Instituto Dara
Financial statements as of December 31, 2022

Table of Contents

[Letterhead of KPMG Assurance Services Ltda.]

Independent auditors' report on the individual and consolidated financial statements

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

Opinion

We have audited the individual and consolidated financial statements of Instituto Dara ("Association"), identified as individual and consolidated, respectively, consisting of the balance sheet as of December 31, 2022, and the respective statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, as well as the notes thereto, including significant accounting policies and other explanatory information.

In our opinion, the individual and consolidated financial statements referred to above adequately reflect, in all relevant aspects, the individual and consolidated equity and financial position of Instituto Dara as of December 31, 2022, the individual and consolidated performance of its respective operations, and its individual and consolidated cash flows for the fiscal year then ended in accordance with to the Brazilian accounting practices.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international audit standards. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the individual and consolidated financial statements" section below. We are independent in relation the Association under the relevant ethical principles provided in the Accountant Professional Code of Ethics and in the standards issued by the Federal Accounting Council and are in compliance 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.

Management's responsibility for the individual and consolidated financial statements

Management is responsible for the preparation and proper presentation of the individual and consolidated financial statements in accordance with the Brazilian accounting practices and for the internal controls that it has determined as necessary to enable the preparation of such financial statements free of any relevant material misstatement, irrespective of whether caused by fraud or by error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, when applicable, matters related to its continuance as a going concern and using such accounting basis in preparing financial statements, unless management either intends to liquidate the Association and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our goals are to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free of any material misstatement, irrespective of whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not an assurance that the audit work performed in accordance with Brazilian and international audit standards will always detect any existing material misstatements. A misstatement may arise due to fraud or error and is deemed material when, individually or jointly, it may reasonably be expected to influence the economic decisions of users made on the basis of such financial statements.

As part of the audit conducted in accordance with Brazilian and international audit standards, we exercise professional judgment and maintain professional skepticism in the course of the audit. In addition:

- We have identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, planned and carried out audit procedures in response to such risks, and obtained appropriate and sufficient audit evidence to substantiate our opinion. The risk of non-detection of a material misstatement resulting from fraud is greater than of that resulting from error, since fraud may include actions to circumvent internal controls, collusion, forgery, omission, or willful misrepresentations.

- We have been provided with an understanding of the internal controls relevant for the audit in order to plan audit procedures appropriate to the circumstances, but not with the goal of expressing an opinion on the efficacy of the internal controls of the Association and its subsidiaries.

- We have assessed the accounting policies followed and the reasonableness of the accounting estimates and respective disclosures made by management.

- We have drawn conclusions on the adequacy of the use by management of the going-concern accounting basis and, based on the audit evidence obtained, on whether there is any material uncertainty regarding events or conditions that may give rise to significant doubt as to the ability of the Association and its subsidiaries to continue as a going concern. If we conclude that there is material uncertainty, we must draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or include a modification in 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 Association and its subsidiaries to cease to continue as going concern.

- We have assessed the general presentation, structure, and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements reflect the corresponding transactions and events in a manner consistent with the goal of appropriate presentation.

- We have obtained appropriate and sufficient audit evidence related to the entities' financial information or the group's business activities to prepare our opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the group and, consequently, for the audit opinion.

We have reported to management, among other issues, the intended scope of the audit work, the timing of the audit, and the significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

Rio de Janeiro, September 5, 2023.

KPMG Assurance Services Ltda.
CRC (Regional Accounting Council) No. SP-023228/O-4 F-RJ

(sgd)
Milena dos Santos Rosa
Accountant – CRC No. RJ-100983/O-7

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Instituto Dara

Balance sheets
Fiscal years ended December 31, 2022 and 2021
(In thousands of Brazilian Reais)

		Individual		Consolidated	
	Note	**2022**	**2021**	**2022**	**2021**
Assets					
Current assets					
Cash and Cash Equivalents	3	8,319	3,703	8,321	3,705
Bonds and securities	4	16,971	14,457	16,970	14,456
Advances		53	47	53	47
Recoverable taxes		84	84	84	84
Prepaid Expenses		1	11	1	11
Total current assets		25,428	18,302	25,429	18,303
Non-current Assets					
Court Deposit		972	972	972	972
Bonds and securities	4	363	1,110	363	1,110
Property, plant, and equipment	5	6,949	6,849	6,949	6,849
Intangible assets	6	-	2	-	2
Total current assets		8,284	8,933	8,284	8,933
Total assets		33,712	27,235	33,713	27,236
Liabilities and equity					
Current liabilities					
Suppliers	10	139	141	140	142
Welfare and Labor Charges	7	807	860	807	860
Tax Obligations	8	221	283	221	283
Labor Provisions		498	190	498	190
Resources for Projects in Execution	9	5,168	47	5,168	47
Total current liabilities		6,833	1,521	6,834	1,522
Equity	11				
Equity		25,714	24,864	25,714	24,864
Accumulated surplus		1,165	850	1,165	850
Total equity		26,879	25,714	26,879	25,714
Total liabilities and equity		33,712	27,235	33,713	27,236

