

ASSOCIAÇÃO VAGA LUME

Independent Auditor's Report

**Financial Statements
As of December 31, 2023**

ASSOCIAÇÃO VAGA LUME

**Financial Statements
As of December 31, 2023**

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To
The Board Members and
Administrators of the **Associação
Vaga Lume [Vaga Lume
Association]**
São Paulo - SP

Opinion on the Financial Statements

We have examined the financial statements of **Associação Vaga Lume ("Entity")**, which comprise the balance sheet as of December 31, 2023, and the related income statement, statement of comprehensive income, statement of changes in equity, and cash flow statement for the year ended on that date, as well as the related explanatory notes, including the summary of the main accounting policies.

In our opinion, the above-mentioned financial statements fairly present, in all material respects, the financial position of **Associação Vaga Lume** as of December 31, 2023, the results of its operations, and the cash flows for the year ended on that date, in accordance with the accounting practices adopted in Brazil based on the provisions of ITG "2002 R1 - Non-Profit Entities," as well as NBC TG "1000 R1 - Accounting for Small and Medium-Sized Entities" for aspects not covered by ITG "2002 (R1) - Non-Profit Entities."

Basis for Opinion on the Financial Statements

Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, in accordance with these standards, are described in the following section entitled "Auditor's Responsibilities for the Audit of the Financial Statements." We are independent of the Entity, in compliance with the relevant ethical principles set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council (CFC), and we comply with other ethical responsibilities in accordance with these standards.

Emphasis

Tax of Transmission Cause Mortis and Donation (ITCMD)

According to Explanatory Note 20, on November 5, 2015, the Entity was fined for failing to pay ITCMD for the period from 2010 to 2014, amounting to BRL 650,830, as the tax authorities determined the Entity is liable for this state tax. The case will undergo a new hearing session, with no date scheduled. As of December 31, 2023, the updated amount of the claim is estimated by legal advisors at BRL 1,275,519.

The Entity's claim is monitored by its legal advisors, who, to the best of their understanding, consider the likelihood of loss to be "possible," as disclosed in the explanatory note. Our opinion does not include a qualification regarding this matter.

Responsibilities of Management and Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil applicable to small and medium-sized entities (NBC TG 1000) and non-profit entities (ITG 2002 (R1)), as well as for the internal controls it deems necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, when applicable, matters related to its ability to continue as a going concern and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Entity or cease its operations, or has no realistic alternative but to do so. Those charged with the governance of the Entity are responsible for overseeing the financial reporting process.

Auditor's Responsibilities for Auditing the Financial Statements

The purpose of our audit is to obtain reasonable assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect any material misstatements that may exist. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made based on these financial statements.

As part of an audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the financial statements, whether caused by fraud or error, and design and perform audit procedures responsive to those risks, obtaining appropriate and sufficient audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- We obtain an understanding of the internal controls relevant to the audit to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls;
- We evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by Management;

- We 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 Entity's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit 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 audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner consistent with the objective of fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control identified during the course of our work.

São Paulo, May 15, 2024.

ASSOCIAÇÃO VAGA LUME

Balance Sheets

As of December 31, 2023, and 2022

(In Brazilian Reais)

Assets				Liabilities and Equity			
	Explanatory Note	2023	2022		Explanatory Note	2023	2022
Current Assets				Current Assets			
Own Funds				Own Funds			
Cash and Cash Equivalents	4a	15,361,004	4,707,218	Labor Liabilities	8	314,900	268,792
Receivables	5	21,737	283,493	Tax Liabilities	9	52,266	10,885
Inventory		11,988	20,856	Other Payables	10	25,970	4,083
Taxes Recoverable		374	374			393,136	283,760
Advances		60,253	67,315				
		<u>15,455,356</u>	<u>5,079,256</u>	Restricted Assets			
Restricted Assets				Projects to be incurred	11	6,709,440	7,763,197
Cash and Cash Equivalents	4b	6,713,470	7,763,197			6,709,440	7,763,197
		<u>6,713,470</u>	<u>7,763,197</u>	Deferred Revenues			33,333
						-	33,333
Non-Current Assets				Shareholders' Equity	12		
Financial Investments	7	838,857		Share Capital		4,827,587	4,283,890
Fixed Assets	6	94,893	65,424	Accumulated Surplus		11,172,414	543,697
		<u>933,750</u>	<u>65,424</u>			<u>16,000,001</u>	<u>4,827,587</u>
Total Assets		<u>23,102,576</u>	<u>12,907,877</u>	Total Liabilities and Equity		<u>23,102,576</u>	<u>12,907,877</u>

The Management's explanatory notes are an integral part of the financial statements.

