

Associação Corredor Ecológico do Vale do Paraíba

Financial statements for the year ended December 31, 2022

Associação Corredor Ecológico do Vale do Paraíba
Financial Statements
Years ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Directors of the
Associação Corredor Ecológico do Vale do Paraíba
São José dos Campos – SP – Brazil

Unqualified Opinion

We have examined the Financial Statements of the **Associação Corredor Ecológico do Vale do Paraíba ("the Association")**, consisting of the Association's Balance Sheet as of December 31, 2022 and the related Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, as well as the accompanying Explanatory Notes, which include the summary of accounting policies and other relevant information.

In our opinion, the Financial Statements mentioned above present adequately, in all material respects, the financial position of the Association as of December 31, 2022, the performance of its operations and their cash flows for the year ended on that date, in accordance with the accounting practices adopted in Brazil.

Basis for Unqualified Opinion

Our audit was conducted in accordance with the Brazilian and International Auditing Standards. Our responsibilities, in accordance with such standards, are described in the following section titled "Responsibilities of the Independent Auditors for the Audit of the Financial Statements". In this connection, we are independent with respect to the Association in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and professional standards issued by the Federal Accounting Council, and we fulfill 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 unqualified opinion on the financial statements.

Other information accompanying the Financial Statements

The Association's Management is responsible for that other information comprising the Management Report. Our opinion with respect to the Financial Statements does not cover the Association's Management Report and we do not express any form of audit conclusion on the report.

In connection with the audit of the Financial Statements, our responsibility is to read the Management Report and, while doing so, consider whether the report is, in all material respects, consistent with the Financial Statements and with our knowledge obtained in our audit. If, based on our audit procedures, we were to conclude that there is a material misstatement in the Management Report, we are required to communicate this fact. Based on our audit procedures, we are not aware of any material misstatements in the Association's Management Report.

Responsibilities of Administration for the Financial Statements

The Administration of the Association is responsible for the preparation and adequate presentation of the Financial Statements in accordance with the accounting practices adopted in Brazil, and is responsible for internal controls it has determined are necessary to allow preparation of Financial Statements that are free of material misstatement, regardless of whether caused by fraud or error.



In the preparation of the Association's Financial Statements, its Administration is responsible for evaluating the ability of the Association to continue operating as a going concern, disclosing when applicable matters with respect to its operational continuity and the use of the going concern accounting basis, unless its Administration intends liquidate the Association, cease its operations, or has no realistic alternative to avoid the closure of its operations.

Responsibilities of the Independent Auditors

Our objectives are to obtain reasonable assurance that the Financial Statements, taken together, are free from material misstatement, regardless of whether caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance represents a high level of assurance but is not a guarantee that an audit carried out in accordance with the Brazilian and International Auditing Standards will detect existing material misstatements. Misstatements can arise from fraud or error and are considered material when, individually or jointly, they might reasonably influence the economic decisions of the users of the Financial Statements.

As part of our audit carried out in accordance with the Brazilian and International Standards on Auditing, we exercised professional judgment and maintained professional skepticism. Furthermore:

- We identified and assessed the risks of material misstatements in the Financial Statements, regardless of whether caused by fraud or error. The risk of not detecting material misstatements resulting from fraud is greater than that arising from error, as fraud can involve circumventing internal controls, collusion, forgery, omission or intentional misrepresentation. We planned and executed audit procedures in response to such risks, as well as obtained appropriate and sufficient audit evidence to support our opinion.
- We obtained an understanding of the Association's internal controls necessary for planning audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal controls.
- We evaluated the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the Association's Administration.
- We concluded on the adequacy of use by the Administration of the going concern accounting basis and, based on the audit evidence obtained, whether there is material uncertainty regarding events or conditions that could cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the related disclosures in the financial statements or include a modification in our opinion if the disclosures are not made or are inadequate. Our conclusions are based on audit evidence obtained as of the date of our report. However, future events or conditions may lead the Association to no longer remain in operational continuity.
- We evaluated the overall presentation, structure, and content of the Financial Statements, including the disclosures and whether the Financial Statements represent the corresponding transactions and events in a manner consistent with the purpose of fair presentation.



EQUILÍBRIO
AUDITORES
INDEPENDENTES


We communicated with Management 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 identified during our work.

Other information

The financial statements for the year ended December 31, 2021, presented for comparison purposes only, were audited by us and we issued an unqualified opinion, dated September 27, 2022.

