

F U N D A Ç Ã O

**Bial**

Instituição de utilidade pública

*Institution of public utility*

## **ANNUAL REPORT 2018**

**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 2019



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

## ACTIVITIES AND MANAGEMENT REPORT

Along 2018, the BIAL Foundation went on supporting scientific research in the areas established in its statutes.

### THE SYMPOSIUM “BEHIND AND BEYOND THE BRAIN”

The BIAL Foundation promoted the 12th Symposium “Behind and Beyond the Brain” from April 4 to April 7, 2018, in Porto, which gathered a number of internationally recognized experts to debate the theme “Enhancing the mind” in diverse perspectives.

The 2018 Symposium followed the same scheme as previous ones. In the opening session, with Axel Cleeremans (Brussels, Belgium) as moderator, took place the opening-conference of Lorenza Colzato, with the title “Enhancing brain and cognition: A theory-driven approach”. In the morning of the next 3 days, 3 sessions were held: the 1st dedicated to cognitive enhancement, ending with a key-note lecture on “The neuroscience of working memory capacity and training” by Torkel Klingberg (Stockholm, Sweden); the 2nd dedicated to amplified states of consciousness, ending with a key-note lecture on “Regulation of attention and emotions by meditation: Neurophysiological basis and implications for mental and physical health” by Antoine Lutz (Lyon, France); the 3rd dedicated to collective intelligence and to interactions between brain and machine, ending with a key-note lecture on “Collective intelligence as a central characteristic of small groups” by Christopher Chabris (Lewisburg, USA).

The first morning session was moderated by Rainer Goebel (Maastricht, The Netherlands) and consisted of lectures by Alexander Sack (Maastricht, The Netherlands), Anjan Chatterjee (Philadelphia, USA), Jean-Noël Missa (Brussels, Belgium), and Torkel Klingberg, addressing the methods and ethical implications of cognitive enhancement techniques.

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The second morning session was moderated by Caroline Watt (Edinburgh, United Kingdom) and consisted of lectures by Etzel Cardeña (Lund, Sweden), Jordi Riba (Barcelona, Spain), Yulia Ustinova (Negev, Israel) and Antoine Lutz, addressing the use and history of mind-enhancing methods such as drugs and ritualistic practices, and examining the neural bases and effects of meditation practice.

The third morning session was moderated by Rui Costa (New York, USA and Lisbon, Portugal) and consisted of lectures by Gonzalo de Polavieja (Lisbon, Portugal), Rui Oliveira (Lisbon, Portugal), José Carmena (Berkeley, USA) and Christopher Chabris, dedicated to the discussion of current practices and theories in the burgeoning domain of collective intelligence and interactions between brain and machine.

The Symposium ended with a Round-Table discussion dedicated to the ethics of cognitive enhancement, moderated by Axel Creeremans with the participation of invited lecturers.

The Symposium is also a Forum where the researchers who have recently finished their projects with financial support of the BIAL Foundation were able to publically present their results in poster sessions and in the form of oral communications in blitz sessions, moderated by Mário Simões (Lisbon, Portugal), and where all participants were invited to actively debate the themes of the Symposium with the lecturers. In addition, there were organized four parallel Workshops (W), namely W1 on "Wise plants" moderated by Mário Simões, W2 on "Meditation" moderated by Etzel Cardeña, W3 on "Impact of AI in science, organization and the arts" moderated by Nuno Sousa (Braga, Portugal), and W4 on "Neurostimulation – a new tool for neuroenhancement?" moderated by Miguel Castelo-Branco (Coimbra, Portugal).

The proceedings of the Symposium will be soon freely distributed to the medical community and to the interested persons as well.

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This Board has already decided to hold another symposium from April 1 to April 4, 2020, the 13th of the series, dedicated to the central theme "The Mystery of Time". The Organizing Committee is constituted by professors Axel Cleeremans (President), Caroline Watt, Etzel Cardeña, Miguel Castelo-Branco, Rainer Goebel, Rui Costa and Stefan Schmidt (Freiburg, Germany).

### **PRÉMIO BIAL DE MEDICINA CLÍNICA 2018**

Until August 31, 2018, the BIAL Foundation invited applications for the 18th edition of the Prémio BIAL de Medicina Clínica.

To this edition, 17 works were presented, comprising a total of 90 researchers, from 3 countries: Angola, Brazil and Portugal.

The applicant works were examined by the Screening Committee constituted by professors Manuel Sobrinho Simões (President), João Cerqueira (School of Medicine, University of Minho), Ana Félix (NOVA Medical School, NOVA University of 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).

### **BIAL AWARD IN BIOMEDICINE 2019**

On November 16, 2018, it was held the first meeting of the Jury of the BIAL Award in Biomedicine 2019, at the Clube Universitário do Porto, attended by the majority of its members. On this date took place the public announcement of this new award, created by the BIAL Foundation with the aim of extending its scope of activity

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and recognising the most outstanding and relevant discoveries made in the biomedical field. Amounting to 300 thousand euros, this award will alternate each year with the Prémio BIAL de Medicina Clínica, which amounts to 100 thousand euros.

