

F U N D A Ç Ã O

**Bial**

Instituição de utilidade pública

*Institution of public utility*

## **ANNUAL REPORT 2019**

- I - ACTIVITIES AND MANAGEMENT REPORT**
- II - BALANCE SHEET, STATEMENT of INCOME, CASH FLOW  
and respective ANNEX**
- III - FISCAL BOARD REPORT and OPINION**
- IV - STATUTORY AUDITOR'S REPORT**

S. Mamede do Coronado, March 2020

FUNDAÇÃO

**Bial**

## **I - ACTIVITIES AND MANAGEMENT REPORT**

**ACTIVITIES AND MANAGEMENT REPORT**

In the activity developed by the Bial Foundation along the year of 2019 we would like to point out the following actions:

**PRÉMIO BIAL DE MEDICINA CLÍNICA 2018**

The Ceremony of the Prémio Bial de Medicina Clínica 2018, presided by the President of the Portuguese Republic, Prof. Marcelo Rebelo de Sousa, took place at the Casa do Médico, Porto, on the 18th February 2019. To this edition 17 works were presented, from a total of 90 authors.

The Jury, constituted by Professors Manuel Sobrinho Simões (President), João Cerqueira (School of Medicine, University of Minho), Ana Félix (Faculty of Medical Sciences, NOVA University Lisbon), Maria Amélia Ferreira (Faculty of Medicine, University of Porto), José Melo Cristino (Faculty of Medicine, University of Lisbon), Pedro Leão Neves (Department of Biomedical Sciences and Medicine, University of the Algarve), António Sousa Pereira (Abel Salazar Institute for the Biomedical Sciences, University of Porto), Luís Taborda Barata (Faculty of Health Sciences, University of Beira Interior) and Duarte Nuno Vieira (Faculty of Medicine, University of Coimbra), awarded the Prémio Bial de Medicina Clínica 2018 to the work “Cancro gástrico em Portugal - Como reduzir a mortalidade por cancro gástrico em Portugal”, from Prof. Mário Jorge Dinis Ribeiro.

Two Honourable Mentions were also awarded: “Neurosciences of OCD (NoOCD): Towards a Brain Based Clinical Intervention”, from Prof. Óscar Filipe Coelho Neves Gonçalves and Dr. Ana Cristina Morais de Castro Fernandes Gonçalves, and “Translational Medicine in Familial Hypercholesterolaemia: from phenotype to genotype”, from Prof. Mafalda Vieira da Rocha Peixoto e Bourbon de Sampaio Pimentel and Drs. Pablo Corral, Ana Catarina dos Santos Alves, Ana Margarida Cabeleira Medeiros, Joana Rita Gaspar de Barros Martinho Chora, Cibelle Neiva Cavalcanti Mariano da Costa and Quitéria Agostinho Mateus Rato.

**BIAL AWARD IN BIOMEDICINE 2019**

Until June 31, 2019, the BIAL Foundation accepted nominations to the 1<sup>st</sup> edition of the BIAL Award in Biomedicine. This prize, awarded every two years and alternating with the Prémio BIAL de Medicina Clínica, has the patronage of the President of the Portuguese Republic, the Council of Rectors of Portuguese Universities and the European Medical Association.

The 43 nominations received in the first edition of this award were analysed by an international Jury. Despite the passing in May 2019 of its President, Prof. Fernando Lopes da Silva, it was decided not to replace him, being the presidency functions headed by the Vice-President, Prof. Maria do Carmo Fonseca. The nominations received in this first edition were evaluated by a jury comprising the following members: Professors Paola Bovolenta and Eva Kondorosi, appointed by the European Research Council, Maria do Carmo Fonseca (the Vice-President above mentioned) and Arsélio Pato de Carvalho, appointed by the Council of Rectors of Portuguese Universities, Vincenzo Costigliola and Manuel Pais-Clemente, appointed by the European Medical Association, Niels Birbaumer and Menno Witter, members of the Scientific Board of the BIAL Foundation, Vladimir Hachinski and Peter St. George-Hyslop, previous winners of the BIAL Award, Howard Bauchner and Richard Horton, respectively, Directors from the scientific journals JAMA and The Lancet.