[signature]

Sylvia Albernaz Machado do Carmo Guimarães
CPF: 281.200.488-65
President

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[stamp] Verônica Paganatto
CPF 361.142.368-82
CRC 1SP 267754-0-2
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Veronica Ribeiro Gerlah Paganatto
CRC: 1SP267754/O-2
Accountant

ASSOCIAÇÃO VAGA LUME

Income Statements

Fiscal years ended December 31, 2023 and 2022

(In Brazilian Reais)

	Explanatory Note	2023	2022
Net Operating Revenues			
Restricted			
PRONAC Resources		4,428,567	2,549,928
CONDECA		-	133,757
Criança Esperança - Criesp		178,253	191,188
	16	<u>4,606,820</u>	<u>2,874,873</u>
Unrestricted			
Sponsorships	13	567,202	784,820
Voluntary donations	14	950,468	1,224,161
Project donations	15	11,058,947	153,798
Prizes		-	5,000
Services rendered		172,548	426,361
Product sales		410	1,895
(-) Taxes incurred		(93,195)	(92,829)
		<u>12,656,380</u>	<u>2,503,206</u>
Free Revenues			
Volunteers	19	2,441,082	1,812,233
Free sponsorships	19	665,134	497,953
		<u>3,106,216</u>	<u>2,310,186</u>
Total Net Operating Revenues		20,369,416	7,688,265
(-) Project costs			
Restricted operating costs	16	(4,606,820)	(2,874,873)
Unrestricted operating costs	17	(2,190,903)	(2,370,339)
Volunteers	19	(2,441,082)	(1,812,233)
Free sponsorships	19	(665,134)	(497,953)
		<u>(9,903,939)</u>	<u>(7,555,398)</u>
(=) Gross Profit		10,465,477	132,867
Net Operating (Expenses)/Revenues			
General and administrative expenses	18	(127,086)	(138,973)
Other revenues	18	129,249	71,502
(=) Result before Financial Operations		2,163	(67,471)
Financial revenues		898,452	530,232
Financial expenses		(193,678)	(51,931)
(=) Net Profit		704,774	478,301
(=) Net surplus for the year		11,172,414	543,697

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ASSOCIAÇÃO VAGA LUME

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

	2023	2022
Net surplus for the year	11,172,414	543,697
Other comprehensive income	-	-
Total comprehensive income for the year	<u>11,172,414</u>	<u>543,697</u>

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ASSOCIAÇÃO VAGA LUME

Statements of Changes in Equity Fiscal years ended December 31, 2023 and 2022 (In Brazilian Reais)

	Share Capital	Accumulated Surplus	Total
Balances as of December 31, 2021	3,839,428	444,462	4,283,890
Incorporation into Share Capital	444,462	(444,462)	-
Net surplus for the year	-	543,697	543,697
Balances as of December 31, 2022	4,283,890	543,697	4,827,587
Incorporation into Share Capital	543,697	(543,697)	-
Net surplus for the year	-	11,172,414	11,172,414
Balances as of December 31, 2023	<u>4,827,587</u>	<u>11,172,414</u>	<u>16,000,001</u>

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ASSOCIAÇÃO VAGA LUME

Cash Flow Statements

Fiscal years ended December 31, 2023, and 2022

(In Brazilian Reais)