São Paulo, September 11, 2023.


Equilíbrio Auditores Independentes
CRC 2SP 035217/O-3


Nilson de Lima Barboza
Accountant
CRC 1SP 188285/O-0
CNAI 1059

Associação Corredor Ecológico do Vale do Paraíba
Financial Statements
Years ended December 31, 2022 and 2021

<u>ASSETS</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>LIABILITIES AND EQUITY</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Current assets—				Current liabilities—			
Cash and cash equivalents	3	2.463.981	2.066.147	Accounts payable	7	58.509	59.647
Prepaid taxes		10.059	3.612	Taxes payable	9	7.714	3.886
Credits receivable	4	16.294	-	Deferred project advances	10	419.811	176.839
Total current assets		<u>2.490.334</u>	<u>2.069.759</u>			<u>486.034</u>	<u>240.372</u>
Non-current assets—				Non-current liabilities—			
Project investments	5	72.000	12.000	Salaries and employment taxes payable	8	<u>1.234.430</u>	<u>1.096.597</u>
Fixed assets	6	9.198	14.251				
				Association equity		<u>851.068</u>	<u>759.041</u>
Total noncurrent assets		<u>81.198</u>	<u>26.251</u>				
Total assets		<u>2.571.532</u>	<u>2.096.010</u>	Total liabilities and association equity		<u>2.571.532</u>	<u>2.096.010</u>

The accompanying explanatory notes form an integral part of the financial statements.

Associação Corredor Ecológico do Vale do Paraíba
Statements of Income
Years ended December 31, 2022 and 2021

	<u>Note</u>	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:			
Operating revenue	11	1.146.001	1.240.499
Volunteer services received	17	150.093	156.029
Total operating revenues		<u>1.296.094</u>	<u>1.396.528</u>
OPERATING COSTS:			
Planting, maintenance, and fencing of tree seedlings	12	(277.464)	(327.582)
Cost of volunteer services	17	(150.093)	(156.029)
Total operating costs		<u>(427.557)</u>	<u>(483.611)</u>
GROSS INCOME.....		868.537	912.917
OPERATING EXPENSES – Administrative and general	13	<u>(1.030.276)</u>	<u>(1.193.238)</u>
INCOME BEFORE FINANCIAL REVENUES (EXPENSES) ...		(161.739)	(280.321)
FINANCIAL REVENUES (EXPENSES):			
Financial income.....	15	261.937	72.877
Financial expenses	14	<u>(8.171)</u>	<u>(10.513)</u>
Financial revenues (expenses) – net		<u>253.766</u>	<u>62.364</u>
NET INCOME (LOSS)		<u>92.027</u>	<u>(217.957)</u>

The accompanying explanatory notes form an integral part of the financial statements.

Associação Corredor Ecológico do Vale do Paraíba
Statements of Changes in Association Equity
Years ended December 31, 2022 and 2021

	<u>Association equity</u>	<u>Net loss</u>	<u>Total</u>
JANUARY 1, 2021	976.998	—	976.998
Net loss for the year ended December 31, 2021	—	(217.957)	(217.957)
Reduction of equity for net loss	(217.957)	217.957	—
DECEMBER 31, 2021	759.041	—	759.041
Net Income for the year ended December 31, 2022 ..	—	92.027	92.027
Increase of equity for net income	92.027	(92.027)	—
DECEMBER 31, 2022	<u>851.068</u>	<u>—</u>	<u>851.068</u>

The accompanying explanatory notes form an integral part of the financial statements.

Associação Corredor Ecológico do Vale do Paraíba
Statements of Cash Flow
Years ended on December 31, 2022 and 2021

(In BRL)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (loss)		92.027	(217.957)
Adjustment for non-cash expense:			
Depreciation expense		5.053	4.269
		<u>97.080</u>	<u>(213.688)</u>
Adjustments for variations in assets and liabilities:			
Deferred project advances		242.972	83.712
Prepaid taxes		(6.447)	(3.612)
Credits receivable		(16.294)	-
Accounts payable		(1.138)	49.131
Salaries and employment taxes payable		137.833	290.982
Taxes payable		3.828	2.144
Net cash inflows from operating activities		<u>457.834</u>	<u>208.669</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment in remote monitoring projects	5	(60.000)	(12.000)
Acquisition of office equipment		-	(8.600)
Net cash outflows from investing		<u>(60.000)</u>	<u>(20.600)</u>
INCREASE IN CASH AND CASH EQUIVALENTS.....		397.834	188.069
CASH AND CASH EQUIVALENTS – Beginning.....		<u>2.066.147</u>	<u>1.878.078</u>
CASH AND CASH EQUIVALENTS – Ending.....		<u>2.463.981</u>	<u>2.066.147</u>

The accompanying explanatory notes form an integral part of the financial statements.

