

**ASSOCIAÇÃO DOS DIREITOS  
HUMANOS EM REDE**

FINANCIAL STATEMENTS AS OF  
DECEMBER 2008 AND 2007

# **ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE**

## **FINANCIAL STATEMENTS AS OF DECEMBER 2008 AND 2007**

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**A free translation from Portuguese into English of the Report of Independent Auditors issued on financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil**

## **INDEPENDENT AUDITORS' OPINION**

To the Council and Management  
Associação dos Direitos Humanos em Rede

1. We have examined the balance sheet of Associação dos Direitos Humanos em Rede, as of December 31, 2008, and the respective statement of deficit, changes in corporate assets, and cash flow statement corresponding to the period then ended, elaborated under management responsibility. Our responsibility is to issue an opinion on those financial statements.
2. We conducted our audit in accordance with Brazilian generally accepted auditing standards that are similar with International Financial Reporting Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.
3. In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Associação dos Direitos Humanos em Rede as of December 31, 2008, and the related statements of deficit, changes in corporate assets and cash flow related to the period then ended, according to the accounting practices adopted in Brazil.

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## **INDEPENDENT AUDITORS' OPINION**

To the Council and Management  
Associação dos Direitos Humanos em Rede

4. Previously, we audited the financial statements referring to the period ended December 31, 2007, encompassing the balance sheet, the statement of period surplus, the changes in corporate assets and the statement of resources' origin and applications of that period, on which we issued unqualified opinion, dated April 14, 2008. As mentioned in explanatory note 2, the accounting practices adopted in Brazil were modified as at January 1<sup>st</sup>, 2008.

São Paulo, March 13, 2009.

**BAKER TILLY BRASIL**  
**AUDITORES INDEPENDENTES S/S**  
CRC-2SP016754/O-1

  
**MAURO AKIO SAKANO**

ACCOUNTANT – CRC-1SP143589/O-9

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**ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE**

**EXHIBIT I - BALANCE SHEET AS OF DECEMBER 31**

(In reais)

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>	<b>LIABILITIES</b>	<u>2008</u>	<u>2007</u>
CURRENT			CURRENT		
Cash and cash equivalents	26.672	53.949	Accounts payable	3.630	3.062
Short term investments	367.099	383.255	Social obligations	12.447	23.178
Other accounts receivable	<u>9.950</u>	<u>21.319</u>	Tax obligations	7.522	12.155
	403.721	458.523	Miscellaneous advances	<u>74.405</u>	<u>64.807</u>
				98.005	103.202
NON CURRENT			NON CURRENT		
FIXED ASSETS			CORPORATE ASSETS		
Immobilized	39.899	57.068	Corporate assets	394.648	242.411
			Surplus / deficit of the period	<u>(49.033)</u>	<u>169.978</u>
				345.615	412.389
<b>TOTAL ASSETS</b>	<u><b>443.620</b></u>	<u><b>515.591</b></u>	<b>TOTAL LIABILITIES</b>	<u><b>443.620</b></u>	<u><b>515.591</b></u>

The explanatory notes are integral part of the financial statements

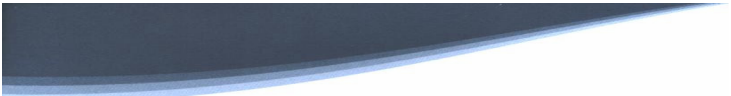
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**ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE**

**EXHIBIT II - STATEMENT OF SURPLUS (DEFICIT) FOR THE PERIODS ENDED  
DECEMBER 31  
(In reais)**

	<u>2008</u>	<u>2007</u>
REVENUES		
Domestic donations	61.215	518.875
Foreign donations	2.159.945	1.499.987
REVENUES FROM DONATIONS	<u>2.221.160</u>	<u>2.018.862</u>
EXPENSES		
Expenditures with projects	(1.958.331)	(1.656.532)
Expenses with personnel	(328.950)	(226.247)
Financial expenses	(6.697)	(14.945)
Tax expenses	(24.140)	(11.901)
Finacial revenues	47.925	60.741
EXPENSES FROM ACTIVITIES	<u>(2.270.193)</u>	<u>(1.848.884)</u>
<b>PERIOD SURPLUS (DEFICIT)</b>	<b><u>(49.033)</u></b>	<b><u>169.978</u></b>

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**ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE**

**EXHIBIT III - STATEMENT OF CHANGES IN CORPORATE ASSETS  
(In reais)**

	<u>Corporate assets</u>	<u>Accumulated deficit</u>	<u>Total</u>
IN DECEMBER 31, 2006 (UNAUDITED)	321.552	(79.141)	242.411
Tranference to corporate assets	(79.141)	79.141	-
Period surplus	-	169.978	169.978
IN DECEMBER 31, 2007	<u>242.411</u>	<u>169.978</u>	<u>412.389</u>
Tranference to corporate assets	169.978	(169.978)	-
Adjust from previous period	(17.742)	-	(17.742)
Period deficit	-	(49.033)	(49.033)
<b>IN DECEMBER 31 2008</b>	<b><u>394.648</u></b>	<b><u>(49.033)</u></b>	<b><u>345.615</u></b>

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**EXHIBIT IV - CASH FLOW STATEMENT FOR THE PERIOD ENDED  
DECEMBER 31  
(In reais)**

