Individual and Consolidated Financial Statements

Instituto Dara

December 31, 2023
with the Independent Auditors' Report

Instituto Dara

Individual and Consolidated Financial Statements

December 31, 2023 and 2022

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Independent auditors' report on the financial statements

To the Management and Associates of
Instituto Dara
Rio de Janeiro - State of Rio de Janeiro

Opinion

We examined the financial statements of Instituto Dara (“Institute”), which comprise the statement of financial position as of December 31, 2023, and the respective statements of income, of comprehensive income, of changes in equity and of cash flows for the fiscal year then ended, as well as the corresponding notes, with the material accounting policies and other explanatory information.

In our opinion, the financial statements above accurately present, in all material respects, the financial position of Instituto Dara as of December 31, 2023, the performance of its operations and cash flows for the fiscal year then ended, according to the accounting policies adopted in Brazil, applicable to non-profit entities (ITG - General Technical Interpretation 2002 (R1)).

Basis for opinion

We have conducted our audit in accordance with Brazilian and international auditing standards. Our responsibilities under those standards are described in the following section titled "Auditors' responsibilities for the audit of financial statements." We are independent in relation to the Institute, pursuant to the relevant ethical principles set forth in the Accountant Professional Code of Ethics and in the standards issued by the Federal Accounting Council, and we comply with other ethical responsibilities in accordance with such standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The individual and consolidated financial statements of the Institute for the fiscal year ended December 31, 2022 were audited by another independent auditor who issued a report dated September 5, 2023, without modification.

Responsibilities of the management and governance for the financial statements

Management is responsible for the preparation and proper presentation of the financial statements according to accounting practices adopted in Brazil, applicable to non-profit entities (ITG 2002 (R1)), and for the internal controls it has determined necessary to enable preparation of such financial statements free of any material misstatement, irrespective of whether caused by fraud or by error.

In preparing the financial statements, management is responsible for assessing the Institute's capacity to maintain its ongoing operations, disclosing, when applicable, matters related to its going concern and using such basis of accounting in preparing financial statements, except when management decides to file for liquidation of the Institute or to close its operations, or if management does not have any realistic alternative to avoid closing operations.

The parties in charge of the Institute's governance are responsible for supervising the process of preparing the financial statements.

Auditors' responsibilities for the audit of financial statements

Our goals are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, irrespective of whether caused by fraud or error and to issue an audit report with our opinion. Reasonable assurance is a high level of assurance, but not an assurance that the audit work performed according to Brazilian and international audit standards will always detect possible material misstatements. Misstatements may occur due to fraud or error and are considered material when they could influence, individually or jointly, the economic decisions of stakeholders, taken in reliance of such financial statements, within a reasonable perspective.

As part of the audit conducted according to Brazilian and international audit standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Moreover:

- We have identified and assessed the risks of material misstatement in the financial statements, irrespective of whether caused by fraud or error, and we have planned and executed audit procedures in response to such risks, as well as obtained appropriate and sufficient audit evidence on which to base our opinion. The risk of not detecting material misstatements resulting from fraud is higher than for those resulting from error, as fraud may include the action of deceiving internal controls, collusion, forgery, omissions, or intentional misrepresentations.

- We have been provided with an understanding of internal controls relevant for the audit, in order to plan audit procedures that are appropriate to the circumstances, but not with the objective of expressing an opinion on the effectiveness of the Institute's internal controls.
- We evaluated the adequacy of the accounting policies followed and the reasonability of accounting estimates and respective disclosures made by management.
- We drew conclusions on adequacy of use, by Management, of going concern accounting basis and, based on the audit evidence obtained, if there is relevant uncertainty about the events or conditions that may give rise to significant doubt as to the Institute's going concern. If we conclude that there is relevant uncertainty, we must draw attention in our audit report to the respective disclosures in the financial statements or include a modification to our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Institute to cease to operate as a going concern.
- We have evaluated the general presentation, the structure and content of the financial statements, including disclosures, and whether the financial statements represent the corresponding transactions and the events in a way compatible with the objective of appropriate presentation.

We have communicated with those responsible for governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Rio de Janeiro, September 26, 2024.