	<u>2023</u>	<u>2022</u>
Net surplus for the year	11,172,414	543,697
Depreciation and amortization	20,835	14,489
	<u>20,835</u>	<u>14,489</u>
Cash flow from operating activities		
Project-related funds	1,049,727	(2,289,742)
Advances	7,062	4,819
Receivables	261,756	(178,359)
Taxes recoverable	-	(374)
Inventory	8,868	3,873
Prepaid expenses	-	885
Projects receivable	-	120,313
Projects to be incurred	(1,053,757)	2,169,429
Deferred revenues - CP	(33,333)	33,333
Other Payables	21,887	(730)
Salaries, vacation, and social security contributions	46,108	141,750
Tax Liabilities	41,381	799
(=) Cash generated from operating activities	<u>349,699</u>	<u>5,996</u>
Cash flow from investing activities		
Acquisitions of fixed assets and intangible assets	(50,304)	(28,499)
Financial Investments	(838,857)	-
Cash (invested) in investing activities	<u>(889,161)</u>	<u>(28,499)</u>
(=) Net increase in cash and cash equivalents	<u><u>10,653,787</u></u>	<u><u>535,683</u></u>
Cash and cash equivalents at the beginning of the year	4,707,218	4,171,535
Cash and cash equivalents at the end of the year	15,361,004	4,707,218
(=) Net increase in cash and cash equivalents	<u><u>10,653,787</u></u>	<u><u>535,683</u></u>

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1. Operational Context

Associação Vaga Lume is a private non-profit organization, established on October 16, 2001, with headquarters and jurisdiction in the capital of the State of São Paulo.

The Association pursues its purpose either individually or through partnerships with similar entities, or in collaboration with public sector bodies. It does not distribute any operational surpluses, whether gross or earned, among its members, board members, directors, employees, or donors, generated through its activities. Instead, it applies all surpluses exclusively towards fulfilling its corporate purpose, as determined in the sole paragraph of Article 1 of Law No. 0.790/99.

The Association's corporate purpose includes the following activities:

- a) Promoting social action;
- b) Promoting culture, protection, and conservation of historical and artistic heritage;
- c) Provision of free education;
- d) Protection, preservation, and conservation of the environment and promotion of sustainable development;
- e) Promoting voluntary work;
- f) Promoting economic and social development and combating poverty;
- g) Promoting ethics, peace, citizenship and other universal values;
- h) Studies, research, and development of alternative technologies;
- i) Commercialization of institutional products bearing the Association's project brand, with the proceeds to be reinvested in the self-sustainability of the projects;
- j) Production and distribution of cultural products, such as photographs, books, and cinematographic products (films);
- k) Promoting exchange between the Amazon population and other regions of Brazil.

Vaga Lume's mission is to create opportunities for cultural exchanges through reading, writing, and orality, valuing the leadership of individuals and rural communities in the Brazilian Legal Amazon. It develops five areas of action to achieve its mission:

1. Access to books;
2. Training for reading mediators;
3. Promotion of Community Engagement;
4. Cultural exchange;
5. Local culture.

Explanatory Notes from Management to the Financial Statements Fiscal years ended on December 31, 2023, and 2022 (In Brazilian Reais)

In addition, Vaga Lume also publishes books and provides advice to other organizations in the fields of education, culture, and community development.

With the end of the pandemic in June 2022, Vaga Lume resumed its regular work routine and the execution of local activities. The work routine was agreed to be hybrid, with in-person office attendance for the entire team on Tuesdays and Wednesdays, and remote work from home on the other weekdays.

2. Basis for Preparation

a. Statement of Compliance

The financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, based on the provisions set forth in ITG “2002 R1 - Non-profit Entities,” as well as NBC TG “1000 R1 - Accounting for Small and Medium-Sized Entities” for aspects not covered by ITG “2002 (R1) - Non-profit Entities.”

The issuance of the financial statements was approved by the Management on May 15, 2024.

b. Basis for Measurement

The financial statements have been prepared based on historical cost, except for non-derivative financial instruments measured at fair value through profit or loss.

c. Functional Currency and Presentation Currency

These financial statements are presented in Brazilian Real (BRL), which is the Association’s functional currency.

d. Use of Estimates and Judgments

The preparation of the financial statements in accordance with the accounting practices adopted in Brazil requires Management to make judgments, estimates, and assumptions that affect the implementation of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

There is no information on critical judgments related to the accounting policies adopted that have an impact on the amounts recognized in the financial statements.

