



EXPLANATION FOR THE CHANGE IN THE BYLAWS

The rewritten Bylaws legally allow for greater charitable work by the American Society towards society. This will also require greater transparency, since the Bylaws are now framed in such a way to adapt to Brazilian legislation that defines OSCs (Civil Society Organizations) in Brazil known as the *Marco Regulatório das Organizações da Sociedade Civil* - Regulatory Framework for Civil Society Organizations (MROSC).

To sum up AmSoc will change from being an association (Barred from charitable giving) to becoming an official Civil Society Organization which is a private non-profit institution that provides a service with the aim of social improvement. The values and traditions of the American Society as well as services provided to members built up over 70 years would, of course, be honored and maintained. Approved in 2014, Law No. 13,019 establishes the legal standing for partnerships between civil society organizations and public administration (Government).

The aforementioned Law prohibits the distribution among its associates, directors, officers, employees, donors or third parties any results, surpluses, operating surpluses, gross or net, dividends, exemptions of any nature, interests or portions of their assets, earned through the exercise of its activities. It requires the application of the entirety of these resources to achieve its stated purpose – social improvement, either immediately or through the constitution of an equity fund or reserve fund. There is very little change here as the American Society has been run with these principles in mind for many years.

Another change brought about by these adjustments is to extend the benefit to donors, be they individuals or companies the legal option of recording monetary donations as operating expenses and thus deductible for tax purposes though certain limits apply (Note: Company Taxed in Brazil by Actual rather than Assumed Profit)

The American Society will also be able to prepare specific projects involving sport, culture, and charity, from kids to elderly assistance, for approval by different Federal, State and Municipal bodies and raise funds in support of said projects which can also be, depending on the amount and the government entity involved, fully tax deductible.

Furthermore, the American Society will forthwith be able to provide services such as advertising and event organization and issue compliant invoices, in accordance with municipal legislation without running the risk of being tax audited and assessed for failure to comply with fiscal or local laws.