Associação Corredor Ecológico do Vale do Paraíba
Explanatory Notes to the Financial Statements
Years ended on December 31, 2022 and 2021
(Monetary units in BRL unless otherwise noted)

1. General information

The Associação Corredor Ecológico do Vale do Paraíba (the "Association") is a non-governmental organization, nonpartisan and non-profit, born of the union of diverse organizations of second and third sectors committed to the sustainability of the planet, and who decided to join forces for the joint pursuit of this end.

The Association started operations in 2009, and its corporate purpose is to encourage the conservation and restoration of the Atlantic forest in the region of the Vale do Paraíba do Sul, through actions integrated with local social dynamics, which promote economic and social development, valuing regional culture, reconnecting the Serra do Mar to the Serra da Mantiqueira, through:

- Conservation and restoration of areas of incidence of the Atlantic forest in the Valley of Rio Paraíba do Sul;
- Protection of the sources of the Hydrographic Basin of the Rio Paraíba do Sul in its portion of São Paulo;
- Implementation of projects aimed at improving the quality of life and local economy;
- Generation of work and income in the region; and
- Promotion of educational and cultural activities considered relevant to the encouragement and preservation of local culture.

The Association carries out its activities through contracts and terms of collaboration signed with its donors and partners, the main ongoing projects being those shown below:

- City Hall of the Municipality of Jacareí, contract signed on August 3, 2020, valid until August 3, 2024;
- The Nature Conservancy Brasil, contract signed on November 9, 2022;
- Fitesa Não Tecidos S.A., contract signed on June 1, 2022;
- Malwee Institute, contract signed on September 20, 2022, valid until August 2025;
- Fehidro Saiva Project, contract signed in May 2022, worth R\$ 1,640,398.00 financed by Fehidro and R\$ 182,259.04 in counterpart, with the main objective of promoting the strengthening of the restoration chain and promoting the first actions to create a future network of seeds with genetic variability and well distributed in the Paraíba Valley through the implementation of green manure and identification of matrices in rural properties mobilized in the municipality of Jacareí within the scope of the Renascentes Project, in addition to creating a seed bank data with geospatial information and data from the implementation, and also develop training on green manure seeds;
- Vale do Paraíba Restoration Master Plan Project in partnership with the Ekos Institute, contract signed in June 2022 worth R\$ 252,000.00, and aims to provide technical support services, to carry out the diagnosis of actions of restoration at UGRHI 02, the mapping of experiences and demonstration units and the preparation of the Restoration Master Plan for UGRHI 02, Vale do Paraíba do Sul, for the development of the Restoration Master Plan Project for UGRHI 02, Vale do Paraíba southern, and

- In 2022 it was also appointed by the French Water Partnership to make its donation to the Ecological Corridor. The planting of 417 seedlings was carried out on 1 property located in the municipality of Jacareí.

The Entity is qualified as Civil Society Organization of Public Interest as determined by Law 9.790/99, with its activity covered by the tax exemption under the terms of the Law nº 9.532/97. Its qualification was formalized by Order of the National Secretariat of Justice, a body that is part of the Ministry of Justice.

2. Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented.

2.1 – Basis for preparation and presentation and declaration of compliance

The financial statements were prepared and are being presented in accordance with the applicable provisions of the Resolution of the Federal Accounting Council nº 1.409/12, which approved the Technical Interpretation ITG 2002 - "Non-Profit Entities" and in accordance with accounting practices adopted in Brazil.

The issuance of the financial statements was authorized by Management on March 3, 2023.

All relevant information specific to the financial statements, and only these, are being evidenced, and correspond to those used by Management in its management.

The financial statements were prepared based on historical cost, except for certain financial instruments measured at fair value through profit or loss.