3. Key Accounting Policies

The accounting policies described in detail below have been consistently applied to all periods presented in these financial statements.

a. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Classification and Measurement of Financial Assets and Liabilities

This new standard contains three main categories for the classification of financial assets:

1. Measured at amortized cost;
2. Fair value through other comprehensive income;
3. Fair value through profit or loss.

The Association considered the business model in which the financial asset is managed and its contractual cash flow characteristics to determine the classification of financial assets in accordance with the standard.

The Association recognizes its financial assets at amortized cost for financial assets held within a business model with the objective of obtaining contractual cash flows that meet the criterion of sole payments of principal and interest. This category includes cash and cash equivalents, and accounts receivable.

Financial Assets - Amortized Cost

Financial assets are recognized at amortized cost when held in a business model whose objective is to collect contractual cash flows. These flows are received on specific dates and consist solely of principal and interest payments.

Financial Assets - Fair Value through Profit or Loss

Financial assets are recognized at fair value through profit or loss when they:

1. Do not meet the criteria for classification at amortized cost or fair value through other comprehensive income;
2. Are equity instruments designated at fair value through profit or loss;
3. Are managed with the objective of generating cash flow through the sale of assets.

Financial Assets - Initial Measurement

Upon initial recognition, the Association measures its financial assets and liabilities at fair value, including transaction costs attributable to the acquisition or issuance of the financial asset or liability.

Financial Assets - Subsequent Measurement

Amortized Cost

These assets are accounted for using an effective interest rate method, less the amount related to expected credit losses. Additionally, the amortized cost calculation considers the principal amount repaid.

Fair Value Through Profit or Loss

Assets classified under this business model are accounted for by recognizing gains and losses in the income statement for the period.

Financial Liabilities - Initial Recognition

Financial liabilities are initially recognized at fair value, including transaction costs (in the case of suppliers).

Financial Liabilities - Subsequent Measurement

■ **Amortized Cost:** These are accounted for using the effective interest rate method, with gains and losses recognized in profit or loss when the liabilities are derecognized or through the application of the effective rate.

Project-Linked Funds

Project-linked funds include cash and bank balances in operating accounts.

Non-Derivative Financial Liabilities

Financial liabilities are initially recognized on the trade date when the Association becomes a party to the contractual provisions of the instrument. The Association derecognizes financial liability when its contractual obligations are discharged, canceled, or expired.

Such financial liabilities are initially measured at fair value, plus any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

i. Derivative Financial Instruments

There were no transactions involving derivative financial instruments during the 2023 and 2022 fiscal years, including hedge operations.

b. Accrual Basis for Revenues and Expenses

Revenues and expenses are recorded on an accrual basis.

c. Financial Investments

Financial investments include income earned up to the balance sheet date, calculated on a “*pro rata temporis*” basis.

d. Provision for Vacation and 13th Salary

The provision for vacation and 13th salary is recognized based on the rights acquired by employees, plus the corresponding social security contributions.

e. Fixed Assets

Recognition and measurement

Fixed assets are measured at historical cost of acquisition or construction, less accumulated depreciation, and accumulated impairment losses, where applicable.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or another substitute value for the cost, less the residual value.

Depreciation is recognized in the profit or loss based on the straight-line method, with regard to the estimated useful lives of each part of a fixed asset item.

f. Provisions and Current and Non-Current Liabilities

A provision is recognized in the balance sheet when the Association has a legal or constructive obligation as a result of a past event, and it is probable that an economic resource will be required to settle the obligation. Provisions are recorded based on the best estimates of the risk involved.

Current and non-current liabilities are presented at known or calculable amounts, plus, where applicable, the corresponding charges and monetary variations incurred up to the balance sheet date.

g. Other Current and Non-Current Assets

These are presented at known or calculable amounts, plus, where applicable, the corresponding charges and monetary variations incurred up to the balance sheet date.

h. Financial Income and Expenses

Financial income primarily includes interest earned in financial investments.

Financial expenses primarily include bank fees charged by financial institutions.

i. Revenue from Volunteer Work and Donations

As established by Interpretation ITG 2002 (R1) - Non-Profit Entity, the Association, starting from the 2015 fiscal year, began recognizing revenue from volunteer work and donations.