The notes are an integral part of the financial statements.

Statements of income
Fiscal years ended December 31, 2022 and 2021
(In thousands of Brazilian Reais)

		Individual		Consolidated	
	Note	**2022**	**2021**	**2022**	**2021**
Operating revenues	12				
Aid revenues		5,803	6,158	5,803	6,158
Other revenues		263	368	263	368
		6,066	6,526	6,066	6,526
Costs					

Aid costs	13	(5,495)	(4,332)	(5,495)	(4,332)
		(5,495)	(4,332)	(5,495)	(4,332)
Gross surplus		571	2,194	571	2,194
General and administrative expenses	14	(1,774)	(979)	(1,774)	(979)
Services provided	14	(258)	(489)	(258)	(489)
Operating surplus (deficit)		(1,461)	726	(1,461)	726
Financial revenues	15	3,037	979	3,037	979
Financial expenses	15	(411)	(855)	(411)	(855)
Surplus for the fiscal year		1,165	850	1,165	850

The notes are an integral part of the financial statements.

Statements of comprehensive income
Fiscal years ended December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Individual and consolidated	
	2022	2021
Surplus for the fiscal year	1,165	850
Total comprehensive income for the fiscal year	1,165	850

The notes are an integral part of the financial statements.

Statements of changes in equity
Fiscal years ended December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Equity	Accumulated surplus	Total
Balance as of December 31, 2020	21,906	2,958	24,864
Incorporation of accumulated surplus	2,958	(2,958)	-
Surplus for the fiscal year	-	850	850
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

The notes are an integral part of the financial statements.

Statements of cash flows
Fiscal years ended December 31, 2022 and 2021
(In thousands of Brazilian Reais)

	Individual		Consolidated	
	2022	2021	2022	2021
Cash flow from social activities				
Surplus for the fiscal year	1,165	850	1,165	850
Provisions for contingencies	255	587	255	587
Unrealized financial income	(1,768)	(125)	(1,768)	(125)
Depreciation and amortization	236	229	236	229
(Increase) decrease in assets and increase (decrease) in liabilities				
Advances	(6)	(31)	(6)	(31)
Prepaid expenses	10	(9)	10	(9)

Recoverable taxes	-	(78)	-	(78)
Court deposits	-	(409)	-	(409)
Suppliers	(1)	64	(1)	54
Tax obligations	(62)	(73)	(62)	(54)
Obligations towards sponsored projects	5,121	(54)	5,121	(73)
	4,950	951	4,950	941
Cash flow from investment activities				
Acquisition of property, plant, and equipment and intangible assets	(334)	(274)	(334)	(274)
Income from financial investments	-	128		134
Net cash from investment activities	(334)	(146)	(334)	(140)
Increase in cash and cash equivalents	4,616	805	4,616	801
Cash and cash equivalents at the beginning of the fiscal year	3,703	2,898	3,705	2,904
Cash and cash equivalents at the end of the fiscal year	8,319	3,703	8,321	3,705

The notes are an integral part of the financial statements.

Notes to the financial statements as of December 31, 2022 and 2021
(In thousands of Brazilian Reais)

1. General information

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

Instituto Dara (“Association”) 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 implementation and dissemination of an integrated approach to the fight against poverty, promotion of self-sustain, and autonomy of families: 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.

- Active 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 the achievement of their rights under the National Education Policy (PNE) and guidance towards citizenship education promoting autonomy.

- Income Generation – Identifying capacities and fostering the development of skills and behaviors in order to enable beneficiaries to generate income through new job opportunities and increased employability or to invest in entrepreneurship with a focus on creative economy.

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

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

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

(b) Investing all its resources in the maintenance and development of its corporate purposes.