2.2 – Use of estimates and judgments

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

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

2.3 – Functional currency and presentation currency

The items included in the financial statements are measured in the currency of the main economic environment in which the Association operates ("functional currency"). The financial statements are presented in reais, which is the Association's functional currency and also its presentation currency.

The Association does not have operations in foreign currency.

2.4 – Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other highly liquid short-term investments with original maturities of up to three months and with insignificant risk of change in value.

2.5 – Financial Instruments

(i) Initial recognition and measurement

All other financial assets and liabilities are initially recognized when the Association becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not measured at fair value through profit or loss (VJR), the transaction costs that are directly attributable to its acquisition or issue. The Association's receivables comprise cash and cash equivalents.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured: at amortized cost; to VJORA - debt instrument; to VJORA - equity instrument; or to the VJR.

Financial assets are not reclassified subsequent to initial recognition, unless the Association changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period after the change in business model.

Financial Assets - Subsequent Measurement and Profit and Loss

These assets are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is reduced by impairment losses. Interest income and impairment are recognized in income. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities - Classification, subsequent measurement and gain and loss

Financial liabilities were classified as measured at amortized cost or at FVT.

A financial liability is classified as measured at fair value through profit or loss if designated as such upon initial recognition. Financial liabilities measured at VJR are measured at fair value and the net result, including interest, is recognized in profit or loss.

The Association has the following financial liabilities valued at amortized cost: suppliers and other payables.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense is recognized in profit or loss.

Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition—

Financial assets

The Association derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Association transfers the contractual rights to receive the contractual cash flows over a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and also does not retain control over the financial asset.

Financial liabilities

The Association derecognizes a financial liability when its contractual obligation is discharged, canceled or expires. The Association also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are materially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the extinct carrying amount and the consideration paid (including assets transferred that do not carry cash or liabilities assumed) is recognized in profit or loss.

(iv) Compensation

Assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Association currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instruments

The Association does not have derivative financial instruments.

2.6 – Investments/Projects

Investments are stated at historical acquisition or donation cost, less any accumulated impairment losses.

2.7 – Fixed assets

Fixed assets, consisting primarily of office equipment, are stated at historical acquisition or donation cost, less depreciation and any accumulated unrecoverable losses. Depreciation is calculated using the straight-line method for cost allocation, less residual value over the useful life, which is estimated at 5 years. A fixed assets is written off after disposal or when there are no future economic benefits resulting from its continued use. Gains or losses on sale or disposal are recognized in income when incurred.

2.8 – Reduction to the net recoverable value of non-financial assets ("impairment")

The book values of the Association's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication occurs, then the recoverable amount of the asset is estimated. The Association's Management did not identify any evidence that would justify the need for adjustment.

2.9 – Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired, recognized at the amount of the corresponding invoice or contract. They are classified as current liabilities if payment is due within a period of up to one year. Otherwise, accounts payable are presented in non-current liabilities.

2.10 – Deferred project advances

As long as the requirements for recognition in profit or loss are not met, the counterpart of the amounts received as contributions for funding recorded in Banks – With restrictions, must be in a specific liability account – Deferred Project Advances. The amounts advanced, therefore, must be recognized as revenue in the income statement in the periods over which the entity recognizes the costs related to carrying out the respective projects.

2.11 – Other current liabilities

Stated at known or estimated amounts, plus, when applicable, charges and monetary variations incurred.

2.12 – Association equity

Association equity consists of the sum of equity contributions plus or minus the net income or loss for each fiscal year, which is incorporated into Association Equity at the end of each fiscal year.

In the event of dissolution of the Association, the remainder of the Association Equity will be allocated to an association or non-economic purpose entity headquartered in the national territory, with proven legal personality, duly registered with the competent public bodies and that preferably has the same corporate purpose as the Association, under the terms of the Article 4º, IV, of Law 9.790/99, as well as art. 33, III, of Law 13.019/2014, in accordance with the General Assembly that decides on the dissolution. If there is no association or similar entity in the Municipality, State, Federal District or Territory, whatever remains of the Association's assets will be returned to the Treasury of the State, the Federal District or the Union.

2.13 – Recognition of revenues, costs, and expenses

Income from donations is recognized on an accrual basis, and originates from donations from individuals and companies, and is used to fund the Association's activities. Expenses are recorded on an accrual basis. Interest income and expense are recognized using the effective interest rate method.