Volunteer work is performed by members of the management bodies and is measured at fair value, considering the amounts the Association would have paid if it had contracted these services in a similar market.

j. Determination of Net Surplus/(Deficit)

The net surplus/deficit for the period is determined in accordance with the accrual basis of accounting.

ASSOCIAÇÃO VAGA LUME

Explanatory Notes from Management to the Financial Statements Fiscal years ended on December 31, 2023, and 2022 (In Brazilian Reais)

The Entity's revenues, when received in cash (operational funds), and expenses are recorded based on the accrual basis of accounting. Revenue is not recognized if there is significant uncertainty regarding its realization. The revenues are divided into: (a) grants, subsidies, donations, and agreements; (b) fundraising campaigns; (c) contributions from members; (d) other occasional income.

4. Cash and Cash Equivalents

	<u>2023</u>	<u>2022</u>
a. Own Funds		
Cash and Banks	244,558	25,937
Financial Investments	15,116,446	4,681,281
	<u>15,361,004</u>	<u>4,707,218</u>
b. Restricted Funds		
Financial Investments	6,713,470	7,763,197
	<u>6,713,470</u>	<u>7,763,197</u>

Among the funds in restricted financial investments, there is an amount of BRL 4,030.00 related to the transfer from Machado Meyer Institute, which should have been recorded in the unrestricted funds account. This amount is classified under Advances to Clients (Note 9a).

		<u>CDB - DI</u>	<u>2023</u>
a. Financial Investments - Rev.			
Bradesco Transitória CDB Invest.	CDB Fácil - DI	100%	3,900
Bradesco Livre CDB Invest.	CDB Fácil - DI	99% - 100%	1,607,175
Bradesco Visa CDB Invest.	CDB Fácil - DI	99% - 100%	62,381
Bradesco Fundo de Reserva CDB Invest.	CDB Fácil - DI	90%	1,132,593
Bradesco Fundo Patrimonial CDB Invest.	CDB Fácil - DI	100%	10,786,381
Bradesco Proj. Determinado CDB Invest.	CDB Fácil - DI	99%	715,542
Bradesco Novos Negócios CDB Invest.	CDB Fácil - DI	100%	787,911
C6 S.A. - CDB Invest.		104%	20,564
			<u>15,116,446</u>
b. Financial Investments - Rev.			
	<u>Investment</u>	<u>CDB - DI</u>	<u>2023</u>
Banco do Brasil Minc. Pronac 21-2389 Invest.	RF CP Emp. Agil	10,1715%	5,419,451
Banco do Brasil Minc. Pronac 23-5501 Invest.	RF CP Emp. Ágil	10,1715%	1,294,019
			<u>6,713,470</u>

5. Receivables

	<u>2023</u>	<u>2022</u>
Receivables from own funds		
Domestic clients	10,133	63,699
Receivables from voluntary donations	11,603	219,794
	<u>21,737</u>	<u>283,493</u>

The 2023 balance for item a (receivables from voluntary donations) represented the amount to be offset in January 2024 from the funds raised via the Trackmob platform.

ASSOCIAÇÃO VAGA LUME

Explanatory Notes from Management to the Financial Statements Fiscal years ended on December 31, 2023, and 2022 (In Brazilian Reais)

6. Fixed Assets

Breakdown of fixed assets	Annual Depreciation Rate %	Net 2022	2023			
			Cost	Depreciation	Net	
Machinery and equipment	10	-	24,123	(1,474)	22,649	
Furniture and fixtures	10	12,993	133,921	(110,960)	22,961	
Computer equipment	20	52,431	232,559	(183,276)	49,284	
		<u>65,424</u>	<u>390,603</u>	<u>(295,710)</u>	<u>94,893</u>	
			2023			
	%	Net 2022	Additions	Disposals	Depreciation	Net
Machinery and equipment	10	-	24,123	-	(1,474)	22,649
Furniture and fixtures	10	12,993	13,586	-	(3,618)	22,960
Computer equipment	20	52,430	12,595	-	(15,743)	49,282
		<u>65,424</u>	<u>50,304</u>	<u>-</u>	<u>(20,835)</u>	<u>94,893</u>
			2022			
Breakdown of fixed assets	Annual Depreciation Rate %	Net 2021	Cost	Depreciation	Net	
Furniture and fixtures	10	11,552	120,335	(107,342)	12,993	
Computer equipment	20	39,862	219,964	(167,533)	52,431	
		<u>51,414</u>	<u>340,299</u>	<u>(274,875)</u>	<u>65,424</u>	
			2022			
	%	Net 2021	Additions	Disposals	Depreciation	Net
Furniture and fixtures	10	11,552	4,416	-	(2,974)	12,994
Computer equipment	20	39,862	24,083	-	(11,515)	52,430
		<u>51,414</u>	<u>28,499</u>	<u>-</u>	<u>(14,489)</u>	<u>65,424</u>

