 2020 can be shown as follows:

TOKIO Marine Seguradora	R Marques De Itu, 95 - Conjunto 11 - VI Buarque	14.12.2020 a 14.12.2021
Fire, lightning, explosion, implosion and smoke		R\$200.000,00
Electrical damage		R\$60.000,00
Rental expenses		R\$10.000,00
Civil responsibility		R\$40.000,00
Robbery and theft		R\$20.000,00

19. RISK MANAGEMENT AND VALUATION OF FINANCIAL INSTRUMENTS

a) Valuation of financial instruments

The main financial instruments of assets at December 31, 2020 are as follows:

- **Cash and cash equivalents:** the fair values of current account balances are equal to book balances; and
- **Marketable securities:** the fair values of short-term investments are equal to book balances.

b) Derivatives transactions

The Entity did not engage in any speculative transaction, whether involving derivatives or any other risk assets. At December 31, 2020 and 2019 there were no asset or liability balances backed by derivatives.

20. DECLARATIONS AND CERTIFICATIONS

Description	Issuing Agency	Validity
Declaração de Reconhecimento de Isenção do Imposto sobre Transmissão “Causa Mortis” e Doação de Quaisquer Bens ou Direitos	Coordenadoria da Administração Tributária	15.05.2022
Declaração de Reconhecimento como Promotora de Direitos Humanos	Secretaria da Justiça e Cidadania	24.04.2022
Certificação de Equivalência uma empresa norte-americana caridade pública Lei 501-C3	NGO SOURCE	31.12.2020

21. VOLUNTEER WORK.

The Organization, following the guidelines of item 19 of CFC Resolution No. 1.409/2012, which approves ITG 2002 - Non-Profit Entity, amended in 2015 by DOU 09/02/2015, recognized in its financial statements the voluntary work of members of the management bodies, in the exercise of their functions, at the fair value of the provision of the service as if the financial disbursement had occurred.

22. EQUITY QUOCIENTS.

Description	In Real	31.12.2020	31.12.2019
<u>CURRENT LIQUIDITY</u>			
Current assets	19.467.741,67	1,00	0,92
Current liabilities	19.472.084,51		

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GENERAL LIQUIDITY

Current assets + long-term receivables	<u>63.813.069,28</u>	1,00	1,08
Current liabilities + long-term	63.817.412,12		

23. CORONAVIRUS.

OPERATIONAL MEASURES

The Organization's Administration, following the recommendations of the World Health Organization - OMS and the Ministry of Health and aware of its social role, took the following steps to preserve the health of its employees and support the prevention of contagion in its operational and administrative areas: (a) home office work, for all activities that can be performed remotely; (b) temporary alteration of work shifts in face-to-face operations in order to reduce the number of professionals circulating – administrative sector and (c) cleaning of workplaces.

GOVERNMENT MEASURES

The Federal Government implemented some measures to face the economic effects imposed by the pandemic: (i) PIS and COFINS and INSS-Patronal Contribution - amounts due from March to May 2020 were extended for payment in August, October and November 2020, respectively; (ii) FGTS - payment from March to May was extended for payment in six equal installments from July to December 2020; (iii) Sistema S - 50% reduction of the rate for the competences from April to June 2020.

ASSESSMENT OF IMPACTS BY MANAGEMENT

Even with the start of vaccination, the scenario of uncertainties regarding the eradication of the pandemic in the short term and consequently the normal resumption of activities and its negative impact on the country's economy, the Administration assessed the effects subsequent to the end of the year ended December 31 2020, including in its income and cash generation projections, applying its best estimate, and concluded that there is no need to record provisions for losses on non-financial assets and there are no material adverse effects on its operations that call into question the its operational continuity.

24. SUBSEQUENT EVENTS

In June 2021, the proceeding regarding the non-levy of ITCMD on donations from abroad, was granted by the **BAOBÁ – FUNDO PARA EQUIDADE SOCIAL**, generating a new jurisprudence for the social sector due to the decision of the Supreme Court of Justice - STJ

São Paulo, December 31, 2020.

Selma da Costa Moreira
Diretora Executiva
CPF 213.964.238-42

Savian Contabilidade Ltda.
Geraldo Vieira de Souza
Contador | CRC-RJ nº 1SP 262977/O-5