

Instituto Fogo Cruzado
(CNPJ 41.138.166/0001-56)

Financial Statements and
Independent Auditor's Report.

As at December 31, 2023 and 2022.

Instituto Fogo Cruzado

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Independent auditor's report

To the attention of:
Counsellors and Management of
Instituto Fogo Cruzado
Rio de Janeiro - RJ

Opinion

We have audited the financial statements of **Instituto Fogo Cruzado** ("Institute"), which comprise the balance sheet as of December 31, 2023 and the respective statements of income, changes in equity and cash flows for the year then ended, as well as the corresponding explanatory notes, including a summary of the main accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Instituto Fogo Cruzado** as of December 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil applicable to small and medium-sized entities, (NBC TG 1000) and standards applicable to non-profit entities (ITG 2002).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of Fogo Cruzado Institute in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 accounting practices adopted in Brazil applicable to small and medium-sized enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those responsible for the Institute's governance are those responsible for overseeing the process of preparing the financial statements.

Auditor's responsibilities for the audit of the financial statements

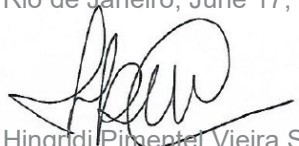
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve override of internal control, collusion, forgery, intentional omissions or misrepresentations.
- We obtain an understanding of the internal controls relevant to the audit in order to plan audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of 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 there is material uncertainty in relation to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- 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 that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, June 17, 2024.



Hingridi Pimentel Vieira Santos
Accountant CRC RJ-117.285/O-9



Eduardo José Ramon Leverone
Accountant CRC RJ-067.460/O-6

RSM Brasil Auditoria e Consultoria Ltda.
CRC 2SP-030.002/O-7

**RSM**

Instituto Fogo Cruzado

Balance Sheet

As of December 31, 2023 and 2022

(In Reais - R\$)

Assets	Note	12/31/2023	12/31/2022	Liabilities and Net equity	Note	12/31/2023	12/31/2022
Current assets				Current liabilities			
Cash and cash equivalents	4	5,227,089	3,694,130	Suppliers		67,489	32,222
Account receivable		-	12,500	Payroll and related taxes	7	96,789	57,958
Advances		6,419	18,818	Projects in progress	8	4,366,606	3,254,865
		5,233,508	3,725,448	Taxes payable	9	2,629	6,110
						4,533,513	3,351,155
Noncurrent assets							
Judicial deposit	5	133,088	-	Net equity	10	893,409	421,590
Fixed assets	6	60,326	47,297			893,409	421,590
		193,414	47,297				
Total assets		5,426,922	3,772,745	Total liabilities and Net equity		5,426,922	3,772,745

The accompanying notes are an integral part of these financial statements.

Maria Cecília de Oliveira Rosa
Executive Director

Adriana Ribeiro de Mello
CRC: RJ-065.776/O-3

Instituto Fogo Cruzado

Statements of Surplus (Deficit)

Years ended December 31, 2023 and 2022

(In Reais - R\$)

	<u>Note</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Net operating revenue	11	3,486,633	2,600,545
Operating (expenses) income			
Projects costs	8	(3,414,618)	(2,485,170)
Administrative expenses	12	(60,595)	(8,161)
Financial revenue		476,778	273,177
Taxes expenses		(7,544)	(199)
Financial expenses		(8,835)	(8,643)
		<u>(3,014,814)</u>	<u>(2,228,996)</u>
Surplus for the year		<u>471,819</u>	<u>371,549</u>

The accompanying notes are an integral part of these financial statements.