ERNST & YOUNG
Auditores Independentes S.S Ltda.
CRC SP-015199/F

Andreia Moura A. Routman
Accountant CRC RJ-103790/O

Instituto Dara

Statements of financial position
December 31, 2023 and 2022
(In thousands of Brazilian Reais)

		Parent Company		Consolidated	
	Explanatory	2023	2022	2023	2022
Assets					
Current assets					
Cash and Cash Equivalents	3	**3,957**	8,319	**3,957**	8,321
Bonds and Securities	4	**18,293**	16,971	**18,293**	16,970
Advances		**76**	53	**76**	53
Recoverable taxes		**84**	84	**84**	84
Prepaid Expenses		**1**	1	**1**	1
Total current assets		**22,411**	25,428	**22,411**	25,429
Non-current Assets					
Court Deposit	10	**1,409**	972	**1,409**	972
Bonds and Securities	4	**1,212**	363	**1,212**	363
Property, plant, and equipment	5	**6,810**	6,949	**6,810**	6,949
Total current assets		**9,431**	8,284	**9,431**	8,284
Total assets		**31,842**	33,712	**31,842**	33,713
Liabilities and equity					
Current liabilities					
Suppliers		**189**	139	**189**	140
Social and Labor Charges	6	**1,054**	807	**1,054**	807
Tax obligations	7	**131**	221	**131**	221
Labor Provisions		**390**	498	**390**	498
Obligations towards sponsored projects	8	**2,604**	5,168	**2,604**	5,168
Total current liabilities		**4,368**	6,833	**4,368**	6,834
Equity	11				
Owners' Equity		**26,879**	25,714	**26,879**	25,714
Accumulated surplus		**595**	1,165	**595**	1,165
Total equity		**27,474**	26,879	**27,474**	26,879
Total liabilities and equity		**31,842**	33,712	**31,842**	33,713

The notes are an integral part of the individual and consolidated financial statements.

Instituto Dara

Statements of income
Fiscal years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	Explanatory	Parent Company		Consolidated	
		2023	**2022**	**2023**	**2022**
Operating revenues					
Aid revenues		**7,319**	5,806	**7,319**	5,806
Revenue from voluntary work		**545**	260	**545**	260
	12	**7,864**	6,066	**7,864**	6,066
Costs					
Aid costs	13	**(7,924)**	(5,495)	**(7,924)**	(5,495)
		(7,924)	(5,495)	**(7,924)**	(5,495)
Gross surplus		**(60)**	571	**(60)**	571
Overhead and administrative expenses	14	**(1,777)**	(1,774)	**(1,777)**	(1,774)
Expenses with services rendered	14	**(684)**	(258)	**(684)**	(258)
Operating surplus (deficit)		**(2,521)**	(1,461)	**(2,521)**	(1,461)
Financial revenue	15	**3,446**	3,037	**3,446**	3,037
Financial expenses	15	**(330)**	(411)	**(330)**	(411)
Surplus for the fiscal year		**595**	1,165	**595**	1,165

The notes are an integral part of the individual and consolidated financial statements.

Instituto Dara

Statements of comprehensive income
Fiscal years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	Parent company and consolidated	
	2023	**2022**
Surplus for the fiscal year	**595**	1,165
Other comprehensive income	**-**	-
Total comprehensive income for the fiscal year	**595**	1,165

The notes are an integral part of the individual and consolidated financial statements.

Instituto Dara

Statements of changes in equity
Fiscal years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	Owners' equity	Accumulated surplus	Total
Balance as of December 31, 2021	24,864	850	25,714
Incorporation of accumulated surplus	850	(850)	-
Surplus for the fiscal year	-	1,165	1,165
Balance as of December 31, 2022	25,714	1,165	26,879
Incorporation of accumulated surplus	**1,165**	**(1,165)**	**-**
Surplus for the fiscal year	**-**	**595**	**595**
Balance as of December 31, 2023	**26,879**	**595**	**27,474**

The notes are an integral part of the individual and consolidated financial statements.

Instituto Dara

Statements of cash flows
Fiscal years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2023	**2022**	**2023**	**2022**
Cash flow from social activities				
Surplus for the fiscal year	**595**	1,165	**595**	1,165
Unrealized financial income	**(2,171)**	(1,768)	**(2,171)**	(1,768)
Depreciation and amortization	**255**	236	**255**	236
(Increase) decrease in assets and increase (decrease) in liabilities				
Advances	**(23)**	(6)	**(25)**	(6)
Prepaid expenses	**-**	10	**-**	10
Court deposits	**(437)**	-	**(437)**	-
Suppliers	**49**	(1)	**49**	(1)
Tax obligations	**(90)**	(62)	**(90)**	(62)
Labor charges	**139**	255	**139**	255
Obligations towards sponsored projects	**(2,563)**	5,121	**(2,563)**	5,121
Net cash from (used) in operating activities	**(4,246)**	4,950	**(4,248)**	4,950
Cash flows from investment activities				
Acquisition of property, plant, and equipment and intangible assets	**(116)**	(334)	**(116)**	(334)
Net cash from investment activities	**(116)**	(334)	**(116)**	(334)
Increase in cash and cash equivalents	**(4,362)**	4,616	**(4,364)**	4,616
Cash and cash equivalents at the beginning of the fiscal year	**8,319**	3,703	**8,321**	3,705
Cash and cash equivalents at the end of the fiscal year	**3,957**	8,319	**3,957**	8,321

The notes are an integral part of the individual and consolidated financial statements.