2.14 – Financial income and expenses

Financial income includes interest income on financial investments. Interest income is recognized in income using the effective interest method and represents the likely economic benefits that will flow to the Association, recognizing financial income net of income tax to be withheld from financial institutions. Financial expenses substantially comprise bank fees.

2.15 – Income from volunteer work

As set out in the Interpretation ITG 2002 (R1) - Non-Profit Entity, the Association values revenue from volunteer work, including that of members of management bodies, and is measured at fair value, taking into account the amounts that the Association would have to pay if it contracted these services in a similar market. Income from volunteer work is recognized in income for the year against operating expenses also in income for the year. On December 31, 2022, the Association recorded the amount of R\$ 150.093 referring to volunteer work (R\$ 156.029 in 2021), as shown in explanatory note n° 17 – Volunteer Work.

2.16 – Management compensation

The Bylaws provide that the members of the Deliberative Council, Advisory Council and Fiscal Council will not receive remuneration, of any kind, for the activities carried out in the Association. The Association may remunerate the members of the Executive Secretariat and other directors who act in its executive management, as well as specific service providers. In any case, the values will be those practiced by the market, in the region corresponding to its area of operation.

2.17 – New accounting standards and interpretations not yet effective

The following changes and interpretations of accounting standards were published by the CPC and did not have a significant impact on the Association's financial statements:

- CPC 25 "Provision, Contingent Liabilities and Contingent Assets" – Costs to fulfill a contract;
- CPC 06 "Leases" – COVID-related benefits granted to lessees in lease contracts after June 30, 2021;
- CPC 15 "Business Combination" – References to the conceptual structure;
- CPC 27 "Fixed Assets" – Revenues before intended use.

The following changes and interpretations of accounting standards were published by the CPC, but were not adopted for the year ending December 31, 2022:

- CPC 26 "Presentation of Financial Statements" and CPC 23 "Accounting Policies, Changes in Estimates and Rectification of Errors" – Classification of liabilities as current or non-current;
- CPC 26 "Presentation of Financial Statements" – Disclosure of Accounting Policies;
- CPC 23 "Accounting Policies, Changes in Estimates and Rectification of Errors" – Definition of the accounting estimate – Definition of the Accounting Estimate;
- CPC 32 "Profit Taxes" – Deferred taxes related to assets and liabilities arising from a single transaction;
- CPC 50 "Insurance Contracts" – Principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The Association does not expect any relevant impacts from the adoption of these changes.

3. Cash and cash equivalents

	2022	2021
Cash in banks	226.672	177.026
Investments in saving accounts	-	24.442
Financial investments	2.237.309	1.864.679
	<u>2.463.981</u>	<u>2.066.147</u>

Financial investments are substantially represented by CDB investment funds, with an average remuneration of 85% of the CDI with immediate liquidity and without redemption restrictions. Financial income appropriated to income for the year totaled R\$ 261.937 (2021 - R\$ 72.877).

4. Credits receivable

	2022	2021
Credits receivable - FITESA	14.515	-
Amounts receivable from Projects – Da Serra	1.050	-
Amounts receivable from Projects – Terra Nova	729	-
	<u>16.294</u>	<u>-</u>

5. Project investments

	2022	2021
Remote Monitoring Project	72.000	12.000

6. Fixed assets

	2022	2021
COMPUTERS AND PERIPHERAL EQUIPMENT:		
Total historical cost	40.215	40.215
Accumulated depreciation	(31.017)	(25.964)
Net balance at December 31 – Ending balance	9.198	14.251
Balance at January 1 – Beginning balance	14.251	9.920
Additions	-	8.600
Depreciation expense	(5.053)	(4.269)
Balance at December 31 – Ending balance	9.198	14.251
Annual depreciation rate – % per year	20%	20%

7. Accounts payable

	2022	2021
Due to suppliers	35.909	58.047
Other accounts payable	22.600	1.600
	58.509	59.647

8. Salaries and employment taxes payable

	2022	2021
Employment taxes payable (i)	1.234.430	1.096.597
	1.234.430	1.096.597

(i) The Association recognizes the social security tax liability on the remuneration of employees who have their employment relationship formalized through the issuance of an invoice from a legal entity.