Maria Cecília de Oliveira Rosa
Executive Director

Adriana Ribeiro de Mello
CRC: RJ-065.776/O-3

Instituto Fogo Cruzado

Statements of changes in Net Equity Years ended December 31, 2023 and 2022 (In Reais - R\$)

	Social equity		Surplus / deficit	Total
Balances as of December 31, 2021	-		50,041	50,041
Transfer to Social equity	50,041	-	50,041	-
Surplus for the year	-		371,549	371,549
Balances as of December 31, 2022	50,041		371,549	421,590
Transfer to Social equity	371,549	-	371,549	-
Surplus for the year	-		471,819	471,819
Balances as of December 31, 2023	421,590		471,819	893,409

The accompanying notes are an integral part of these financial statements.

Maria Cecília de Oliveira Rosa
Executive Director

Adriana Ribeiro de Mello
CRC: RJ-065.776/O-3

Instituto Fogo Cruzado

Statements of cash flows

Years ended December 31, 2023 and 2022

(In Reais - R\$)

	<u>12/31/2023</u>	<u>12/31/2022</u>
Surplus for the year	471,819	371,549
Items not affecting operational cash		
Depreciation	9,171	6,545
Increase and decrease in asset and liability accounts		
(Increase) Decrease in trade receivables	12,500	(12,500)
(Increase) Decrease in advances	12,399	(18,818)
(Increase) Decrease in Withholding tax	-	1
(Increase) Decrease in Judicial deposit	(133,088)	-
Increase (Decrease) in suppliers	35,267	32,222
Increase (Decrease) in payroll and related taxes	38,831	56,117
Increase (Decrease) in taxes payable	(3,480)	6,557
Increase (Decrease) in projects in progress	1,111,739	1,185,748
Net cash from operating activities	1,555,158	1,627,421
Cash flows from investing activities		
Additions to fixed assets	(22,199)	(32,725)
Net cash from investing activities	(22,199)	(32,725)
Net increase in cash and cash equivalents	1,532,959	1,594,696
Cash and cash equivalents at the beginning of the year	3,694,130	2,099,435
Cash and cash equivalents at the end of the year	5,227,089	3,694,130
Net increase in cash and cash equivalents	1,532,959	1,594,696

The accompanying notes are an integral part of these financial statements.

Maria Cecília de Oliveira Rosa
Executive Director

Adriana Ribeiro de Mello
CRC: RJ-065.776/O-3

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

1. Operational context

Instituto Fogo Cruzado was created in September 30, 2020 and started operations in April 2021, in the form of a civil association. It is a legal entity of private law, non-profit, with indefinite duration, with headquarters and forum in the municipality of Rio de Janeiro, Rio de Janeiro State, Rua Teotônio Regadas, 26, 904, C04 – ZIP20031-360.

Fogo Cruzado is an institute that uses technology to produce and disseminate open and collaborative data on armed violence, with the aim of strengthening democracy and fighting for social transformation and the preservation of life.

O Instituto Fogo Cruzado has the following members:

Category	Quantity
Founders associates	1
Effective associates	3

2. Presentation and preparation of financial statements

The financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, including the standard NBC-TG-1000 (R1) – Accounting Standards for Small and Medium-Sized Entities and taking into consideration the General Technical Interpretation ITG 2002, approved by CFC - Conselho Federal de Contabilidade (Accounting Board).

The financial statements have been prepared on the historical cost basis, except for certain financial instruments measured at fair value, as applicable.

The financial statements were approved by Executive and Management Board on June 17, 2024.

2.1. Functional and reporting currency

The financial statements are prepared in Reais, which is the primary currency of the economic environment in which the Institute operates (“functional currency”) and amounts in currencies that differ from the functional currency of the financial statements are translated to Real at the exchange rate prevailing at the closing date.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

3. Significant accounting policies

The significant accounting policies adopted for the preparation of the Institute's financial statements can be summarized as follows:

a. Cash and cash equivalents

Cash and cash equivalents are classified in accordance with their realization period and are stated at cost, plus income earned through the end of the reporting exercise less the provision for adjustment to their net realizable value, when applicable.

b. Temporary cash investments

These comprise the financial investments not considered by the Institute's Management as being of immediate liquidity or classified as held-to-maturity.