1. General information

Effective as of March 16, 2021, Instituto Saúde Criança Renascer was renamed Instituto Dara.

Instituto Dara ("Institute") is a non-profit civil society organization with no political or party affiliation, established and domiciled in Brazil, with headquarters in Rio de Janeiro, RJ, and incorporated on October 25, 1991, which acts to promote human health and development through social health drivers and implementing and disseminating an integrated approach to the fight against poverty, fostering family self-sustainability and autonomy: the Family Action Plan (PAF), which is a social approach consisting of participatory creation of integrated targets and actions.

To achieve its goals, Instituto Dara focuses the following areas:

- Health - Promoting integral health as a dynamic state of full physical, mental, spiritual, and social well-being, by establishing that health goes beyond the absence of disease.
- Citizenship – Providing guidance to beneficiaries on their civil, social, and political rights, in addition to their duties as citizens.
- Housing – Providing guidance to beneficiaries towards decent, safe, comfortable, wholesome, and structured housing.
- Education – Providing support to beneficiaries towards achieving their rights under the National Education Policy (PNE) and guidance towards citizenship education promoting autonomy.
- Generating Income – Identifying capacities and fostering the development of skills and behaviors to enable beneficiaries to generate income through new job opportunities and increased employability or to invest in entrepreneurship with a focus on the creative economy.

The Institute is supported by donations from individuals and legal entities earmarked for a cause or project with a specific purpose or for service provision, among others intended to aid people in socially vulnerable conditions.

Instituto Dara is exempt from income tax and social contribution under article 15 of Law No. 9.532/97, which establishes that the Institute must meet the following cumulative conditions in order to be entitled to such exemption:

1. General information--Continued

(a) Not compensating its managers for services provided in any way.

(b) Investing all its resources in the maintenance and development of its social goals.

(c) Keeping full accounting records of all its revenue and expenses in books that meet the formalities that ensure their respective accuracy.

(d) Keeping in good order, for a period of five years from the date of issue, any documents evidencing the origin of its revenues and consummation of its expenses, as well as the performance of any other actions or transactions that may change its equity position.

(e) Filing an income return every year.

The Institute has achieved exemption from PIS (Contribution to the Social Integration Program) taxation at a rate of 1% on the monthly payroll as a result of ORDINARY/TAX case No. 0059775-49.2015.4.02.5101 (2015.51.01.059775-0), on November 6, 2015, by the 7th Federal Court of Rio de Janeiro, which declared there to be no legal tax relationship between the Institute and the Federal Government concerning the tax set forth in article 13, III of Provisional Presidential Decree No. 2.158-35/2001. In August 2017, a certificate of final and unappealable judgment was issued.

2. Summary of the significant accounting policies

The significant accounting policies adopted in preparing these financial statements are described below. Such policies have been applied consistently for the fiscal years presented, unless otherwise indicated.

2.1. Basis of preparation and presentation

The individual and consolidated financial statements of the Institute for the fiscal year ended December 31, 2023 have been prepared and are presented in compliance with Brazilian accounting practices, which include the Pronouncements, Guidelines, and Interpretations issued by the Committee for Accounting Pronouncements - CPC and the provisions applicable to non-profit entities issued by the Federal Accounting Council (CFC), particularly ITG 2002 (R1) – Non-profit entities.

2. Summary of the significant accounting policies -- Continued

2.1 Basis of preparation and presentation -- Continued

Preparing individual and consolidated financial statements in compliance with such standards requires the use of certain accounting estimates, as well as the exercise of judgment, on the part of the Management of Instituto Dara in the process of applying the accounting policies; however, there are no areas or situations of greater complexity that require a higher level of judgment or significant estimates for the financial statements.

The individual and consolidated financial statements for Instituto Dara for the fiscal year ended December 31, 2023 were cleared for release by management on September 26, 2024.

2.2. Consolidation

The Institute has an exclusive fund and, accordingly, presented consolidated financial statements that include the consolidation of such fund. The Institute has no controlled entities.

2.3. Functional currency and presentation currency

The financial statements are presented in Brazilian reais, which is the functional currency, as well as the reporting currency, of the Institute.

2.4. Cash and cash equivalents

Comprise cash at hand and bank deposits, stated at cost, and highly liquid short-term financial investments with low exposure to risks of change in value, stated at cost plus income earned as of the balance sheet date, with a corresponding entry in income for the fiscal year.

2.5. Financial assets

2.5.1. <u>Grading</u>

Instituto Dara classifies its financial assets at the initial recognition under the following categories: measured at fair value through profit or loss.