(c) Keeping full accounting records of all its revenues 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 issuance, 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 Association has achieved exemption of PIS (Contribution to the Social Integration Program) taxation at a rate of 1% on the monthly payroll as a result of the trial 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 the non-existence of a legal relationship between the Association 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 main accounting policies

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

2.1 Basis of preparation and presentation

The individual and consolidated financial statements of the Association for the year ended December 31, 2022 have been prepared and are presented in compliance with the 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 (General Technical Interpretation) No. 2002 (R1) – Non-profit entities, dated September 21, 2012.

The preparation of 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 application of 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 of Instituto Dara for the year ended December 31, 2022 were cleared for release by the Executive Board on September 5, 2023.

2.2. Consolidation

The Association has an exclusive fund and, accordingly, presented consolidated financial statements that include the consolidation of such fund. The Association does not have subsidiaries.

2.3. Functional and reporting currency

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

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. Classification

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

a) *Financial assets 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, as long as the Association has significantly transferred all the risks and benefits of ownership. Financial assets measured at fair value through profit or loss are subsequently recorded at fair value.

Gains 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 Association to receive dividends is established.

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 Association 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 Association’s own Management.

2.5.3. Impairment of financial assets

a) Assets measured at amortized cost

The Association 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 event (or events) of loss 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 loss amount is recognized in the statement of income of the Association.

2.6. Financial assets

2.6.4. Derivative financial instruments

There were no transactions with derivative financial instruments during fiscal years 2022 and 2021.

2.7. 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.

2.8. Intangible assets

Software

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 Association. Such costs are amortized during the estimated useful life of the software. The costs associated with software maintenance are recognized as expenses as incurred.

2.9. Provisions and current and non-current liabilities

A provision is recognized in the balance sheet when the Association 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 balance sheet date.

2.10. Obligations towards sponsored projects

Contributions to projects of the Association made by 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 Management of the Association 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.

Accordingly, expenses and costs incurred with sponsor projects managed by the Association 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 annual income of the Association.

2.11. 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 applied to social projects and programs developed by the Association.

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

a) Earmarked donations and agreements

Received donations earmarked to projects are recorded when received in liabilities (Obligations towards sponsored projects) and appropriated in income monthly on a straight-line basis as the resources are applied in accordance with the rules established by the donor/sponsor.

b) Financial revenue

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

c) Gratuities

Federal Accounting Council (CFC) Interpretation ITG No. 2002 (R1) establishes the measurement and accounting recognition of benefits granted as gratuities, such as voluntary work.

(i) The value of voluntary work is measured by the Management of the Association based on the values prevailing in the market and used by the Association for similar services. The value determined for fiscal year 2022 was R$408 (R$358 in 2021).

None of the figures above had a corresponding cash disbursement; in 2022, they were recognized as revenues and expenses/costs in the surplus statement at equal amounts, without affecting the surplus for the fiscal year.

2.12. Taxes and contributions

The Association is exempt from Income Tax, Social Contribution, Contribution for Social Security Financing (COFINS), and PIS.

2.13. Statement of cash flow

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

2.14. New standards and interpretations not yet in effect

The Company is governed by the rules published by the CPC, which issues pronouncements and interpretations similar to the IFRS issued by IASB. Below is a list of accounting regulations still under review by the CPC which were not yet in effect and had not been adopted in advance by the company as of December 31, 2022.

- Classification of liabilities as current or non-current (amendment to CPC 26/IAS 1) – Effective date: January 1, 2023;

- Disclosure of Accounting Policies (Amendment to CPC 26/IAS 1 and IFRS Practice Statement 2) – Effective date: January 1, 2023;

- Definition of Accounting Estimates (amendment to CPC 23/IAS 8) – Effective date: January 1, 2023;

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts – Effective date: January 1, 2023.

The institution estimates that such standards would not impact the results presented.

3. Cash and cash equivalents

	Individual		**Consolidated**	
	2022	**2021**	**2022**	**2021**
Cash	3	4	3	4
Banks	417	140	419	142
Financial Investments	7,899	3,559	7,899	3,559
	8,319	3,703	8,321	3,705

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 Association 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

	Individual	
	2022	**2021**
Saúde Criança FIM		
Net Worth of the Fund	17,334	15,567
	17,334	**15,567**
Short-Term	16,971	14,457
Long-Term	363	1,110

	Consolidated	
	2022	**2021**
Saúde Criança FIM		
Investment Fund Shares	16,971	14,456
Government Securities	363	1,110
	17,334	**15,566**
Short-Term	16,971	14,456
Long-Term	363	1,110

(i) Saúde Criança Fundo de Investimento Multimercado (FIM) is an Association-exclusive investment which is part of the “Renascer para Sempre” project, whose goal is to strengthen, as a matter of long-term policy, the economic sustainability of the Association by ensuring the minimum financial stability necessary for a good institutional performance without depending on the inconsistent flow of donations. The portfolio of the fund 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 2022 was 11.35% (0.26% in 2021).