**ONGOING GRANTS FOR SCIENTIFIC RESEARCH**

Regarding the 73 grants supported in the biennium 2012/13, we would like to point out that only three haven't yet presented final results. All projects supported with grants before 2012 are already finished.

Concerning the seventy-six projects supported during 2014/15, only twenty-one haven't yet presented final results.

As far as the seventy-five projects supported in the biennium 2016/17, twenty-two final reports were already received.

Regarding the seventy-eight projects which have received support in the biennium 2018/19, the progress reports already analysed show a satisfactory development of the in-course work, noting that four final reports were already received.

In general, the final results of the finished projects justify the continuity of this programme by the Foundation.

During the Bial Foundation's 13th Symposium, the interim or final results of some dozens of the supported works will be publicly presented.

### **THE SYMPOSIUM "BEHIND AND BEYOND THE BRAIN"**

Work is progressing on the preparations of the Bial Foundation's 13th Symposium "Behind and Beyond the Brain", which was initially planned for 1-4 April this year, at Casa do Médico, in Porto, and due to COVID-19 outbreak had to be postponed to April 2021 - date to be confirmed.

The Organizing Committee, presided by Professor Axel Cleeremans (Brussels), is constituted by Professors Etzel Cardeña (Lund), Miguel Castelo-Branco (Coimbra), Rui Costa (New York and Lisbon), Rainer Goebel (Maastricht), Stefan Schmidt (Freiburg) and Caroline Watt (Edinburgh).

The theme of the 13th Symposium "Behind and Beyond the Brain" will focus on "The Mystery of Time". Today, understanding the nature of time constitutes a major scientific and philosophical challenge. Along with space, time is a fundamental dimension of physics. Most organisms have biological mechanisms tuned to its passage. And human existence is profoundly shaped by its inexorable march. Under the theme "The Mystery of Time", the 13th Symposium will gather some of the most prominent scientists and philosophers to engage in a resolutely interdisciplinary dialogue around the many aspects of time: Its very nature, which physicists continue debating; the subjective feelings its passage elicits in humans and other animals; the fundamental questions it is associated with, such as the thorny problem of causality.

The following remarkable European and North American speakers, that had accepted to participate, will be invited again to participate in the new April 2021 dates: Daryl Bem (Ithaca, NY), Orfeu Bertolami (Porto), Michael Brecht (Berlin), Dean Buonomano (Los Angeles), Jimena Canales (Urbana-Champaign), Bernard Carr (London), Jennifer Coull (Marseille), Patricia Cyrus (Orlando), Teresa Firmino (Lisbon), Julia Mossbridge (Evanston and San Francisco), Anil Seth (Sussex), Daniel Sheehan (San Diego), Mário Simões (Lisbon), Wolf Singer (Frankfurt), Joseph S. Takahashi (Dallas) and Marc Wittmann (Freiburg).

The 2021 Symposium follows the same general scheme as that of previous Symposia. In the opening session, with Axel Cleeremans as moderator, Anil Seth will deliver the key-note lecture, under the title "The perception of time in humans, brains and machines". In the morning of the next 3 days 3 sessions will take place. The first will be dedicated entirely to the physics of time, the second will explore the biology of time, and the third will be dedicated to the experience of time.

The Symposium is also a Forum where the BIAL Foundation grant holders who have recently finished their projects will publicly present their results in poster sessions and in the form of oral communications in blitz sessions moderated by Mário Simões, where all participants are invited to actively debate the themes of the Symposium with the lecturers. In addition there will be four parallel Workshops (W), namely W1 on "The physics and metaphysics of time", moderated by Axel Cleeremans, W2 on "Precognition and anomalous experiences", moderated by Caroline Watt, W3 on "The experience of time in altered states of consciousness", moderated by Stefan Schmidt, and W4 on "Perception and memory of time", moderated by Rui Costa and Rainer Goebel.

## ACKNOWLEDGEMENTS

We wish to thank the valuable collaboration given to BIAL Foundation by every member of the Scientific Board and the Juries of the Prémio BIAL de Medicina Clínica and of the BIAL Award in Biomedicine, by the University of Porto, by B.P.I. - Banco Português do Investimento, as well as the courtesy of the Portuguese College of Physicians and Surgeons.