2. Summary of the significant accounting policies -- Continued

2.5. Financial assets--Continued

2.5.1. Grading--Continued

a) *Financial assets measured at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it was acquired primarily for the purpose of being sold in the short term. Assets in this category are classified as current and non-current assets under Cash and cash equivalents and Securities.

2.5.2. Recognition and measurement

Purchases and sales of financial assets are usually recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not classified as at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to the statement of income. Financial assets are written off when the rights to receive cash flows have expired or been transferred; in the latter case, provided the Institute has significantly transferred all ownership's risks and rewards. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value.

Earnings or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are shown in the statement of income under “Net financial revenues” in the period in which they occur.

Dividends from financial assets measured at fair value through profit or loss are recognized in the income statement under “Net financial revenues” when the right of the Institute to receive dividends is established.

2. Summary of the significant accounting policies -- Continued

2.5. Financial assets--Continued

2.5.2. Recognition and measurement--Continued

The fair values of publicly-traded investments are based on current ask prices. If the market for a given financial asset (and for securities not listed in an Exchange) is not active, the Institute establishes fair value based on assessment techniques. Such techniques include the use of recent transactions with third parties, reference to other instruments that are substantially similar, analysis of discounted cash flows, and option pricing models that make maximum use of market inputs and rely as little as possible on inputs from the Institute's own Management.

2.5.3. Impairment of financial assets

a) *Assets measured at amortized cost*

The Institute assesses, as of each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets may be impaired. An asset or group of financial assets is impaired, and impairment losses are incurred, only when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the financial asset or group of financial assets which can be reliably estimated.

The amount of an impairment loss is measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future credit losses that were not incurred), discounted at the original effective interest rate on the financial assets. The book value of the asset is reduced and the amount of loss is recognized in the Institute's income statement.

2.5.4. Derivative financial instruments

There were no transactions with derivative financial instruments during fiscal years 2023 and 2022.

2. Summary of the significant accounting policies -- Continued

2.6. Property, plant, and equipment

Property, plant, and equipment items are stated at historical acquisition cost less the amount of depreciation and any accumulated non-recoverable loss. Historical cost includes directly attributable expenses that are necessary to prepare the asset for the use intended by Management.

Depreciation is calculated by the straight-line method based on the estimated useful lives of the assets.

2.7. Intangible assets

<u>Software</u>

Software licenses are capitalized based on costs incurred in acquiring the software and making it ready for use; the same standard applies to software developed to order for the Institute. Such costs are amortized during the estimated useful life of the software. The costs associated with software maintenance are recognized as expenses as incurred.

2.8. Provisions and current and non-current liabilities

A provision is recognized in the statement of financial position when the Institute has a legal or created obligation as a result of a past event and it is likely that economic resources will be required to discharge such obligation. Provisions are recorded based on the best estimates of the risk involved.

Current and non-current liabilities are stated at their known or calculable amounts plus, when applicable, the corresponding charges and inflation adjustment incurred by the statement of financial position date.

2.9. Obligations towards sponsored projects

Contributions to the Institute’s projects from sponsors (agreement parties) are recorded in cash and cash equivalents with a corresponding entry in liabilities; recognition in income occurs upon the performance of the agreed-upon obligation, with a corresponding entry in revenue from sponsored projects. Such policy applies because the Institute’s Management is under a contractual obligation to comply with certain rules regarding the use of donations, as well as the obligation to render accounts, which are reviewed and submitted to sponsors for approval.

2. Summary of the significant accounting policies -- Continued

2.9. Obligations towards sponsored projects--Continued

Accordingly, expenses and costs incurred with sponsor projects managed by the Institute are recognized in the same proportion as revenues so that, at the end of the fiscal year, such revenues and expenses do not impact the Institute's income for the fiscal year.

2.10. Determination of surplus for the fiscal year and recognition of revenues from donations

Surplus for the fiscal year is determined on an accrual basis.

Revenues from donations and voluntary contributions from third parties originate from donations by individuals and legal entities and are recorded when received and used in social projects and programs developed by the Institute.

The Institute recognizes revenue when: (i) the revenue amount can be reliably measured; (ii) it is likely that future economic benefits will flow to the Institute; and (iii) specific criteria have been met for each of the Institute's activities, as described below.

a) Earmarked donations and agreements

Donations earmarked for projects are recorded when received in liabilities (Obligations towards sponsored projects) and appropriated in income each month on a straight-line basis as the funds are used in accordance with the rules established by the donor/sponsor.

b) Financial revenue

Financial revenues consist primarily of revenue from interest on financial investments. Financial revenue is recognized using the effective interest rate method.

c) Gratuities

Federal Accounting Council (CFC) Interpretation - ITG 2002 (R1) determines the measurement and accounting recognition of benefits granted as gratuities such as: voluntary work.

