SITAWI – FINANÇAS DO BEM

Independent auditor's report on the financial statement of Project CLUA

Period from June 01, 2021 to July 31, 2024

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Financial statement of Project CLUA
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Tel.: + 55 21 2210 5166
Fax: + 55 21 2224 5285
www.bdo.com.br

Rua Barão de Tefé, 27
9° andar, Saúde, Rio de Janeiro, RJ
Brasil 20220-460

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT

To the
Management of
Sitawi – Finanças do Bem
Rio de Janeiro - RJ

Opinion on the financial statement

We have audited the financial statement of Project CLUA, which comprises the receipts collected and disbursements incurred in the period from June 01, 2021, to July 31, 2024, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the receipts and disbursements for the period from June 01, 2021, to July 31, 2024.

Basis for opinion on the financial statement

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statement of the Project" section of our report. We are independent of Sitawi – Finanças do Bem in accordance with the relevant ethical principles established in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Council of Accounting (CFC), and we have fulfilled our other ethical responsibilities in accordance with these standards.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

Basis for preparation and presentation of the financial statement of the Project and restrictions on use

We draw attention to Note 2, which describes the basis for preparation and presentation of the Project's financial statement. This financial statement was prepared to provide information to Sitawi – Finanças do Bem, who entered into an agreement dated July 03, 2024, for execution of the Project. Accordingly, this statement and its corresponding notes may not be suitable for other purposes. Our report is exclusively intended to comply with the aforementioned agreement. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with governance of Sitawi for the financial statement of the Project

The Management of Sitawi – Finanças do Bem is responsible for the preparation of the financial statement of Project CLUA. This includes determining that the financial basis of receipts and payments is appropriate for the preparation of the financial statement in the circumstances, and for such internal control as Management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, Management is responsible for assessing the Project'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 Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditor's responsibilities for the audit of the financial statement of the Project

Our objectives are to obtain reasonable assurance about whether the financial statement of the Project as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing 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 this financial statement.

As part of an audit in accordance with Brazilian standards and ISAs, and with the specific audit requirements set forth in the terms and conditions provided for in the agreement entered into by the parties, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, 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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sitawi – Finanças do Bem internal controls;
- Evaluate the accounting policies adopted by Sitawi – Finanças do Bem and the reasonableness of the respective disclosures made by Management;
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents 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 controls that we identify during our audit.

Rio de Janeiro, November 1, 2024.

BDO RCS Auditores Independentes SS Ltda.
CRC 2 SP 013846/F

Rafael Favacho Pereira da Silva
Accountant CRC 1 RJ 106634/0-3

SITAWI – FINANÇAS DO BEM

Financial statement of Project CLUA
Period from June 01, 2021 to July 31, 2024
(In Brazilian Reais, unless otherwise stated)

June 01, 2021 to July 31, 2024	
Receipts	2,873,108
Amount received in Contract	2,580,529
Returns on financial investments	292,578
Expenses incurred	2,872,902
Personnel expenses	2,651,262
Audit	15,160
Design	59,250
TAX	114
Travel	77,326
Vídeos	69,788
Remaining balance	207

Notes to the financial statement of Project CLUA
Period from June 01, 2021 to July 31, 2024
(In US Dollars, unless otherwise stated)

1. Organization and social and environmental context

Sitawi ("Entity") is a nonprofit organization linked to no parties or religion, which has been working for 15 years in Brazil to develop financial solutions for social and environmental impact. Since 2010, Sitawi holds the certificate of Civil Society Organization of Public Interest (OSCIP), which qualifies it as a civil society organization whose activities take place in the non-state public space, meeting the requirements established as per Law 9.790/1999.

The Entity has a certificate of recognition of Entity promoting Human Rights, for the purposes of Decree No.46.655/02 (valid until December 27, 2024).