9. Taxes payable

	2022	2021
IRFF withholding taxes payable	180	90
ISS withholding taxes payable	6.976	3.517
PIS / COFINS taxes payable	558	279
	7.714	3.866

10. Deferred project advances

	2022	2021
Project Dupont	49.551	56.455
Project Jacarei	233.705	120.384
Project Fitesa Não Tecidos S.A.	33.748	-
Project Institut Malwee	11.452	-
Project Direct Plann of Restauration	50.889	-
Project SFX	17.757	-
Project TNC	9.300	-
Project Serra	1.050	-
Project WRI	12.359	-
	<u>419.811</u>	<u>176.839</u>

11. Operating revenues

	2022	2021
Donations with restrictions:		
Concessionária Rodovia ("C.R.") dos Tamoios S.A. (i)	143.435	601.627
C.R. Ayrton Senna Carvalho Pinto S.A. – Ecopistas (ii)	-	27.294
Other support (iii)	54.511	86.967
Total donations with restrictions	<u>197.946</u>	<u>715.888</u>
Other donations:		
Arvorecer (iv)	40.319	32.713
Total de voluntary donations	<u>238.265</u>	<u>748.601</u>
Donated services:		
City Hall of the Municipal de Jacarei (v)	756.168	413.689
Other	177.055	92.579
ISS and Cofins taxes on donated services	(25.487)	(14.370)
Total donated services	<u>907.736</u>	<u>491.898</u>
Total donation revenues	<u>1.146.001</u>	<u>1.240.499</u>

(i) On December 15, 2015, Concessionária Rodovia dos Tamoios S.A. contracted the Association through a donation contract with a charge for carrying out the planting and maintenance of 340,000 seedlings of native species of the Atlantic Forest with the objective of restoring the forest in the municipalities affected by the concessionaire's works.

On May 14, 2019, Concessionária Rodovia dos Tamoios S.A. contracted the Association through a donation contract with charges for carrying out the maintenance of compensatory plantations in 98.52 hectares located in the Atlantic Forest.

(ii) On July 14, 2017, Concessionária das Rodovias Ayrton Senna Carvalho Pinto S.A. – Ecopistas contracted the Association through a donation contract with charge for carrying out the planting and maintenance of 2,327 seedlings of native species of the Atlantic Forest with the objective of restoring the forest.

(iii) Donations from minor contracts and sporadic donations made by legal entities.

(iv) Voluntary donations made by individuals and companies through the website www.corredorecologico.org.br, with the amount received being used to plant trees.

(v) On August 3, 2020, the City Hall of the Municipality of Jacarei contracted the Association through a collaboration term with the object of landscape planning and forest restoration of the Municipality of Jacarei, according to the work plan, an inseparable integral part of this adjustment.

12. Operating costs – Costs of tree planting and maintenance

	2022	2021
TREE PLANTING AND MAINTENANCE COSTS		
BY PROJECT:		
Concessionária Rodovia (C.R.) dos Tamoios S.A. project ..	6.635	229.143
C.R. Ayrton Senna Carvalho Pinto SA – Ecopistas project .	-	11.900
Alcoa Project	-	2.788
City Hall (Prefeitura) de Jacareí	219.400	64.947
Other projects	51.429	18.804
	<u>277.464</u>	<u>327.582</u>

13. Operating expenses – Administrative and general expenses

	2022	2021
Salaries and employment tax expense	842.230	878.314
Legal, accounting, communication and administrative fees	100.457	91.118
Travel and accommodation expenses	23.294	14.688
Office rent expense	16.244	15.251
Other administrative expenses (i).....	42.998	189.598
Depreciation expense.....	5.053	4.269
	<u>1.030.276</u>	<u>1.193.238</u>

(i) Composed primarily of telephone, meals, website hosting, vehicle rental, and other minor expenses.

14. Financial expenses

	2022	2021
IRFF tax expense	7.425	9.773
Bank charges	731	702
Interest expense	15	38
	<u>8.171</u>	<u>10.513</u>

15. Financial income

	2022	2021
Investment income	261.937	72.877
	<u>261.937</u>	<u>72.877</u>

16. Contingencies

The Association is not a party to labor, civil, tax or environmental lawsuits.

The Association is the author of a lawsuit against the Community of Taubaté (Defendant) regarding the collection of debts arising from the Partnership and Cooperation Agreement signed between the parties. The value of R\$21,000 was assigned as the value of the case and R\$299,143 as the value of the conviction.