ASSOCIAÇÃO VAGA LUME

Explanatory Notes from Management to the Financial Statements Fiscal years ended on December 31, 2023, and 2022 (In Brazilian Reais)

7. Financial Investments

Issuer	Rate	Invested amount	2023	2022
Banco BMG	110% of CDI	190,000	199,327	-
Banco BV	106,39% of CDI	190,000	199,014	-
Banco Pan	105.5% of CDI	190,000	198,937	-
C6 Bank	115% of CDI	190,000	199,762	-
Banco Daycoval	102% of CDI	40,000	41,818	-
		<u>800,000</u>	<u>838,857</u>	<u>-</u>
Liquidity	At maturity			
Transaction date	08/15/2023			
Maturity date	08/15/2025			

On August 15, 2023, 800 thousand from the reserve fund were invested. The investment was made with the guidance of a voluntary consultant and was placed with Ágora Investimentos, aiming to improve the investment and profitability of the funds. The funds were invested for a period of 2 years.

8. Labor Liabilities

Own Funds	2023	2022
Social contributions	86,299	61,574
Vacation provisions and charges	228,601	207,218
	<u>314,900</u>	<u>268,792</u>

9. Tax Liabilities

	2023	2022
Third party withholding tax	34,265	5,088
Taxes and contributions on revenue	18,001	5,797
	<u>52,266</u>	<u>10,885</u>

10. Other Payables

Own Funds	2023	2022
Domestic suppliers	12,009	4,083
Rent payable	9,931	-
Advances from clients	4,030	-
	<u>25,970</u>	<u>4,083</u>

11. Projects to Be Incurred - Short Term

	2023	2022
Previous balance	7,763,197	5,486,179
Resources received	6,256,460	5,151,891
Application of funds	(4,606,820)	(2,874,873)
Investment income	3,443	-
Project transfer	(2,716,973)	-
Costs to be reimbursed	10,133	-
	<u>6,709,440</u>	<u>7,763,197</u>

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The Entity receives government funds, the accounting for which is regulated by CPC 07. These funds are used in its cultural projects and reported to the Ministry of Culture (MINC). Note that the amount applied from these funds is represented in the Income Statement (DRE) under the restricted operational revenues account.

The “application of funds” line shows the amounts the entity has used from the restricted funds in the execution of the classified projects, i.e., it shows how much of these funds were applied to the development of these projects.

12. Share Capital

Description	12/31/2023	12/31/2022
Share Capital	4,827,587	4,283,890
Accumulated surplus	11,172,414	543,697
	16,000,001	4,827,587

Shareholders’ Equity is made up of the surplus/(deficit) determined annually.

All assets, income, resources, and any operational results will be fully applied to maintaining and developing the institutional objectives. Therefore, the surplus/(deficit) is incorporated into the share capital after the Board of Directors has approved the financial statements for the year.

In the event that the Association loses its qualification established by Law No. 9.790/99, the available assets acquired with public funds during the period in which that qualification was maintained will be assessed and transferred to another qualified legal entity, preferably one with a similar purpose to that of the Association, as provided for in the same law.