The essential purpose of Sitawi, according to Article 2 of its Bylaws, is to promote human rights, social innovation and fair and sustainable development, being responsible for:

I. Supporting organizations of civil society (associations, foundations and cooperatives), social impact business, similar ventures and institutions that implement or intend to implement projects of significant social and/or environmental impact;
II. Promoting, executing, supporting, coordinating, participating in or sponsoring projects that contribute to its purpose, especially in the areas of social development and human rights, environment, bioeconomy, reforestation, biodiversity conservation, social assistance, culture, sports, education, scientific and technological research, studies on forest carbon and/or health, among others, promoting economic and sustainable development in traditional, quilombola and riverside communities;
III. Developing, with not-for-profit purposes, new socio-productive models and alternative systems of production, trade, employment and credit, including mechanisms of social and sustainable finances;
IV. Raising philanthropic and financial funds for positive social and/or environmental impact;
V. Promoting innovation, especially through basic or applied research of scientific or technological nature or development of new products, services or processes;
VI. Supporting, promoting or sponsoring actions and projects that contribute to the conservation, maintenance and development of indigenous and tribal peoples (International Labor Organization (ILO) convention No. 169 on Indigenous and Tribal Peoples, 1989), quilombola and traditional communities in all regions of Brazil;
VII. Supporting, promoting or sponsoring actions and projects that promote less discrimination and more equality among all members of society, regardless of their gender, race, and ability.

Sole paragraph. The dedication to the activities provided for in the heading of this article is established through the direct execution of related projects, programs, and action plans, by means of donation of physical, human, and financial resources, or through the rendering of intermediate support services to other organizations and public sector bodies operating in related areas.

Total budget

Sitawi received a maximum of $ 499,967 for implementation of the Project from 2021 to 2024, according to the Agreement between the parties, and the following schedule:

Period	%	Amount (USD)
Jun-21	50.00	249,984
Jun-22	50.00	249,983
Total	100.00	499,967

2. Presentation of main accounting practices

2.1. Presentation of the financial statement

2.1.1 Statement of compliance

The financial statement was prepared by the Entity's Management and are being presented according to the accounting standards adopted in Brazil, which include the Resolutions of the Brazilian Federal Association of Accounting (CFC) and the pronouncements of the Accounting Pronouncements Committee (CPC PME (R1)).

As the Entity is a non-profit organization, the financial statement was mainly prepared in accordance with ITG 2002 (R1) – Non-profit Entity, approved by Resolution No. 1.409 of September 21, 2012, as per Technical Notice CTG 2000, approved by Resolution No. 1.159 of February 13, 2009, of CFC, and by NBC TG 1000 - Accounting for Small and Medium-sized entities, for aspects not addressed by ITG 2002.

2.1.2 Measurement basis

The financial statement was prepared based on historical cost, and revenues and expenses are recognized on an accrual basis.

2.1.3 Use of estimates and judgment

The preparation of financial statement in accordance with Brazilian accounting practices requires the Entity's Management to use its best estimates and judgment as a basis for recording certain transactions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of information about its financial data. The final results of these transactions and information, with respect to their effective realization in subsequent periods, may significantly differ from those estimates. The main estimates related to the financial statement refer to the record of the effects arising from provision for legal proceedings, historical value of assets and liabilities, useful lives of fixed assets, provision for losses on assets, among others.

2.2. Material accounting policies

The material accounting policies applied in the preparation of this financial statement is summarized below. These policies were consistently applied in the reported years.

2.2.1. Revenues and expenses

Revenues and expenses were accounted for on the accrual basis.

2.2.2. Cash and cash equivalents

These include cash, positive balances in bank checking accounts and financial investments of immediate liquidity and redeemable within 90 days as from the reporting date and with immaterial risk of change in its market value.

2.2.3. Functional currency

Expenses incurred are realized in Brazilian Reais (BRL), which is the domestic currency. For the translation of the amounts received from the United Nations Fund in US Dollars, the average exchange rate of transfer operations is used.

2.2.4. Reporting currency

The financial statement is presented in US Dollars, which is the reporting currency set forth in the agreement entered into by the Entities. All financial information presented in US Dollars was rounded to the next unit, unless otherwise stated.

3. Cash and cash equivalents

Balances recorded as cash and cash equivalents mainly refer to highly liquid short-term financial investments and deposits that are quickly converted into a known cash amount and subject to an immaterial risk of change in value:

	2021 (in R$)	2022 (in R$)	2023 (in R$)	2024 (in R$)
Cash and Banks	10	10	10	1
Financial Investments	1,163,785	1,621,396	887,929	221
	1,163,795	1,621,406	887,939	222

Accounts used to record the changes of Project CLUA 2024:

- Checking account - recorded in book account 120 - Banco Itaú - c/c 15.668-8 - CLUA;
- Financial investment – recorded in book account 392 – Banco Itaú – c/c 15.668-8 - Aut Mais – CLUA and 393 - Banco Itaú - c/c 15.668-8 - Trust Di - CLUA

4. Project execution

4.1. Revenue from donations

All revenues from donations for project development are exclusively used for the execution of projects, in accordance with the budget of each project and guidelines of each donor.