The same acknowledgement is addressed to the members of the Fiscal Board.

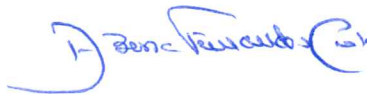
Finally, we must express with great recognition the efficient support that was given to us by Drs. Paula Guedes, Sylvie Marinho and Manuela Osório.

Coronado (S. Romão e S. Mamede), 19th March 2020

The Board of Directors



Luís Portela (Chairman)



Daniel Bessa (Member)



Nuno Sousa (Member)



Miguel Portela (Member)



Pedro Teixeira (Member)

FUNDAÇÃO

**Bial**

**II - BALANCE SHEET, STATEMENT of INCOME, CASH  
FLOW and respective ANNEX**



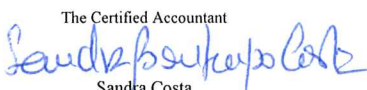
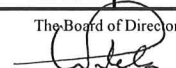
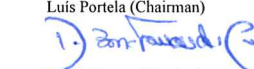


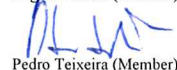
F U N D A Ç Ã O

**Bial**

Instituição de utilidade pública  
Institution of public utility

**FUNDAÇÃO BIAL**  
BALANCE SHEET 2019.12.31

Amounts in €

ASSETS	Notes	DATES	
		2019.12.31	2018.12.31
<b>NON-CURRENT ASSETS:</b>			
OTHER FINANCIAL INVESTMENTS	9	22.225	22.225
		<b>22.225</b>	<b>22.225</b>
<b>CURRENT ASSETS:</b>			
SHORT-TERM DEPOSITS	4	8.357.224	44.838
M/L-TERM DEPOSITS	4	0	8.250.000
DEFERRALS*			
- Accrued income	6	0	23
- Deferred costs	6	2.924.008	5.083.794
		<b>11.281.232</b>	<b>13.378.655</b>
		<b>11.303.457</b>	<b>13.400.880</b>
<b>CAPITAL FUND AND LIABILITIES</b>			
<b>CAPITAL FUND</b>			
FOUNDER MEMBERS' APPROPRIATION	7	2.750.000	2.750.000
RETAINED EARNINGS		5.496.034	4.494.749
DONATIONS	9	22.225	22.225
PROFIT /(LOSS) FOR THE PERIOD		60.787	1.001.285
<b>TOTAL CAPITAL FUND</b>		<b>8.329.045</b>	<b>8.268.259</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
SUPPLIERS		49.091	30.630
STATE AND OTHER PUBLIC ENTITIES		55	11.233
OTHER PAYABLES	8	2.924.008	5.089.194
ACCRUALS		1.258	1.564
<b>TOTAL LIABILITIES</b>		<b>2.974.412</b>	<b>5.132.621</b>
<b>TOTAL CAPITAL FUND AND LIABILITIES</b>		<b>11.303.457</b>	<b>13.400.880</b>
<p>The Certified Accountant</p>  <p>Sandra Costa</p>		<p>The Board of Directors</p>  <p>Luis Portela (Chairman)</p>  <p>Daniel Bessa (Member)</p>  <p>Nuno Sousa (Member)</p>  <p>Miguel Portela (Member)</p>  <p>Pedro Teixeira (Member)</p>	

FUNDAÇÃO

**Bial**

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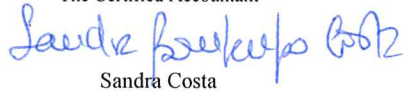
**FUNDAÇÃO BIAL**  
**INCOME STATEMENT BY NATURE**