13. Sponsorships

Funds from legal entities that may be allocated to a specific project or used according to the operational needs of the organization, with the definition of the allocation being established in a contract, as agreed upon with the sponsor:

	2023	2022
Visa do Brasil	120,000	120,000
Schools	112,500	125,000
C6 Bank	100,871	-
Sul América	74,705	163,697
Instituto Unibanco	50,000	50,000
Instituto Clima e Sociedade	35,000	80,000
Instituto Far	33,337	46,667
Cerlalc	30,789	-
PHI	10,000	10,000
Eurofins Foundation	-	100,738
Instituto Antônio Carlos Pipponzi	-	50,000
U.S. Embassy	-	38,718
	567,202	784,820

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15. Voluntary Donations

Donations from Individuals are managed through an online platform run by Pagar.me Pagamentos S.A. This platform ensures complete transparency, allowing the donor to identify themselves (with data such as Individual Taxpayer's ID (CPF) and address) and make donations via credit card. The company charges an administration fee and transfers the net amount in a monthly transaction, consolidating all donations received in the previous month. Vaga Lume started using this platform in 2016, but migration was only completed in 2018, when it became the primary method for receiving donations from individuals.

	<u>2023</u>	<u>2022</u>
Individuals	827,775	1,060,866
Legal entity	122,693	163,295
	<u>950,468</u>	<u>1,224,161</u>

16. Project Donations

	<u>2023</u>	<u>2022</u>
Riot Games - General Operating 2022	884,402	-
Nacional Philanthropic Trust NPT	9,760,000	-
Endowment Fund	10,644,402	-
Allianz Global Investors Gmb	5,373	-
Credit Suisse Securities Usa	260,450	-
Fritz Henkel Stiftung	54,623	-
Global Giving	91,380	58,399
Uk Giving Foundation	2,719	-
Stiftung Auxilium	-	74,561
Other donors	-	20,838
International Donations	414,544	153,798
	<u>11,058,947</u>	<u>153,798</u>

During this period, the organization received two substantial corporate donations from legal entities to help establish the endowment fund, which is essential for the continued support of our initiatives and purpose.

17. Restricted Operating Costs

	<u>2023</u>	<u>2022</u>
Staff and outsourced services	(1,459,145)	(1,058,111)
Consumables	(1,049,491)	(650,573)
Travel expenses	(943,108)	(295,580)
Third-party services	(697,735)	(571,297)
Social security contributions	(591,222)	(425,331)
Marketing materials and services	(142,394)	(78,518)
Financial expenses	(139,536)	(90,377)
Administrative expenses	(199,794)	(139,298)
Tax expenses	(29,985)	(14,548)
Financial revenues	645,592	448,760
	<u>(4,606,820)</u>	<u>(2,874,873)</u>

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18. Unrestricted Operating Costs

	<u>2023</u>	<u>2022</u>
Staff and outsourced services	(1,085,228)	(1,180,838)
Third-party services	(498,081)	(518,257)
Consumables	(200,176)	(176,861)
Travel expenses	(140,706)	(134,482)
Marketing materials and services	(117,702)	(106,138)
Social security contributions	(85,997)	(165,148)
Building expenses	(63,013)	(88,615)
	<u>(2,190,903)</u>	<u>(2,370,339)</u>

19. Operating Expenses and Other Revenues

	<u>2023</u>	<u>2022</u>
Operating expenses		
General and administrative expenses	(102,689)	(112,601)
Tax expenses	(3,562)	(11,883)
Depreciation	(20,835)	(14,489)
	<u>(127,086)</u>	<u>(138,973)</u>
Other revenues		
Nota Fiscal Paulista Program	128,718	68,789
Other revenues	531	2,713
	<u>129,249</u>	<u>71,502</u>

20. Voluntary Services

In accordance with Brazilian Accounting Standard ITG 2002 (R1) - Non-Profit Entities, which requires volunteer work to be recognized at its fair value as though a financial outlay had occurred, the Institute has accounted for the value of volunteer work provided. The corresponding amounts were recorded under voluntary services revenue and administrative expenses, with no impact on the surplus/deficit for the period.

The entity received volunteer services from individuals as well as pro bono sponsorships from legal entities during its activities in the reporting period.

In 2023, the hourly rate for volunteers was adjusted to better align with current market rates, more specifically the hourly rate and the profile of the volunteers. Since the financial statements are comparative, it is important to note that these adjustments resulted in a proportional decrease in the total amount for 2023, compared to 2022.