2. Summary of the significant accounting policies -- Continued

2.10. Determination of surplus for the fiscal year and recognition of revenues from donations--Continued

c) Gratuities--Continued

(i) The value of volunteer work is measured by the Institute's Management based on values available on the market and charged by the Institute for similar services. The value determined for fiscal year 2023 was BRL544 (BRL408 in 2022).

None of the figures above had a corresponding cash disbursement; in 2023, they were recognized as revenues and expenses/costs in the surplus statement at equal amounts, without affecting the surplus for the fiscal year.

2.11. Taxes and contributions

The Institute is exempt from paying Income Tax, Social Contribution, Contribution for Social Security Financing (COFINS) and Social Integration Program (PIS).

2.12. Statement of cash flow

The statement of cash flows was prepared based on the indirect method.

2.13. Change to the significant accounting policies

The entity has monitored and maintains a permanent review process of its standards in accordance with the accounting pronouncements applicable to the sector.

No such changes impacted the financial statements for the fiscal year presented.

(In thousands of Brazilian Reais)

3. Cash and cash equivalents

	Parent Company		Consolidated	
	2023	**2022**	**2023**	**2022**
Cash	**2**	4	**2**	3
Banks	**25**	417	**25**	419
Financial investments	**3,930**	7,899	**3,930**	7,899
	3,957	8,319	**3,957**	8,321

Highly-liquid short-term financial investments are promptly convertible into a known amount of cash and are subject to insignificant risk of change in value. The Institute holds financial investments in fixed-income investment funds bearing interest based on the Selic rate and Bank Deposit Certificates (CDBs) at 100% of the DI (Interbank Deposit) rate.

4. Bonds and securities

	Parent Company	
	2023	**2022**
Saúde Criança FIM		
Equity of the Fund	**19,505**	17,334
	19,505	17,334
Short term	**18,293**	16,971
Long term	**1,212**	363

	Consolidated	
	2023	**2022**
Saúde Criança FIM		
Investment Fund Shares	**18,293**	16,971
Government Bonds	**412**	363
Corporate Bonds	**800**	-
	19,505	17,334
Short term	**18,293**	16,971
Long term	**1,212**	363

(i) The Saúde Criança Multimarket Investment Fund (FIM) is an exclusive investment by the Institute and is part of the “Renascer para Sempre” project, the goal of which is to strengthen, as a matter of long-term policy, the economic sustainability of the Institute by ensuring the minimum financial stability necessary for good institutional performance without depending on the inconsistent flow of donations. The fund’s portfolio includes products with different redemption periods, and liquidity depends on cash availability. The shares of the fund are measured at fair value. The profitability for fiscal year 2023 was 12.52% (11.35% in 2022).

(In thousands of Brazilian Reais)

4. Notes and securities--Continued

Liquidity Period	Amount	%
Immediate	18,293	93.79
Over 90 days	1,212	6.21
	19,505	100.00

5. Property, plant, and equipment

	Annual depreciation rate	Parent Company and Consolidated 2023 Cost	Accumulated depreciation	Net
Buildings	**2.52%**	**8,344**	**(2,252)**	**6,092**
Facilities	**10%**	**713**	**(235)**	**478**
Machinery and equipment	**10%**	**317**	**(300)**	**17**
Furniture and fixtures	**10%**	**99**	**(7)**	**92**
Vehicles	**20%**	**44**	**(38)**	**6**
IT equipment	**20%**	**268**	**(143)**	**125**
		9,785	**(2,975)**	**6,810**

	Annual depreciation rate	Parent Company and Consolidated 2022 Cost	Accumulated depreciation	Net
Buildings	2.52%	8,344	(2,084)	6,260
Facilities	10%	226	(192)	34
Machinery and equipment	10%	98	(81)	17
Furniture and fixtures	10%	102	(65)	37
Vehicles	20%	44	(29)	15
IT equipment	20%	366	(255)	111
Communication equipment	20%	15	(15)	-
Property, plant, and equipment in progress	0%	475	-	475
		9,670	(2,721)	6,949

(In thousands of Brazilian Reais)

5. Property, plant, and equipment--Continued

Activity

	Annual depreciation rate	Parent Company and Consolidated				
		2022	**Acquisitions**	**Depreciations**	**Transfers**	**2023**
Buildings	2.52%	6,260	**-**	**(168)**	**-**	**6,092**
Facilities	10%	34	**-**	**(43)**	**487**	**478**
Machinery and equipment	10%	17	**4**	**(4)**	**-**	**17**
Furniture and fixtures	10%	37	**61**	**(6)**	**-**	**92**
Vehicles	20%	15	**-**	**(9)**	**-**	**6**
IT equipment	20%	111	**39**	**(25)**	**-**	**125**
Property, plant, and equipment in progress	-	475	**12**	**-**	**(487)**	**-**
		6,949	**116**	**(255)**	**-**	**6,810**

	Annual depreciation rate	Parent Company and Consolidated			
		2021	**Acquisitions**	**Depreciations**	**2022**
Buildings	2.52%	6,428	-	(168)	6,260
Facilities	10%	57	-	(23)	34
Machinery and equipment	10%	20	-	(3)	17
Furniture and fixtures	10%	4	33	-	37
Vehicles	20%	24	-	(9)	15
IT equipment	20%	42	100	(31)	111
Property, plant, and equipment in progress	-	274	201	-	475
		6,849	334	(234)	6,949

6. Social and labor charges

Social and labor charges are liabilities levied on the payroll which must be paid and discharged by their due date.