As contingent assets are characterized by situations in which, as a result of past events, there is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely under the control of the entity (including with regard to assessment of compliance with the requirements set out in the legislation), the entry of these economic benefits was considered possible, but not practically certain, according to the assessment of the Association's Administration and its legal consultants; and thus, no assets were recognized.

The Association's accounting records and operations are subject to examination by the tax authorities and to possible notifications for additional payments of taxes, fees and contributions during variable prescriptive periods, depending on the applicable legislation.

17. Volunteer services (received and cost)

Donated voluntary work and services, which do not result in cash disbursements for the Association, related to board fees, board remuneration, and provision of various services. The Association, if it had disbursed cash to obtain these volunteer works and services, estimates that it would have disbursed approximately BRL 150.093 (2021 – BRL 156.029) as shown below:

	2022	2021
Executive council (i)	32.734	30.942
Fiscal council (i)	16.367	30.942
Advisory board (i)	6.751	6.382
Directors	9.820	18.565
Legal services	66.648	45.850
Communications services	17.773	16.800
Volunteer internship program	-	6.548
	<u>150.093</u>	<u>156.029</u>

(i) Annual value calculated using the number of meetings held per year multiplied by a monthly remuneration considered fair for the corresponding activities.

18. Financial Instruments

Financial risk management policy

The nature and overall position of financial risks is regularly monitored and managed by the Association's Management and Board. The Association's management procedures provide for consolidated monitoring of financial results and impacts on cash flow.

Credit risk

Credit risk is the risk that the Association incurs financial losses if a counterparty to a financial instrument fails to fulfill its contractual obligations.

The Association has financial investments in short-term fixed income securities and long-term receivables with first class financial institutions, considered low risk. Short-term investments are substantially based on the effectively negotiated remuneration rates. Such investments reflect usual market conditions at the balance sheet dates.

Liquidity risk

It is the risk that the Association will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled with cash payments. The Association's approach to liquidity management is to ensure, as much as possible, that it always has sufficient resources to meet its obligations when they fall due, without causing unacceptable losses or risking damage to the Association's reputation.

Market risk

It is the risk that changes in market prices, such as interest rates, affect the Association's earnings, the value of its holdings in financial instruments or the possibility of fluctuations in the market prices of services provided by the Association and other inputs used in the service delivery process. These fluctuations in prices and fees may cause changes in the Association's revenues and costs. With regard to interest rates, the Association mitigates this type of risk by centralizing its financial investments with rates that follow the variation of the Interbank Deposit Certificate (CDI) and fixed income funds.

19. Taxation

The Association is a non-profit legal entity and is exempt from paying income tax and social contribution on the surplus, as established by Law No. 9,532 of December 10, 1997. According to the law, it considers "non-profit" is defined as an entity that does not show a surplus in its accounts or, if it does in a given financial year, allocates it entirely to the maintenance and development of the entity's social objectives.

With regard to other incident taxes, we highlight the following: (a) Social Integration Program (PIS) - contribution of 1% levied on the payroll amount, (b) Contribution to the National Institute of Social Security (INSS) - full payment of due contributions and (c) Contribution for the Financing of Social Security (COFINS) - the Association is exempt from paying this tax, the amount not paid due to this exemption is BRL 35.145 (2021 - BRL 37.646).

The Association's income statements are subject to review and final acceptance by the tax authorities, for a statute of limitations of five years. Other tax, social security and labor charges, including those resulting from contracting service providers, are subject to final examination and approval by the tax authorities.

20. Guarantees

The Association did not provide guarantees or participate in any transactions as an intervening guarantor during the 2022 and 2021 financial years.

21. Subsequent events

Contracts

At the end of 2022, new contracts were signed, the financial effects of which will take place from 2023 onwards, as listed below:

- Dupont Project, new project approved in December 2022 in a selection of the "Clear in to the future" program in partnership with CAF American, after the end of the 2021 contract worth USD 10,000.00. The event was supported by APTA (Agência Paulista de Tecnologia dos Agribusiness), Rede Agroflorestal and Pindamonhangaba City Hall. The objective was to act in the municipality of Pindamonhangaba, strengthening and complementing the actions already developed by APTA in the rescue, production, consumption and promotion

of self-consumption of non-conventional plants and fruits native to the Atlantic Forest region based on agroforestry systems.

- The Nature Conservancy Brasil - TNC, contract signed in November 2022, to act as a Support Unit to provide support in the field, within the scope of the Renascentes program.

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