They are stated at cost amounts plus income earned through the end of the reporting periods, which do not exceed their market or realizable value.

c. Accounts receivable

These refer to amounts receivable from customers for advisory and consulting.

Accounts receivable are recognised in the statement of financial position at the nominal amount of the trade notes representing these receivables, increased by inflation adjustments and exchange differences, as applicable, less an estimated allowance for doubtful accounts ("ADA") to cover any losses on the realization of these receivables.

The allowance is set up based on the history of payments, as well as an analysis of the current situation.

d. Fixed assets

Fixed assets are stated at cost.

Depreciation is computed under the straight-line method based on the estimated useful life of each asset, at the rates shown in Note 6.

An item of fixed assets is derecognized after disposal or when there are no future economic benefits resulting from the continued use of the asset.

Gains and losses on disposals are determined by comparing the proceeds from the sale with the net carrying amount and are recognized in the statement of surplus or deficit.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

Useful life of fixed assets

As described in Note 6, management reviews annually the estimated useful life, residual value and method of depreciation or amortization of its fixed asset items at the end of each year.

e. Other current and noncurrent assets and liabilities

An asset is recognized in the statement of financial position when it is probable that its future economic benefits will flow to the Institute and its cost value can be measured reliably.

A liability is recognized in the statement of financial position when the Institute has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle it.

They include, when applicable, the related charges, inflation adjustments or exchange differences incurred.

Provisions are recognized based on the best estimates of the risk involved.

f. Net equity

The result related to the Institute activities is incorporated into the equity at the end of each fiscal year.

g. Surplus/deficit for the year

Revenues and expenses are recognized on an accrual basis, except revenues from donations, which are recognized and allocated on a cash basis.

h. Taxes Payable

Being a non-profit institution, TNC is exempt from the payment of Income Tax (IR) and Social Contribution on Net Income (CSLL) pursuant to Article 15 and subsequent ones of Law No. 9,532 of December 10, 1997.

The Institute has contributed to the PIS (Social Integration Program) by applying the rate of 1% to the monthly payroll in accordance with Article 13 of Provisional Executive Act No. 2,158/35, dated August 24, 2001. Also, pursuant to Provisional Executive Act No. 2,158/35, dated August 24, 2001, Article 14, the Institute is exempt from COFINS in respect of revenues from its own activities, and this benefit excludes revenues from other activities not related to the Institute's purpose, even if these revenues are used in the maintenance of its core activity.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

i. Projects in progress

The balances of projects in progress are recorded in a specific account in current liabilities, which does not affect the Fogo Cruzado's surplus/deficit.

They are recognized in the statement of surplus or deficit, as instructed by ITG 2002, approved by CFC Resolution No. 1,409/2012.

j. Provisions for tax, civil and labor risks

The provisions for tax, civil and labor risks are recognized when the Institute has a present obligation (legal or constructive) as a result of a past event; it is probable that the Institute will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The provisions are quantified at the present value of the expected disbursement to settle the obligation, using an appropriate discount rate according to the risks related to the liability.

Provisions are inflation adjusted through the end of the reporting period by the estimated amount of probable losses, based on their nature and supported by the opinion of the Entity's lawyers.

k. Critical accounting judgments and estimates

The preparation of financial statements in accordance with CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The effects of revisions to accounting estimates are recognized in the period in which the estimates are reviewed, if the revision affects only this period, or also in subsequent periods if the revision affects both the present period and future periods.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

4. Cash and cash equivalents

The total funds balances are as follows:

4.1. Cash and cash equivalents

	12/31/2023	12/31/2022
Bank accounts	10	10
Overnight financial investments	38,784	5,366
Fixed rate financial investments	5,188,295	3,688,754
	5,227,089	3,694,130

The financial investments refer to: (i) Prefixed Bank Deposit Certificates (CDB's) whose rates vary between 17,5% e 22,5 p.a.; and (ii) Post-Fixed Income Funds whose rates vary between 78,41% to 129,05% of the CDI (Interbank Deposit Certificate).