	Parent Company and Consolidated	
	2023	**2022**
INSS (note 10)	**1,025**	785
FGTS	**29**	22
	1,054	807

(In thousands of Brazilian Reais)

7. Tax obligations

This group includes taxes payable on outsourced services, such as income tax, social contributions, and service tax.

	Parent Company and Consolidated	
	2023	**2022**
Income tax	**44**	33
Social contributions	**68**	184
Service tax	**19**	4
	131	221

8. Resources for projects in execution

These obligations reflect financial resources already received (in whole or in part) in connection with projects to be executed. Liabilities are written off each month, with a corresponding entry in revenue from projects, as the resources received are used in the execution of projects. The breakdown by project is as follows:

	Parent Company and Consolidated			
	2022	**Additions**	**Write-offs**	**2023**
Instituto PHI	2	**-**	**(2)**	**-**
Queen Silvia’s Foundation	50	**105**	**(155)**	**-**
Criança Esperança	44	**37**	**(81)**	**-**
U.S. Consulate	4	**-**	**(4)**	**-**
Cultural Incentive Law	363	**-**	**(363)**	**-**
Santander	200	**-**	**(200)**	**-**
SC Johnson (i)	-	**197**	**(102)**	**95**
TJRJ (ii)	-	**497**	**(241)**	**256**
Silicon Valley (iii)	4,505	**-**	**(2,252)**	**2,253**
	5,168	**836**	**(3,400)**	**2,604**

(i) SC Johnson: through fun activities that use art and play, the aim of this project is to identify challenges in the field of mental health that affect the development of children. Contribute to promoting mental health through play and socialization. The children's families are assisted by the team of social workers, so psychologists are able to make an accurate diagnosis by combining information from project sessions with data on the family structure.

(ii) TJRJ: This project consists of cooperation between the parties to develop integrated strategies and actions promoting the socioeconomic condition of families in situations of social vulnerability who are served by the Court of Appeals of the State of Rio de Janeiro.

The targets to be achieved with this partnership, observing the stages and phases established in the Execution Schedule contained in the Work Plan, are:

(a) Diagnosis and engagement;

(b) Staff training;

(In thousands of Brazilian Reais)

8. Resources for Projects in Execution--Continued

(c) Following up and monitoring implementation;

(d) Assessing income;

(e) Instituto Dara Management.

(iii) Silicon Valley Community Foundation (SVCF): This resource was received to strengthen the common good, improving the quality of life of the most vulnerable and solving more challenging problems.

9. Contingencies

Based on the opinion of its legal counsel, the Management of the Institute concluded that, as of December 31, 2023, and December 31, 2022, there is no litigation or claim against the Institute with a likely or possible prospect of loss or any other event that would require the recognition of provisions.

10. Court deposits

The Institute filed ordinary action No. 0215732-72.2017.4.02.5101 with the 10th Federal Court of the Judicial District of Rio de Janeiro, against the Federal Government, seeking to obtain recognition of its tax immunity under article 150, VI, "c" of the CF/88 (1988 Federal Constitution) upon compliance with the requirements set forth in supplementary law – specifically, article 14 of the National Tax Code (CTN) –, which will enable the Entity to enjoy exemption from the employer's share of INSS contributions, which ceased due to the rejection of renewal of its Social Welfare Charitable Entity Certificate – MDS (CEBAS), effective upon publication in the Federal Official Gazette of Opinion No. 047479/2017 in Ordinance No. 185/2017 on November 6, 2017. Since July 2019, the Institute, based on advice from its legal counsel, has made court deposits of the payments from which it should be entitled to immunity and is awaiting a court decision; however, it continues to record such expense in its accounts until the action is finally settled.

	Parent Company and Consolidated	
	2023	**2022**
Court deposits	**1,167**	972
Out-of-court settlements (*)	**242**	-
	1,409	972

(*) Amount related to out-of-court settlement with Rey and Alpha drugstores.

(In thousands of Brazilian Reais)

11. Owners' equity

This reflects the initial equity resulting from the initial contribution made by its founders plus any surpluses (deficits) determined since the date of its organization.