The first edition of this new award will take place in 2019 and seeks to recognize a work published in the biomedical field from 1 January 2010 onward, the results of which are considered to be of high quality and scientifically relevant. Only works nominated by the Voting members of the Jury, the members of the Scientific Board of the BIAL Foundation, previous BIAL Award winners and Scientific Societies may be considered candidates. The Jury may also invite other scientific institutions to submit proposals.

The BIAL Award in Biomedicine has the support of the President of the Portuguese Republic, the Council of Rectors of Portuguese Universities and the European Medical Association.

The candidate works will be evaluated by an international Jury, presided by Prof. Fernando Lopes da Silva and constituted by the members Professors Paola Bovolenta and Eva Kondorosi, appointed by the European Research Council, Maria do Carmo Fonseca 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 BIAL Foundation's Scientific Board, Vladimir Hachinski and Peter St. George-Hyslop, previous BIAL Award winners, Howard Bauchner and Richard Horton, Directors, respectively, of the scientific journals JAMA and The Lancet.

**GRANTS PROGRAMME FOR SCIENTIFIC RESEARCH 2018/19**

Under the Grants Programme for Scientific Research, and in its 13th edition, the BIAL Foundation invited applications from April to August 2018, supporting the same areas of the previous editions: Psychophysiology and Parapsychology.

Three hundred and sixty-six projects were submitted, from a total of 975 researchers, from 25 countries. Seventy-eight projects were supported, involving 214 researchers, from 18 countries: Germany, Argentina, Australia, Austria, Belgium, Brazil, Canada, Spain, USA, France, The Netherlands, Ireland, Israel, Italy, Portugal, United Kingdom, Sweden and Taiwan/China.

**ONGOING GRANTS FOR SCIENTIFIC RESEARCH**

Regarding the one hundred and thirty-six grants supported in the biennium 2010/11 and 2012/13, we would like to point out that only five haven't yet presented final results. All projects supported with grants before 2010 are already finished.

Concerning the seventy-six projects supported during 2014/15, thirty-seven final reports were already received.

As far as the seventy-five projects supported in the biennium 2016/17, four final reports were already received and the progress reports already received show a satisfactory development of the in-course work.

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



**ACKNOWLEDGEMENTS**

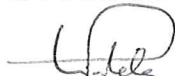
We wish to thank the valuable collaboration given to BIAL Foundation by every member of the Scientific Board and the Screening Committee of the Prémio BIAL de Medicina Clínica 2018 and of the BIAL Award in Biomedicine 2019, by the University of Porto, by B.P.I. - Banco Português do Investimento, as well as the courtesy of the Portuguese College of Physicians and Surgeons.

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

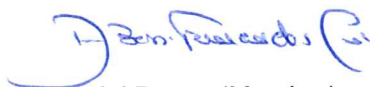
Finally, we must express with great recognition the efficient support that was given to us by Drs. Paula Guedes, António Branco da Costa and Sylvie Marinho.

Coronado (S. Romão e S. Mamede), 19th March 2019

The Board of Directors



Luís Portela (Chairman)



Daniel Bessa (Member)



Nuno Sousa (Member)



Miguel Portela (Member)



Pedro Teixeira (Member)



F U N D A Ç Ã O

**Bial**

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


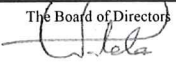




F U N D A Ç Ã O

**Bial**

Instituição de utilidade pública

*Institution of public utility***FUNDAÇÃO BIAL****BALANCE SHEET 2018.12.31**

Amounts in €

ASSETS	Notes	DATES	
		2018.12.31	2017.12.31
<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	44 838	14 176
M/L-TERM DEPOSITS	4	8 250 000	7 250 000
DEFERRALS			
- Accrued income	6	23	60
- Deferred costs	6	5 083 794	2 960 706
		<b>13 378 655</b>	<b>10 224 942</b>
		<b>13 400 880</b>	<b>10 247 167</b>
<b>CAPITAL FUND AND LIABILITIES</b>			
<b>CAPITAL FUND</b>			
FOUNDER MEMBERS' APPROPRIATION	7	2 750 000	2 750 000
RETAINED EARNINGS		4 494 749	4 107 479
DONATIONS	9	22 225	22 225
PROFIT /(LOSS) FOR THE PERIOD		1 001 285	387 270
<b>TOTAL CAPITAL FUND</b>		<b>8 268 259</b>	<b>7 266 974</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
SUPPLIERS		30 630	14 457
STATE AND OTHER PUBLIC ENTITIES		11 233	3 539
OTHER PAYABLES	8	5 089 194	2 958 596
ACCRUALS		1 564	3 601
<b>TOTAL LIABILITIES</b>		<b>5 132 621</b>	<b>2 980 193</b>
<b>TOTAL CAPITAL FUND AND LIABILITIES</b>		<b>13 400 880</b>	<b>10 247 167</b>
<div> <div> The Certified Accountant    Branco da Costa </div> <div> The Board of Directors    Luis Portela (Chairman)    Daniel Bessa (Member)    Nuno Sousa (Member)    Miguel Portela (Member)    Pedro Teixeira (Member) </div> </div>			