4.2. Segregation between unrestricted and restricted cash

	12/31/2023	12/31/2022
Restricted cash	4,336,606	3,254,865
Unrestricted cash	860,483	439,266
	5,227,089	3,694,130

Unrestricted and restricted resources are managed in the same bank accounts. For the purpose of controlling restricted resources, Management classifies receipts and disbursements related to projects in cash flow control which is the base for project reports to Granters. The balance of restricted funds equal to the Projects in progress balance.

5. Judicial deposit

The judicial deposit balance as of December 31, 2023 is R\$133,088.

The balance refers to the deposit of the lawsuit filed by the Institute against Voltdata Agenciamento de Notícias Ltda. due to the termination of the contract. The legal advisors are requesting suspension of the amounts charged for the breach of contract before the deadline set for the termination.

As of December 31, 2023, the legal advisors estimated the probability of losses as possible.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

6. Fixed assets

	12/31/2022	Additions	Depreciation	12/31/2023
Cost				
Equipment's	22,566	19,593	-	42,159
Telephony	31,726	2,606	-	34,332
Accumulated depreciation				
Equipment's	(4,604)	-	(5,393)	(10,537)
Telephony	(2,391)	-	(3,238)	(5,629)
	47,297	22,199	(9,171)	60,326

	12/31/2021	Additions	Depreciation	12/31/2022
Cost				
Equipament's	21,568	998	-	22,566
Telephony	-	31,726	-	31,726
Accumulated depreciation				
Equipament's	(451)	-	(4,154)	(4,604)
Telephony	-	-	(2,391)	(2,391)
	21,117	32,725	(6,545)	47,297

7. Payroll

	12/31/2023	12/31/2022
FGTS payable	4,167	3,568
INSS payable	14,325	17,012
PIS payable	555	446
Payroll payable	77,742	36,932
	96,789	57,958

8. Projects in progress

Projetos	12/31/2022	Donations	Costs	12/31/2023
Project Heinrich Boll Stiftung	52,000	29,976	(81,976)	-
Project Shuttelworth Foundation	2,423,102	1,360,866	(347,479)	3,436,489
Project Open Society Policy Center	265,521	941,907	(1,113,018)	94,410
Project The Ford Foundation	446,518	590,373	(786,591)	250,330
Project OAK Foundation	67,724	1,249,410	(1,085,584)	231,550
Project Globalgiving Foundation INC	-	353,827	-	353,827
	3,254,865	4,526,359	(3,414,618)	4,366,606

Projects	12/31/2021	Donations	Costs	12/31/2022
Project Heinrich Boll Stiftung	-	52,000	-	52,000
Project Shuttleworth Foundation	1,200,552	1,353,901	(131,351)	2,423,102
Project Open Society Policy Center	387,288	372,075	(493,842)	265,521
Project The Ford Foundation	481,277	519,740	(554,499)	446,518
Project OAK Foundation	-	1,373,202	(1,305,478)	67,724
	2,069,117	3,670,918	(2,485,170)	3,254,865

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

Project Heinrich Boll Stiftung

Donation to support the construction of anti-gun narratives in Brazil. The total amount of the donation is R\$52,000 for the period from 05/01/2022 to 04/30/2023.

Project Shuttleworth Foundation

Donation to support the Institute's activities in solving armed violence with the contribution of the population. The total amount of the donation amounts to US\$275,000.00 for the period from 03/01/2022 to 02/28/2023. The amount was fully received until 12/31/2022. Shuttleworth ceased operations in 2023. They kept for a few months only the administrative part for bureaucratic demands, but have already closed the operations completely. There is no obligation to return the funds received.