For the year ended 2019.12.31

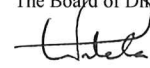
Amounts in €

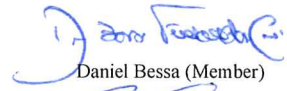
INCOME AND EXPENSES	Notas	PERÍODOS	
		2019	2018
DONATIONS	10	2.500.000	2.500.000
THIRD PARTY SUPPLIES AND SERVICES RENDERED			
Conferences			
Other services		-309.079	-293.553
OTHER INCOME			
Other income		1.594	23.648
OTHER EXPENSES			
Grants for scientific research	11	-2.001.673	-1.228.053
Bial award	12	-120.000	
Others		-10.500	-5.500
<b>Results before depreciation, financial expenses and taxes</b>		60.342	996.541
<b>Operating results (before financial expenses and taxes)</b>		60.342	996.541
FINANCE INCOME	13	445	4.743
FINANCE COSTS			
<b>Profit / (loss) before tax</b>		60.787	1.001.285
<b>Profit / (loss) for the period</b>		<b>60.787</b>	<b>1.001.285</b>

The Certified Accountant

  
Sandra Costa

The Board of Directors

  
Luís Portela (Chairman)

  
Daniel Bessa (Member)

  
Nuno Sousa (Member)

  
Miguel Portela (Member)

  
Pedro Teixeira (Member)

**FUNDAÇÃO BIAL**  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	2019		2018	
<b>OPERATING ACTIVITIES:</b>				
Receipts from customers and users				
Payments of allowances				
Payments of grants	-2.001.673		-1.228.053	
Payments of Prémio Bial	-120.000			
Payment to suppliers	-303.806		-208.016	
Payments to employees				
<b>Cash generated by operations</b>	<b>-2.425.478</b>		<b>-1.436.069</b>	
(Payment) / reimbursement of corporate income tax				
Other (payments) / proceeds relating to the operating activity	-12.604		-38.050	
	<b>-2.438.082</b>		<b>-1.474.119</b>	
<b>Net cash from operating activities (1)</b>		<b>-2.438.082</b>		<b>-1.474.119</b>
<b>INVESTING ACTIVITIES</b>				
<b>Disbursement for:</b>				
Tangible assets				
Intangible assets				
Financial investments				
Other				
<b>Proceeds from:</b>				
Tangible assets				
Intangible assets				
Financial investments				
Other				
Donations	2.500.000		2.500.000	
Interest and similar income	468		4.781	
Dividends		2.500.468		2.504.781
<b>Net cash used in investing activities (2)</b>		<b>2.500.468</b>		<b>2.504.781</b>
<b>FINANCING ACTIVITIES</b>				
<b>Proceeds from:</b>				
Bank loans				
Equity and other components of equity increases				
Coverage of previous years' losses				
Donations				
Other				
<b>Disbursements for:</b>				
Bank loans				
Interest and related expenses				
Dividends				
Equity and other components of equity decreases				
Other				
<b>Net cash used in financing activities (3)</b>				
<b>Net increase in cash and cash equivalents (4) = (1) + (2) + (3)</b>		<b>62.386</b>		<b>1.030.662</b>
<b>Foreign exchange effect</b>				
<b>Cash and equivalents at the beginning of the period</b>		<b>8.294.838</b>		<b>7.264.176</b>
<b>Cash and equivalents at the end of the period</b>		<b>8.357.224</b>		<b>8.294.838</b>

The Certified Accountant

*Sandra Costa*  
Sandra Costa

The Board of Directors

*Luis Portela*  
Luis Portela (Chairman)

*Daniel Bessa*  
Daniel Bessa (Member)

*Nuno Sousa*  
Nuno Sousa (Member)

*Miguel Portela*  
Miguel Portela (Member)

*Pedro Teixeira*  
Pedro Teixeira (Member)

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st DECEMBER 2019**

(Translation of the original document issued in Portuguese)

**1. INTRODUCTION**

The Bial Foundation was established in 1994 in order to encourage the scientific study of the human being, both physically and spiritually. To achieve its goal, the Foundation establishes awards intended to reward scientific research with particular emphasis on medical research. The Foundation manages a system of grants for scientific research and promotes other projects with similar goals.

The Foundation's head office is located at À Avenida da Siderurgia Nacional, Coronado (S. Romão and S. Mamede), Trofa.

**2. ACCOUNTING FRAMEWORK UTILISED IN THE PREPARATION OF FINANCIAL STATEMENTS**

The notes which were not included in the Appendix are not applicable or their presentation is not relevant to understand the financial statements.

There are no accounts in the balance sheet or in the income statements whose contents are not comparable with those of the previous year.