The surplus is incorporated into the owners' equity the following fiscal year, following approval by the Audit Committee in accordance with its Articles of Organization at the AGM on March 25, 2024, which formalized Instituto Dara's surplus at BRL595 for the fiscal year 2023.

After approval by the Audit Committee in accordance with its Articles of Organization at the AGM on April 17, 2023, which formalized Instituto Dara's surplus at BRL1,165 for the fiscal year 2022. The income generated by Instituto Dara is used in full for its social goals as discussed in Note 1.

In the event of winding up of the Institute, which will only occur upon approval of two-thirds of the members at a General Meeting, assets will be allocated to another non-profit Institute of a similar nature registered with the CNAS (National Social Welfare Council), upon approval by the Public Prosecution Office.

12. Revenues

The Institute develops welfare projects intended to assist the community. The expenditures and expenses relating to such projects for fiscal years 2023 and 2022, as well as the base revenue, are stated as follows:

	Parent Company and Consolidated	
	2023	**2022**
Revenue from donations		
Revenue from donations by individuals	**768**	1,399
Revenue from donations by legal entities	**4,961**	3,161
Revenue from consulting	**240**	23
Revenue from voluntary work	**545**	260
	6,514	4,843
Revenues from donations to programs and projects		
SC Johnson	**102**	-
Queen Silvia's Foundation	**155**	62
TJRJ	**242**	-
U.S. Consulate	**3**	7
Cultural Incentive Law – ISS	**363**	47
Santander	**200**	-
Silicon Valley Community Foundation	**-**	581
Criança Esperança	**81**	192
Instituto PHI	**202**	331
Total revenue from sponsored projects	**1,348**	1,220
Other revenues	**2**	3
Total operating revenues	**7,864**	6,066

(In thousands of Brazilian Reais)

13. Aid costs

	Parent Company and Consolidated	
	2023	**2022**
Personnel costs – aid activities	**3,395**	1,676
Personnel charges – aid activities	**2,057**	425
Utility and occupation costs – aid activities	**51**	18
Medications – families	**506**	170
Special milks – families	**17**	79
Food – families	**207**	670
Medical instruments and supplies – families	**21**	28
Internet – families	**2**	11
Donation of work instruments – families	**8**	19
Courses and training – families	**125**	129
Housing maintenance, repairs, and rent – families	**383**	179
Transportation – families	**156**	91
Donations to families	**60**	84
General costs – aid activities	**157**	369
Professional services – aid activities	**623**	76
Training material – families	**101**	36
Medical examinations – families	**36**	24
Costs with communication – aid activities	**19**	13
Aid costs/gratuities – assistance	**7,924**	4,097
Personnel expenses – Expansion	**-**	194
Personnel charges – Expansion	**-**	51
General Expansion costs	**-**	218
Aid costs – Expansion	**-**	463
Institutional costs (i)	**-**	935
Aid costs	**7,924**	5,495

(i) In the view of the Institute's management, the resources allocated to the activities are appropriate and meet the requirements of Law 12.101/09. Approval of the calculations, as well as of the assumptions used by the Institute, is dependent upon future rendering of accounts to the CNAS - National Social Welfare Council.

(In thousands of Brazilian Reais)

14. General, administrative and other expenses

	Parent Company		Consolidated	
	2023	**2022**	**2023**	**2022**
Personnel expenses	**693**	1,192	**693**	1,192
Overhead and administrative expenses	**1,072**	576	**1,072**	576
Expenses with voluntary work	**12**	6	**12**	6
	1,777	1,774	**1,777**	1,774
Expenses with services rendered	**684**	258	**684**	258
	2,461	2,032	**2,461**	2,032

15. Net financial income

	Parent Company		Consolidated	
	2023	**2022**	**2023**	**2022**
Financial Revenue				
Financial investments	**657**	963	**657**	963
Equity fund	**2,268**	2,023	**2,268**	2,023
Other revenues	**521**	51	**521**	51
	3,446	3,037	**3,446**	3,037
Financial expenses				
Tax on financial investments	**(163)**	(106)	**(163)**	(106)
Other expenses	**(73)**	(49)	**(73)**	(49)
Losses from FMI Investments	**(94)**	(256)	**(94)**	(256)
	(330)	(411)	**(330)**	(411)
	3,116	2,626	**3,116**	2,626

16. Insurance coverage

The Institute adopts the policy of contracting insurance coverage against fire and various risks for property, plant, and equipment for amounts considered sufficient to cover possible losses, which were defined based on the guidance of specialists and take into account the nature of its activity and the degree of risk involved.

16. **Insurance Coverage** -- Continued

The Institute has insurance coverage as follows:

(a) Real Estate Property - Rua das Palmeiras, 65, Rio de Janeiro - RJ.