Project Open Society Policy Center

Donation to support research activities of trends of violence in Brazil. In 2023, the Institute received a new grant in the total amount of US\$200,000 for the period from June 2023 to June 2024. The amount was fully received in August 2023.

Project The Ford Foundation

Donation to support the development of a new model of causes communication on public security, capable of establishing bridges of dialogue between citizens with different backgrounds and, thus, strengthening the democratic debate in Brazil. In 2023, the Institute received a new grant in the total amount of US\$ 250,000.00 for the period from November 2023 to June 2024. In December 2023, a total of R\$590,373 was received.

Project OAK Foundation

Donation to support the activities of the Institute in the solution of armed violence with the contribution of the population. The total amount of the donation amounts to R\$ 3,500,000 for the period from 01/01/2022 to 12/31/2024. The amount received was R\$1,249,410 in July 2023 and R\$1,373,202 until 12/31/2022.

Project Globalgiving Foundation INC

Specific resources to support the information technology and team development activities of the Fogo Cruzado Institute. The total amount of the donation amounts to US\$75,000 for the period from December 2023 to November 2024. The amount received was R\$353,827 in December 2023.

The Institute reports periodically to the Granters and is subject to audit by the Granters at any time. Any leftover funds received in the projects are absorbed or returned with the authorization of the Granters. Accounting for the absorptions are recorded at the completion of the projects.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

9. Key management personnel compensation

Compensation paid for services rendered by Effective associates (Executive directors) in the year is as follows:

	12/31/2023	12/31/2022
Effective associates	364,000	275,849

10. Net equity

The net equity comprises the initial endowment plus the values of the *surpluses* and less the *deficits* occurred since the foundation of the Entity.

The *surplus* of the year ended December 31, 2023 will be incorporated into the equity in accordance with the statutory requirements and CFC Resolution No. 1,409/2012, which approved the ITG 2002 – Non-Profit Entity.

11. Net operating revenues

	12/31/2023	12/31/2022
Restricted		
Projects (Note 7)	3,414,618	2,485,170
Unrestricted		
Services rendered	-	122,000
Donations	72,010	-
Others	330	-
	72,340	122,000
Deductions	(325)	(6,625)
	3,486,633	2,600,545

12. Administrative expenses

	12/31/2023	12/31/2022
Services provided	(38,978)	(1,455)
Depreciation	(9,171)	(6,707)
Other administrative expenses	(12,568)	-
	(60,717)	(8,161)

Administrative expenditures are allocated to projects according to the headings approved in the budget by each granter. The balance of this note refers to unallocated administrative expenses.

13. Financial instruments

The Institute's financial instruments are recorded in statement of financial position accounts as of December 31, 2023 at amounts approximating the market value as at that date.

Instituto Fogo Cruzado

Notes to the financial statements

December 31, 2023 and 2022

(Amounts expressed in Reais – R\$ unless otherwise stated)

These instruments are managed through operating strategies, aiming at liquidity, profitability, and security.

The control policy consists of ongoing monitoring of contracted rates in comparison with the average market rates.

According to their nature, financial instruments may involve known or unknown risks, it being important for the Institute to assess such potential risks, resorting to its best judgment.

Therefore, there may be secured or unsecured risks, depending on prevailing circumstantial or legal aspects.

The main market risk factors that may affect the Institute's business are presented below:

13.1. Credit risk

The potential risk is closely related to control, management and application of the Institute's resources in its projects.

13.2. Liquidity risk

The cash flow forecast is prepared for the operating entities by Management, which continuously monitors liquidity in order to ensure that the Institute will have sufficient cash to meet its operating needs.

14. Insurance Coverage

The Institute does not have insurance to safeguard its risks assets and possible claims.

15. Resources applications

The Entity has applied all its resources in its institutional purposes, in accordance with its Bylaws demonstrated by its expenses and capital expenditures.

Maria Cecília de Oliveira Rosa
Executive Director

Adriana Ribeiro de Mello
CRC: 065.776/O-3