	2022		2021	
Liquidity Period	Amount	%	Amount	%
Immediate	16,971	97.91	14,456	92.87
Over 60 days	363	2.09	-	-
Over 90 days	-	-	1,110	7.13
	17,334	100	17,334	100

5. Property, plant, and equipment

	Annual depreciation rate	Individual 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
Fixtures and Fittings	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

Changes

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

	Annual depreciation rate	Individual and Consolidated 2021 Cost	Accumulated depreciation	Net
Buildings	4%	8,344	(1,916)	6,428
Facilities	10%	226	(169)	57
Machinery and equipment	10%	98	(78)	20
Fixtures and fittings	10%	70	(66)	4
Vehicles	20%	44	(20)	24
IT equipment	20%	265	(223)	42
Communication equipment	20%	15	(15)	-
Property, plant, and equipment in progress	-	274	-	274
		9,336	(2,486)	6,849

Changes

Individual and Consolidated

	Annual depreciation rate	2020	Acquisitions	Depreciation	2021
Buildings	2.52%	6,596	-	(168)	6,428
Facilities	10%	79	-	(22)	57
Machinery and equipment	10%	23	-	(3)	20
Fixtures and fittings	10%	6	-	(2)	4
Vehicles	20%	32	-	(8)	24
IT equipment	20%	62	-	(20)	42
Communication equipment	20%	2	-	(2)	-
Property, plant, and equipment in progress	-	-	274	-	274
		6,800	274	(225)	6,849

6. Intangible assets

	Individual and Consolidated			
	2021			2022
	Closing balance	Additions	Amortization	Closing balance
Changes in cost				
Software right of use	468	-	-	468
Changes in amortization				
Software right of use	(466)	-	(2)	(468)
Net balance	2	-	(2)	-

	Individual and Consolidated			
	2020			2021
	Closing balance	Additions	Amortization	Closing balance
Changes in cost				
Software right of use	468	-	-	468
Changes in amortization				
Software right of use	(462)	-	(4)	(466)
Net balance	6	-	(4)	2

7. Welfare and labor charges

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

	Individual and Consolidated	
	2022	2021
INSS (Social-Security Contribution)	785	847
FGTS (Contribution to the Severance Pay Fund)	22	13
	807	860

8. Tax Obligations

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

	Individual and Consolidated	
	2022	2021
Income tax	33	20

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Social contributions	184	259
Service tax	4	4
	221	283

9. 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 monthly, 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:

	Individual and Consolidated	
	2022	**2021**
Instituto PHI (i)	2	-
Queen Silvia's Foundation (ii)	50	-
Criança Esperança (iii)	44	47
U.S. Consulate (iv)	4	-
Cultural Incentive Law (v)	363	-
Santander (vi)	200	-
Silicon Valley (vii)	4,505	
	5,168	47

(i) Instituto Phi

During fiscal year 2022, R$333 were raised and R$331 were realized, resulting in a balance of R$2 as of December 31, 2022.

(ii) Queen Silvia's Foundation

"Saúde Mental Infantil" Project. During fiscal year 2022, R$112 were raised and R$62 were realized, resulting in a balance of R$50 as of December 31, 2022.

(iii) Criança Esperança Sponsor

During fiscal year 2022, R$189 were raised (R$215 in 2021) and R$192 were realized (R$222 in 2021), resulting in a balance of R$44 as of December 31, 2022 (R$47 in 2021).

(iv) U.S. Consulate

"Ativação" Project: during fiscal year 2022, R$11 were raised and R$7 were realized, resulting in a balance of R$4 as of December 31, 2022.

(v) Cultural Incentive Law – ISS (Service Tax)

During fiscal year 2022, R$410 were raised and R$47 were realized, resulting in a balance of R$363 as of December 31, 2022.

(vi) Santander

"Futurando" Project: during fiscal year 2022, R$200 were raised and no realization occurred, resulting in a balance of R$200 as of December 31, 2022.