Events: fire, explosions and smoke of any nature - BRL2,000, robbery and/or qualified theft of goods and merchandise - BRL80, electrical damage - BRL30, gale - BRL30.

(b) Vehicles: Volkswagen Gol (2020/2019) - BRL45, collision, fire and theft.

(c) Life: The maximum insured capital is BRL116, with coverage for death, accidental death, permanent and (or) accidental disability, employment termination, basic food basket assistance, immediate financial assistance and family funeral assistance.

(d) Health and Dental: Exato Empresarial / PME Trad. / Ward Dental: Odonto Mais / Basic 20.

The scope of our auditors' work does not include issuing an opinion on the sufficiency of the insurance coverage, which was determined and assessed by the Institute's Management as to its appropriateness.

17. Financial instruments

The Institute is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk.

The information below concerns the Institute's exposure to each of the aforementioned risks, the goals, policies, and processes used by the Institute to measure and manage risk, and the Institute's capital management. Additional quantitative disclosures are included elsewhere in these financial statements.

Risk management structure

Management is responsible for developing and monitoring the risk management policies of Instituto Dara.

(In thousands of Brazilian Reais)

17. Financial instruments--Continued

Risk management structure--Continued

The Institute's risk management policies are established to identify and analyze the risks to which the Institute is exposed, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Institute's activities.

Management supervises and monitors the Institute's compliance with its risk policies and procedures and revises the established risk structure.

	2023		2023	
	Parent Company		Consolidated	
	Book Value	Fair Value	Book Value	Fair Value
Assets measured at fair value through profit or loss				
Cash and cash equivalents	**3,957**	**3,957**	**3,957**	**3,957**
Bonds and securities	**19,505**	**19,505**	**19,505**	**19,505**
Liabilities measured at fair value through profit or loss				
Suppliers	**189**	**189**	**189**	**189**
Obligations towards sponsored projects	**2,604**	**2,604**	**2,604**	**2,604**

	2022		2022	
	Parent Company		Consolidated	
	Book Value	Fair Value	Book Value	Fair Value
Assets measured at fair value through profit or loss				
Cash and cash equivalents	8,319	8,319	8,321	8,321
Bonds and securities	17,334	17,334	17,334	17,334
Liabilities measured at fair value through profit or loss				
Suppliers	139	139	140	140
Obligations towards sponsored projects	5,168	5,168	5,168	5,168

17. Financial instruments--Continued

Fair value hierarchy

There are three levels for grading the Fair Value of financial instruments. Such hierarchy gives priority to unadjusted quoted prices in an active market for a financial asset or liability. The grading of Hierarchy Levels can be presented as stated below:

- Tier 1 – Data from an active market (unadjusted quoted price) which can be accessed daily, including on the fair value measurement date.
- Tier 2 – Data drawn from a pricing model based on observable market data.
- Tier 3 – Data drawn from a pricing model based on non-observable market data.

As of December 31, 2023 and 2022, the grading by Hierarchy Tier was at tier 2. We note that no financial instruments classified at Tiers 1 and 3 were found during the period during the review and that no changes of level occurred in such period.

Credit risk

Credit risk is the risk of financial loss to the Institute if a counterparty to a financial instrument fails to perform its contractual obligations. Historically, the Institute has not suffered material losses arising from non-performance of financial obligations.

Credit risk arises from cash and cash equivalents, such as bank deposits and financial investments, which risks are minimized by the use of prime banks. Individual risk limits are established in accordance with the decisions of the Board of Directors.

Liquidity risk

Liquidity risk is the risk of the Institute facing difficulties in performing obligations linked to its financial liabilities which are settled in cash or another financial assets. The Institute's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its obligations as they become due, under normal and stressful conditions, without causing unacceptable losses.

(In thousands of Brazilian Reais)

17. Financial instruments--Continued

Market risk

Market risk is the risk that changes in market prices, such as exchange rates and interest rates, affect the Institute's earnings and losses. The purpose of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

The Institute is exposed to changes in variable-rate indices which affect both financial revenues and financial expenses. The median market expectation, according to data retrieved from the Central Bank of Brazil (Focus Report) for the base date April 5, 2024, indicated:

	2023 actual effective rate	2024 estimated effective rate
CDI	**13.04%**	**9.75%**
IGP-M	**-3.18%**	**2%**
Selic	**11.75%**	**9%**

Market risk

	2022 actual effective rate	2022 estimated effective rate
CDI	13.25%	12.75%
IGP-M	12.22%	4.00%

Market values of financial assets and liabilities were determined based on available market information and appropriate valuation methodologies. The use of different market assumptions and/or estimate methodologies may have a different effect on estimated market values. Based on such estimate, Management views book value of the financial instruments as equal to their fair value.

Measurement of financial instruments

The financial instruments of the Company are measured at amortized cost. The fair values of the Company's financial instruments are equal to their book values.