4.2. Project expenses

All expenses from the project operation related to donations for project development are exclusively used for the execution of the projects, according to the budget of each project and guidelines of each segment.

Salaries		Salary	% Time on Objective	CLUA Cost	Actual Expenses - USD	Variance	% Variance
Head of Impact Investment		93.600,0	25%	23.400	53.746	-30.346	-129,7%
Coordinator (Deal Flow)		57.600,0	30%	17.280	20.631	-3.351	-19,4%
Coordinator (Portfolio Intelligence)		57.600,0	40%	23.040	22.884	156	0,7%
Serior Analyst		51.408,0	50%	25.704	16.616	9.088	35,4%
Senior Analyst		51.408,0	20%	10.282	14.580	-4.299	-41,8%
Analyst		42.336,0	50%	21.168	18.739	2.429	11,5%
Analyst		42.336,0	50%	21.168	15.833	5.335	25,2%
Junior Analyst		23.436,0	50%	11.718	12.911	-1.193	-10,2%
Junior Analyst		23.436,0	50%	11.718	13.624	-1.906	-16,3%
Marketing Coordinator		57.600,0	25%	14.400	24.507	-10.107	-70,2%
Marketing Analist		42.336,0	25%	10.584	15.214	-4.630	-43,7%
Manager of Impact Investment					8.103	-8.103	-100,0%
Manager of Conservation and Climate Finance					9.948	-9.948	-100,0%
Specialist of Conservation and Climate Finance					5.051	-5.051	-100,0%
Total Salaries				190.462	252.386	-38.822	-20,4%
Benefits				CLUA Cost	Actual Expenses	Variance	% Variance
Head of Impact Investment		79.560	25%	19.890	23.179	-3.289	-16,5%
Coordinator (Deal Flow)		48.960	30%	14.688	16.170	-1.482	-10,1%
Coordinator (Portfolio Intelligence)		48.960	40%	19.584	19.410	174	0,9%
Serior Analyst		43.697	50%	21.848	11.825	10.024	45,9%
Senior Analyst		43.697	20%	8.739	18.250	-9.511	-108,8%
Full Analyst		35.986	50%	17.993	16.661	1.331	7,4%
Full Analyst		35.986	50%	17.993	8.958	9.035	50,2%
Junior Analyst		19.921	50%	9.960	11.989	-2.029	-20,4%
Junior Analyst		19.921	50%	9.960	12.214	-2.254	-22,6%
Marketing Coordinator		48.960	25%	12.240	18.456	-6.216	-50,8%
Marketing Analist		35.986	25%	8.996	12.946	-3.949	-43,9%
Manager of Impact Investment Benefits				-	5.879	-5.879	-100,0%
Manager of Conservation and Climate Finance Benefits				-	7.081	-7.081	-100,0%
Specialist of Conservation and Climate Finance Benefits				-	4.183	-4.183	-100,0%
Total Benefits				161.892	187.200	-8.165	-5,0%

Professional Services or Subcontracts		Purpose		CLUA Cost	Actual Expenses	Variance	% Variance
Subcontracted Analyst in Amazon Region		sourcing, technical assistance, regular visits		50.000	10.148	39.852	79,7%
Videos		Short videos (for 15 organizations @R$4k		10.000	13.675	-3.675	-36,7%
Design		Art for social media to promote organizations		3.200	11.396	-8.196	-256,1%
Lawyers		CCB documents review and other legal matters		3.200	0	3.200	100,0%
Audit				0	3.022	-3.022	-100,0%
Total Professional Services/Subcontracts				66.400	38.242	28.158	42,4%
Travel, Conference, Meetings		Purpose		CLUA Cost	Actual Expenses	Variance	% Variance
Travel		Plane+Accomodation to execute ~22 due		10.000	15.190	-5.190	-51,9%
Events		represents ~8% of SITAWI Annual		6.000	0	6.000	100,0%
Total Travel, Conferences Meetings				16.000	15.190	810	5,1%
Other Direct Expenses*		Purpose		CLUA Cost	Actual Expenses	Variance	% Variance
Bank fees				0	22	-22	-1
Total Other Direct Expenses				0	22	-22	-1
Subtotal				434.754	493.040	Variance	% Variance
			Percentage				
Overhead**			15,0%	65.213	65.213	0	0,0%
Total				499.967	558.253	-58.286	-11,7%