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2.1. Amazon Volunteers

- a. Significant increase in the number of signed volunteers in 2023, from 417 to 808;
- b. The hourly rate for the “Educator Teacher” role was adjusted to the “Art Educator” rate, in line with the profile of volunteers with signed agreements. (source: salários.com.br).

2.2. Governance Volunteers

- a. The current hourly rate for governance was set in 2018 and has since been adjusted annually according to the IPCA (Brazilian Consumer Price Index);
- b. Adjustment of the hourly rate based on the role of Administrative and Financial Director. (source: salário.com.br).

	<u>2023</u>	<u>2022</u>
São Paulo	1,092	
Amazon	2,397,854	1,611,194
Governance	42,137	201,039
Volunteer work	2,441,082	1,812,233
Pro bono sponsorships	665,134	497,953
	<u>3,106,216</u>	<u>2,310,186</u>

21. Financial Risk Management

The Entity’s risk management policies are established to identify and assess the risks faced, define appropriate risk limits and controls, and monitor risks and adherence to these limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Entity’s activities.

22. Unaccounted Contingencies

AIIM 4.065.163-0

On November 5, 2015, Associação Vaga Lume was fined for not paying the ITCMD for the period from 2010 to 2014, as the authorities considered the Entity to be a taxpayer of the state tax. On December 7, 2015, an appeal against the Infraction Notice and Fine Imposition 4.065.163-0 was filed. On February 12, 2016, a decision was published dismissing the appeal, thus maintaining the Infraction Notice. In response to this negative decision, an appeal was filed with the Court of Taxes and Fees (Tribunal de Impostos e Taxas - TIT) of the State of São Paulo on March 3, 2016.

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The State Treasury presented its counterarguments, and the case was forwarded to the Court in June 2016. On August 2, 2016, the case was included on the agenda for judgment before the 4th Chamber, and our attorney made an oral argument. Although one of the judges dismissed the appeal filed by Vaga Lume (i.e., denied the request made by Vaga Lume), the second judge in this Chamber ruled in favor of Vaga Lume's immunity and requested a review of the case files, which suspended the judgment.

In November 2016, when the judgment of the case was resumed at TIT, the judges decided to convert the judgment into further investigation to determine whether Vaga Lume meets the requirements to be considered exempt from taxation. The investigation was based solely on the analysis of the case documents, with no physical inspection of Vaga Lume having taken place.

In July 2017, the Association submitted a statement regarding the investigation, and in October of the same year, a decision was published dismissing the Ordinary Appeal filed by the Association. On November 18, 2018, the Association filed its Special Appeal, and the Treasury submitted its counterarguments on January 4, 2019. On April 11, 2019, the Special Appeal filed by Vaga Lume Association was heard, during which the attorney presented an oral argument, but the judgment was suspended by the Court as the case rapporteur determined that the appeal should not be admitted (and therefore not analyzed). However, the Association's attorney demonstrated the error in this determination, and the other appellate judges disagreed with the rapporteur. As a result, the Superior Chamber decided to accept the appeal, and the case will now return to the rapporteur for a review of its merits. Consequently, the case will be scheduled for a new judgment session, for which no date has been set.

On October 26, 2023, a decision was issued dismissing the Special Appeal (RESP) filed by Vaga Lume. The case was closed, and the debt discussion is now proceeding through judicial channels. On February 7, 2024, the Injunction was filed. On February 9, 2024, following the judicial deposit of the tax under dispute, the injunction was granted to suspend the enforceability of the tax liability. Currently, the filing of the Action for Annulment of Tax Debt on behalf of Vaga Lume is pending.

1. **Original amount** (November 2015): BRL 650,830.21;
2. **Updated amount** (February 2024): BRL 1,275,518.69.

23. Insurance Coverage (Unaudited)

The Entity's Management considers the insurance coverage to be sufficient to address potential claims. Given the nature of the risk assumptions adopted, they do not fall within the scope of an audit of financial statements and, consequently, were not examined by our independent auditors.

24. Subsequent Events

No subsequent events occurred up to the date of approval of these financial statements that would require disclosure.