**3. MAIN ACCOUNTING POLICIES**

The financial statements were prepared in Euros, in accordance with the accounting principles defined in "Sistema de Normalização Contabilística" applicable to Foundations. The financial statements have been prepared in accordance with the going concern, accruals, consistency of presentation, materiality and aggregation, non-compensation and comparative information basis.

**Donations**

Donations are made by the Founder Members as well as by third parties and are fully recognized as income in the year which they are received.

**Grants for scientific research**

Grants for scientific research awarded to researchers are initially recorded as liabilities (other payables) and deferred over the period of the contract grants (deferred costs), being recognized as an expense on the date of each payment.

**Awards**

Awards are recognized as an expense on the payment date.

Taxes

The Bial Foundation is exempt from Corporate Taxes (IRC) concerning income attributable to categories B, E, F and G of the CIRC (Income Corporate Tax Code).

The exemption dates has been given on 1998.03.24 and is dependent on compliance with the requirements established in clauses a), b) and c) of no.3 article 10 of CIRC.

**4. CASH FLOWS**

The bank deposits are intended to comply with future commitments, including the payment of grants for scientific research.

The amount available in the short-term is €8.357.224.

The liability with respect to grants for scientific research totals €2.924.008 (note 8).

**5. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS**

There are no relevant changes to accounting policies in relation to 2018.

As a result of the transposition into national law of Directive 2013/34 EU of the European Parliament and the Council, dated 26<sup>th</sup> of June 2013, through the publication of the Decree-Law No. 98/2015, dated 2nd of June, there were changes in the NCRF that have mandatory application for fiscal years beginning on or after January 1, 2016. From the application of these standards no material impacts were identified for the Foundation's financial statements.

No changes to accounting estimates have been recorded with respect to the current period nor are expected to occur in future periods.

No material error has been recorded in respect of previous periods.

**6. ACCRUALS AND DEFERRALS**

The deferred costs (€2.924.008) comprise the commitment undertaken by the Foundation with respect to grants for scientific research to be paid in future financial years.

**7. FOUNDER MEMBERS' APPROPRIATION**

The founder members' appropriation is €2.750.000, corresponding to donations from BIAL - Portela & C<sup>a</sup>, S.A. and from the Chairman of the Governing Board, Dr. Luís Portela.

**8. OTHER PAYABLES**

The caption other payables (€2.924.008) corresponds to the total amount to be paid to supported researchers in future financial years, which are related to awarded grants for scientific research.

There are no debts to third parties for over five years.

There are no debts to third parties covered by valuable securities provided by the company.

There are no guarantees given by the Foundation.

**9. OTHER FINANCIAL INVESTMENTS**

The Foundation has received in 2014, as a donation, works of art that have been evaluated by external entities in the amount of € 22.225.

**10. DONATIONS**

Donations have been received from the Chairman of the Board, Dr. Luís Portela, and from the Bial – Portela & C<sup>a</sup>, S.A.

**11. GRANTS FOR SCIENTIFIC RESEARCH**

In 2019, the Foundation provided grants in the amount of €2.001.673 to supported researchers from around the world to undertake scientific research projects which have been approved in the last few years and developed during the year.

**12. PRÉMIO BIAL**

The Foundation has given the Prémio BIAL in 2019, amounting to €120.000.

In 2018, the Foundation did not give any amount related to the Prémio BIAL.

**13. FINANCIAL INCOME**

When the Foundation has cash surplus funds it constitutes financial investments during the year, which are bearing interest recorded under this heading.

**14. MANAGEMENT BODIES**

The members of the Board of Directors and of the Fiscal Board are not remunerated.

No loans are made to members of social bodies.

## 15. SUBSEQUENT EVENTS

No events have occurred between the end of the reporting period and today which may influence the presentation and disclosures of the current financial statements.

The Board believes that the financial information and disclosures are sufficient for understanding the financial position in 2019 and the results for the year then ended.