(vii) Silicon Valley Community Foundation (SVCF)

During fiscal year 2022, R$5,086 were raised and R$581 were realized, resulting in a balance of R$4,505 as of December 31, 2022.

10. Contingencies

The Association 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 *Diário Oficial da União* (*Federal Official Gazette*) (*D.O.U.*) of Opinion No. 047479/2017 in Ordinance No. 185/2017 on November 6, 2017. Since July 2019, the Association, based on advice from its 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.

Based on the opinion of its counsel, the Management of the Association concluded that, as of December 31, 2022, as well as December 31, 2021, there is no litigation or claim against the Association or any other event that would require the recognition of provisions.

11. 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 incorporation.

Surpluses/deficits are incorporated into equity during the subsequent fiscal year upon approval by the Fiscal Council in accordance with its Bylaws at the AGO (Annual Members' Meeting) held on April 17, 2023 (R$1,165 in 2022) and at the AGO held on May 26, 2022 (R$850 in 2021)

The income generated by Instituto Dara is fully used in the achievement of its corporate purposes discussed in Note 1.

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

12. Revenues

The Association develops welfare projects intended to assist the community. The expenditures and expenses relating to such projects for fiscal years 2022 and 2021, as well as the base revenue, are stated as follows:

	Individual and Consolidated	
	2022	**2021**
Revenue from donations		
Revenue from donations by individuals and legal entities	4,583	5,949
Revenue from voluntary work	260	358
	4,843	6,307
Revenues from donations to programs and projects		
Fundo ManaMano	-	26
Queen Silvia's Foundation	62	-
Air France	-	27
U.S. Consulate	7	-
Cultural Incentive Law – ISS	47	-
DKT	-	32
Silicon Valley Community Foundation	581	-
Criança Esperança	192	124

Instituto PHI	331	-
Total revenue from sponsored projects	1,220	209
Other revenues	3	10
Total operating revenues	6,066	6,526

13. Aid costs

	2022					
	Criança Esperança	**Queen Silvia's Foundation**	**Instituto PHI**	**U.S. Consulate**	**Cultural Incentive Law**	**PAF Program**
Personnel costs – aid activities	183	23	31	-	14	1,428
Personnel charges – aid activities	-	-	-	-	-	425
Utility and occupation costs – aid activities	-	-	-	-	-	18
Medications – families	-	-	20	-	-	150
Special milks – families	-	-	-	-	-	79
Food – families	1	36	115	6	19	493
Medical instruments and supplies – families	-	-	-	-	-	28
Internet – families	6	-	-	-	-	5
Donation of work instruments – families	-	-	-	-	-	19
Courses and training – families	1	-	13	-	-	115
Housing maintenance, repairs, and rents – families	-	-	-	-	-	179
Transportation – families	-	1	59	-	-	31
Donations to families	-	-	-	-	-	84
General costs – aid activities	-	2	9	1	1	356
Professional services – aid activities	-	-	49	-	9	18
Training material – families	-	-	35	1	-	0
Medical examinations – families	-	-	-	-	-	24
Costs with communication – aid activities	-	-	-	-	4	9
Aid costs/gratuities – assistance	190	62	331	8	47	3,459
Personnel expenses – Expansion	-	-	-	-	-	194
Personnel charges – Expansion	-	-	-	-	-	51
General Expansion costs	-	-	-	-	-	218
Aid costs – Expansion	-	-	-	-	-	463
Institutional costs	-	-	-	-	-	935
Aid costs	190	62	331	8	47	4,857

	2021					
	DKT	**Air France**	**Anzol Project**	**Manamano**	**Criança Esperança**	**PAF Project**
Personnel costs – aid activities	22	26	-	-	126	1,143
Personnel charges – aid activities	-	-	-	-	-	301
Utility and occupation costs – aid activities	-	-	-	-	-	11
Medications – families	-	-	-	-	92	187
Special milks – families	-	-	-	-	-	209
Food – families	-	-	-	-	-	606
Medical instruments and supplies – families	-	-	-	-	-	64
Internet – families	-	8	-	-	-	15
Donation of work instruments – families	-	-	-	-	-	16
Courses and training – families	-	-	-	-	-	34
Housing maintenance, repairs, and rents – families	-	-	-	-	-	24
Transportation – families	-	-	-	-	-	59
Donations to families	-	-	-	28	-	52
General costs – aid activities	-	4	-	1	-	283