F U N D A Ç Ã O

**Bial**

Instituição de utilidade pública

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

**For the year ended 2018.12.31**

Amounts in €

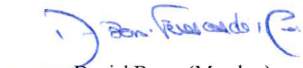
INCOME AND EXPENSES	Notas	PERÍODOS	
		2018	2017
DONATIONS	10	2 500 000	2 550 250
THIRD PARTY SUPPLIES AND SERVICES RENDERED			
Conferences			-70
Other services		-293 553	-102 629
OTHER INCOME			
Other income		23 648	6 957
OTHER EXPENSES			
Grants for scientific research	11	-1 228 053	-1 750 836
Bial award	12		-320 000
Others		-5 500	-584
<b>Results before depreciation, financial expenses and taxes</b>		996 541	383 088
<b>Operating results (before financial expenses and taxes)</b>		996 541	383 088
FINANCE INCOME	13	4 743	4 182
FINANCE COSTS		0	0
<b>Profit / (loss) before tax</b>		1 001 285	387 270
<b>Profit / (loss) for the period</b>		1 001 285	387 270

The Certified Accountant

  
 Branco da Costa

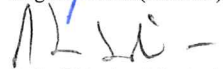
The Board of Directors

  
 Luís Portela (Chairman)

  
 Daniel Bessa (Member)

  
 Nuno Sousa (Member)

  
 Miguel Portela (Member)

  
 Pedro Teixeira (Member)

F U N D A Ç Ã O

**Bial**

Instituição de utilidade pública

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**FUNDAÇÃO BIAL****CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018		2017	
<b>OPERATING ACTIVITIES:</b>				
Receipts from customers and users				
Payments of allowances				
Payments of grants	-1 228 053		-2 070 836	
Payment to suppliers	-208 016		-85 801	
Payments to employees				
<b>Cash generated by operations</b>	<b>-1 436 069</b>		<b>-2 156 637</b>	
(Payment) / reimbursement of corporate income tax	-38 050		-5 814	
Other (payments) / proceeds relating to the operating activity	-1 474 119		-2 162 451	
<b>Net cash from operating activities (1)</b>		<b>-1 474 119</b>		<b>-2 162 451</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		2 550 250	
Interest and similar income	4 781		5 033	
Dividends	0	2 504 781	0	2 555 283
<b>Net cash used in investing activities (2)</b>		<b>2 504 781</b>		<b>2 555 283</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>1 030 662</b>		<b>392 832</b>
<b>Foreign exchange effect</b>		<b>0</b>		<b>0</b>
<b>Cash and equivalents at the beginning of the period</b>		<b>7 264 176</b>		<b>6 871 344</b>
<b>Cash and equivalents at the end of the period</b>		<b>8 294 838</b>		<b>7 264 176</b>

The Certified Accountant



Branco da Costa

The Board of Directors

  
Luis Portela (Chairman)  
Daniel Bessa (Member)  
Nuno Sousa (Member)  
Miguel Portela (Member)  
Pedro Teixeira (Member)

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st DECEMBER 2018**

(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.

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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 €44.838 and the bank deposits bearing interest amount to €8.250.000.

The liability with respect to grants for scientific research totals €5.089.194 (note 8).

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

There are no relevant changes to accounting policies in relation to 2017.

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**

Accruals and deferrals (assets) include: €23 related to interest receivables - time deposits existing on 31 December 2018, the corresponding calculation resulting from the economic periodization of the financial year.

The deferred costs (€5.083.794) 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 (€5.089.194) 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 2018, the Foundation provided grants in the amount of €1.228.053 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. BIAL AWARD**

In 2018, the Foundation did not give any amount related to the BIAL Award.  
The Foundation has given the BIAL Award in 2017, amounting to €320.000.

**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.

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**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 2018 and the results for the year then ended.

Trofa, March 19, 2019

The Certified Accountant

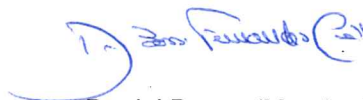


Branco da Costa

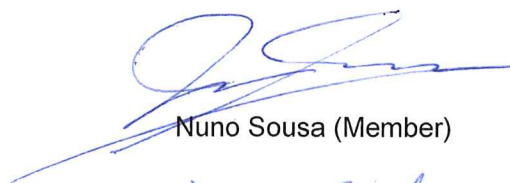
The Board of Directors



Luís Portela (Chairman)



Daniel Bessa (Member)



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Miguel Portela (Member)



Pedro Teixeira (Member)

F U N D A Ç Ã O

**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 2018.

**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 2018, the Foundation paid out scholarships totalling 1.228.053 euros. At the year-end, scholarships granted but not yet paid amounted to 5.089.194 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 2018 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 2018 meet the legal and statutory requirements and accordingly proposes:

- a) That the Report of the Board of Directors and the Financial Statements for 2018 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, 20 March 2019

### 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



#### **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 2018 (showing a total of 13.400.880 euros and a total capital fund of 8.268.259 euros, including a net profit for the year of 1.001.285 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, 20 March 2019

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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