Trofa, March 19, 2020

The Certified Accountant

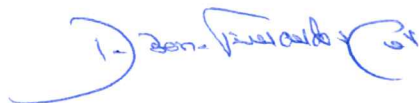


Sandra Costa

The Board of Directors




Luís Portela (Chairman)



Daniel Bessa (Member)



Nuno Sousa (Member)



Miguel Portela (Member)



Pedro Teixeira (Member)

FUNDAÇÃO

**Bial**

### **III - FISCAL BOARD REPORT and OPINION**



**Fundação Bial**  
**Report and Opinion of the Audit Committee**

To the Members

In accordance with the statutes and the performance of their duties, the Audit Committee of BIAL Foundation presents its report on review activity and opinion on the Report of the Board and Financial Statements for the year ended 31 December 2019.

**Report**

The Committee monitored the Management of the Foundation throughout the year, noting the following:

- a) Donations totalling 2.500.000 euros were received from the founder Dr. Luís Portela (500.000 euros) and from Bial Portela & C<sup>a</sup>, S.A. (2.000.000 euros).
- b) In 2019, the Foundation paid out scholarships totalling 2.001.673 euros. At the year-end, scholarships granted but not yet paid amounted to 2.924.008 euros.

The scholarships and the Bial Award are recognised as an expense only when paid.

We examined, in the extent considered necessary, the accounting documents and records.

The Committee has analysed the financial statements, drawn up as at 31 December 2019 from the accounting records, and reviewed the report presented by the Board of Directors which describes the appropriate development of the Foundation's activities.

The Committee examined the audit report issued by the member of this Committee, having reviewed its content, with which we concur.

## Opinion

Based on the above, the Audit Committee of BIAL Foundation considers that the Report and Financial Statements for 2019 meet the legal and statutory requirements and accordingly proposes:

- a) That the Report of the Board of Directors and the Financial Statements for 2019 be approved; and
- b) A vote of confidence in the Board of Directors and Scientific Council for the way in which the Foundation was managed so as to accomplish its objectives to contribute to the development of scientific and medical research.

S. Mamede do Coronado, 23 April 2020

### The Audit Committee

*(Signed)*

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Prof. Doutor Júlio Pedrosa de Jesus - Chairman

*(Signed)*

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Dr. Nuno Amado - Member

*(Signed)*

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Ernst & Young Audit & Associados - SROC, S.A.  
Represented by Dr. João Carlos Miguel Alves - Member

FUNDAÇÃO

**Bial**

#### **IV - STATUTORY AUDITOR'S REPORT**

*(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails.)*

## **Auditor's Report**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying financial statements of Fundação Bial (the Foundation), which comprise the Balance Sheet as at 31 December 2019 (showing a total of 11.303.457 euros and a total capital fund of 8.329.045 euros, including a net profit for the year of 60.787 euros), the Income Statement by Nature and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting and Financial Reporting Standard for not-for-profit Entities adopted in Portugal under the Portuguese Accounting System.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines of the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the audit of the financial statements" section below. We are independent of the Foundation in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code.

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

#### **Responsibilities of management for the financial statements**

Management is responsible for:

- ▶ the preparation of the financial statements in accordance with the Accounting and Financial Reporting Standard for not-for-profit Entities adopted in Portugal under the Portuguese Accounting System;
- ▶ the preparation of the Management Report in accordance with the laws and regulations;
- ▶ designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ▶ the adoption of accounting policies and principles appropriate for the circumstances; and
- ▶ assessing the Foundation's ability to continue as a going concern, and disclosing, as applicable, matters related to going concern that may cast significant doubt on the Foundation's ability to continue as a going concern.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in accordance with the Accounting and Financial Reporting Standard for not-for-profit Entities adopted in Portugal under the Portuguese Accounting System;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, in terms of with the Accounting and Financial Reporting Standard for not-for-profit Entities adopted in Portugal under the Portuguese Accounting System; and
- ▶ communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibility also includes the verification that the information contained in the Management Report is consistent with the financial statements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### On the Management Report

It is our opinion that the Management Report was prepared in accordance with laws and regulations in force and the information contained therein is consistent with the audited financial statements, not having been identified any material misstatement.

Lisbon, 23 April 2020

Ernst & Young Audit & Associados - SROC, S.A.  
Sociedade de Revisores Oficiais de Contas  
Represented by:

*(Signed)*

João Carlos Miguel Alves - ROC n.º 896  
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