	<u>2008</u>
OPERATING ACTIVITIES CASH FLOW	
Period deficit	(49.033)
Adjustments by:	
- Depreciation	22.632
- Adjustment from previous period	<u>(17.742)</u>
	(44.143)
VARIATION OF ASSETS AND LIABILITIES	
Other accounts payable	11.369
Accounts payable	568
Social obligations	(10.730)
Tax obligations	(4.632)
Miscellaneous advances	9.598
Net cash from operating activities	<u>(37.970)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES	
Purchase of fixed assets	(5.463)
Net cash used in investment activities	<u>(5.463)</u>
<b>NET CASH AND CASH EQUIVALENT INCREASE</b>	<b><u><u>(43.433)</u></u></b>
STATEMENT OF CASH AND CASH EQUIVALENT INCREASE	
Cash and cash equivalent at the period beginning	437.204
Cash and cash equivalent at the period end	<u>393.771</u>
	<b><u><u>(43.433)</u></u></b>

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**ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE**

**EXHIBIT V - STATEMENT OF RESOURCES' ORIGIN AND APPLICATIONS  
FOR THE PERIOD ENDED DECEMBER 31  
(In reais)**

	<u>2007</u>
<b>RESOURCES ORIGIN</b>	
From operations	
- Period surplus	182.440
Total origins	<u>182.440</u>
<b>RESOURCES APPLICATION</b>	
Period deficit	-
Fixed assets acquisition	23.518
Total applications	<u>23.518</u>
<b>INCREASE IN NET WORKING CAPITAL</b>	<b><u><u>158.922</u></u></b>
<b>STATEMENT OF PERIOD NET WORKING CAPITAL VARIATION</b>	
Current assets	
- At the end of the period	458.523
- At the beginning of the period	<u>312.524</u>
	145.999
Current liabilities:	
- At the end of the period	103.202
- At the beginning of the period	<u>116.125</u>
	12.923
<b>INCREASE IN NET WORKING CAPITAL</b>	<b><u><u>158.922</u></u></b>
Period surplus (deficit)	169.978
- Depreciation	<u>12.462</u>
Adjusted period result	182.440

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## **ASSOCIAÇÃO DOS DIREITOS HUMANOS EM REDE**

### **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2008 AND 2007**

(In reais)

#### **1. THE ASSOCIATION AND ITS ENTITIES**

The Association is ruled according to Law 9.790/99 and has the aim of promoting, supporting, monitoring and evaluating human rights projects both at domestic and international levels. .

#### **2. FINANCIAL STATEMENTS PRESENTATION**

The financial statements are being presented according to the accounting practices adopted in Brazil, in compliance with the accounting principles stated in Brazilian Corporate Law, which include estimates to record certain assets and liabilities. Thus, the financial statements include several estimates, such as fixed assets useful life, provisions for contingencies, among others, what may represent variations in relation to the effective realization.

In December 27, 2008, it was published Law 11.638/07, in force as at January 1<sup>st</sup>, 2008. That law modified, revoked and introduced new dispositions to Law 6.404/76 (Corporate Law), and provoked changes in the accounting practiced adopted in Brazil, but those changes did not impact in the entity financial statements, and this were not object of quantification and disclosure in explanatory notes.

#### **3. MAIN ACCOUNTING PRACTICES**

##### **Current assets**

Short term investments – recorded at cost added from the profits gained until the balance sheet date, according to the rates agreed with the financial institutions, until its market value limit.

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Other assets – present, at the smaller value of the cost value, as applicable, the profits and monetary variation gained, or realization values..

### **Fixed assets**

It is demonstrated at the acquisition or construction cost, corrected until December 31, 1995, deducted from accumulated depreciation, calculated by the linear method, using rates which take into consideration the goods economic useful lives, as mentioned in explanatory note 6.

### **Current liabilities**

It is demonstrated at know or calculable values, added, when applicable, from the corresponding charges and the monetary variations incurred, stated in contract or legally stated.

### **Surplus (deficit) determination**

The surplus (deficit) is determined by the period accrual base accounting regime.

## **4. CASH AND CASH EQUIVALENTS**

Represented substantively by the resources in domestic currency, deposited in the financial institutions operating in the country, as follows:

	<b>2008</b>	<b>2007</b>
Cash	2.371	1.127
Banks	24.301	52.822
	<b>26.672</b>	<b>53.949</b>

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## 5. SHORT TERM INVESTMENTS

	Kind of application	2008	2007
Banco Itaú	Fixed Income	367.099	383.255
		<b>367.099</b>	<b>383.255</b>

## 6. FIXED ASSETS

	Annual depreciation rate %	2008			2007
		Costs	Depreciation	Residual	Residual
Furniture	10	15.394	(5.707)	9.687	13.054
Fixtures	10	7.573	(1.819)	5.754	5.079
IT Equipment	20	100.935	(79.333)	21.602	30.781
Data Processing Equipment	20	4.004	(1.148)	2.856	5.206
Software	20	-	-	-	2.948
		<b>127.906</b>	<b>(88.007)</b>	<b>39.899</b>	<b>57.068</b>

## 7. CORPORATE ASSETS

The corporate assets are presented in updated amounts and comprise the initial corporate capita, added from the surplus values minus the deficits incurred.

\* \* \*