Professional services – aid activities	-	-	-	-	-	42
Training material – families	-	-	-	-	-	4
Medical examinations – families	-	-	-	-	-	11
Costs with communication – aid activities	-	-	-	-	4	8
Aid costs/gratuities – assistance	22	38	-	29	222	3,068
Personnel expenses – Expansion	-	-	-	-	-	91
Personnel charges – Expansion	-	-	-	-	-	28
General Expansion costs	-	-	-	-	-	167
Aid costs – Expansion	-	-	-	-	-	286
Institutional costs	-	-	-	-	-	668
Anzol costs	-	-	-	-	-	-
Aid costs	22	38	-	29	222	4,022

The Management of the Association understands that resources allocated to such activities are adequate and in compliance with the requirements of Law No. 12.101/09. The approval of the calculations, as well as of the assumptions used by the Association, is dependent upon future rendering of accounts to the CNAS (National Social Welfare Council).

14. General and administrative and other expenses

	Individual		Consolidated	
	2022	2021	2022	2021
Personnel expenses	1,192	471	1,192	471
General and administrative expenses	576	504	576	504
Expenses with voluntary work	6	4	6	4
	1,774	978	1,774	978
Expenses with services rendered	258	489	258	489
	2,032	1,468	2,032	1,468

15. Net financial income

	Individual		Consolidated	
	2022	2021	2022	2021
Financial Revenues				
Financial investments	963	152	963	152
Financial investments – FMI	51	42	51	42
Equity fund (**)	2,023	786	2,023	786
	3,037	979	3,037	979
Financial expenses				
Bank expenses	(106)	(21)	(106)	(21)
Other expenses	(49)	(44)	(49)	(44)
Losses from FMI Investments (*)	(256)	(790)	(256)	(790)
	(411)	(855)	(411)	(855)
	2,626	125	2,626	125

(*) Losses from investments in 2021 arising from the depreciation of certain securities were caused by the need of liquidity for redemption, which led to trading on the secondary market of securities with future maturities at rates lower than those contracted, as this coincided with the months affected by the COVID-19 global recession.

(**) In 2022, losses from investments arising from the depreciation of certain securities were sharply reduced against the prior year; however, net positive appreciation was significantly higher compared to the post-COVID period.

16. Financial instruments

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

Credit risk;
Liquidity risk;
Market risk.

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

Risk management structure

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

The Association's risk management procedures were established in order to identify and analyze the risks to which the Association is exposed, define appropriate risk limits and controls, and monitor the risks and compliance with the limits imposed. Risk policies and systems are reviewed regularly to take into account changes in market conditions and in the Association's activities.

Management supervises and monitors compliance with the risk policies and procedures of the Association and revises the established risk structure.

	2022		2022	
	Individual		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	16,971	17,334	16,971	17,333
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

	2021		2021	
	Individual		Consolidated	
	Book Value	Fair Value	Book Value	Fair Value
Assets measured at fair value through profit or loss				
Cash and cash equivalents	3,703	3,703	3,705	3,705
Bonds and Securities	15,567	15,567	15,566	15,566
Liabilities measured at fair value through profit or loss				
Suppliers	141	141	142	142
Obligations towards sponsored projects	47	47	47	47

Fair value hierarchy

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

Level 1 – Data from an active market (unadjusted quoted price) which can be accessed daily, including on the fair value measurement date.

Level 2 – Data drawn from a pricing model based on observable market data.

Level 3 – Data drawn from a pricing model based on non-observable market data.

As of December 31, 2022 and 2021, the classification by Hierarchy Level was at level 2. We note that no financial instruments classified at Levels 1 and 3 were found during the period under review and that no changes of level occurred in such period.

Credit risk

Credit risk is the risk of financial loss to the Association if a counterparty to a financial instrument fails to perform its contractual obligations. Historically, the Association has not suffered relevant 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 Association facing difficulties in performing obligations linked to its financial liabilities which are settled in cash or another financial assets. The approach of the Institute in managing liquidity is ensuring, to the maximum extent possible, that it always has sufficient liquidity to perform its obligations as they become due, under normal and stressful conditions, without causing unacceptable losses.

Market risk

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

The Association is exposed to changes in post-fixed 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 6, 2023, indicated:

	2022 actual effective rate	**2022 estimated effective rate**
CDI rate	13.25%	12.75%
IGP-M (General Market Price Index)	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 understands that the book value of the financial instruments is 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.