(Convenience translation into English from the original previously issued in Portuguese)

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Independent auditor's report

Financial statements
As at December 31, 2023

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Financial statements
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Contents

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INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS

To the
Managers, Directors and Partners of
Instituto do Homem e Meio Ambiente da Amazônia - IMAZON
Belém - PA

Opinion on the financial statements

We have audited the financial statements of Instituto do Homem e Meio Ambiente da Amazônia - IMAZON (“IMAZON” or “Institute”), which comprise the statement of financial position as at December 31, 2023, and the respective statements of activities, changes in net assets and cash flows for the year then ended, as well as the corresponding notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Instituto do Homem e Meio Ambiente da Amazônia - IMAZON as at December 31, 2023, its financial performance and its cash flows for the year then ended in accordance with the Brazilian accounting practices, applicable to non-profit entities.

Basis for opinion on the financial statements

We conducted our audit in accordance with Brazilian auditing standards. 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 the Institute 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.

Responsibilities of Management and those charged with governance for the financial statements

The Management of the Institute is responsible for the preparation and fair presentation of these financial statements in accordance with Brazilian accounting practices, 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 charged with governance are responsible for overseeing the Institute’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are 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 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 auditing standards, 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 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 the Institute's internal controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by Management;

- 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 Institute's ability to continue as a going concern. If we conclude that 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 they 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 controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Belém, October 09, 2024.

BDO RCS Auditores Independentes SS Ltda.
CRC 2 PA 001064/F

Otony Pereira de Azevedo
Accountant CRC 1 RS 089761/O-3 T/P

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Statements of financial position
As at December 31, 2023 and 2022
(In thousands of Brazilian Reais)

Assets

	Note	2023	2022
Current			
Cash and cash equivalents	4	34,876	9,337
Advances paid	5	909	552
Amounts receivable		7	104
		35,792	9,993
Noncurrent			
Fixed assets	6	1,285	1,465
Intangible assets		64	39
		1,349	1,504
Total assets		37,141	11,497

Liabilities and net assets

	Note	2023	2022
Current			
Trade accounts payable		45	151
Social and labor liabilities		705	627
Tax liabilities		81	78
Advances received		101	101
Obligations with project resources	7	33,737	8,018
		34,670	8,975
Noncurrent			
Obligations with project resources	6.b	1,199	1,345
		1,199	1,345
Net assets			
Net assets	10	1,272	1,177
		1,272	1,177
Total liabilities and net assets		37,141	11,497

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

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Statements of activities
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	Note	2023	2022
Net revenue			
Unrestricted revenue	11	281	592
Restricted revenue	11	22,372	20,522
Total net revenues		22,653	21,114
Operating costs			
Unrestricted costs	12	(68)	(69)
Restricted costs	12	(22,372)	(20,522)
Total costs		(22,440)	(20,591)
Gross surplus		213	523
Administrative expenses	13	(274)	(824)
Deficit before financial income (loss)		(61)	(301)
Financial revenues	14	290	51
Financial expenses	14	(133)	(102)
Net financial income (loss)		157	(51)
Net surplus (deficit) for the year		96	(352)

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

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Statements of comprehensive surplus (deficit)
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	2023	2022
Net surplus (deficit) for the year	96	(352)
Other comprehensive surplus (deficit)	-	-
Total comprehensive surplus (deficit) for the year	96	(352)

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

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Statements of change in net assets
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	Net assets	Accumulated surplus/deficit	Total
Balances as at December 31, 2021	1,529	-	1,529
Deficit for the year	-	(352)	(352)
Incorporation of deficit for the year	(352)	352	-
Balances as at December 31, 2022	1,177	-	1,177
Surplus for the year	-	96	96
Incorporation of surplus for the year	96	(96)	-
Balances as at December 31, 2023	1,273	-	1,272

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

INSTITUTO DO HOMEM E MEIO AMBIENTE DA AMAZÔNIA - IMAZON

Statements of cash flows - Indirect method
For the years ended December 31, 2023 and 2022
(In thousands of Brazilian Reais)

	2023	2022
Cash flows from operating activities		
Net surplus (deficit) for the year	96	(352)
Adjusted for:		
Depreciation/amortization for the period	22	16
	118	(336)
Changes in assets and liabilities, current and noncurrent		
Advances	(357)	32
Amounts receivable	97	209
Trade accounts payable	(106)	69
Social and labor liabilities	78	153
Tax liabilities	3	22
Obligations with project resources	25,718	(5,835)
Net cash flows from operating activities	25,552	(5,686)
Cash flows from investing activities		
Acquisition of fixed assets	(13)	-
Net cash flows from investing activities	(13)	-
Increase/(Decrease) in cash and cash equivalents, net	25,539	(5,686)
Cash and cash equivalents at beginning of period	9,337	15,023
Cash and cash equivalents at end of period	34,876	9,337
Increase/(Decrease) in cash and cash equivalents, net	25,539	(5,686)

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

1. Operations

Instituto do Homem e Meio Ambiente da Amazônia - IMAZON ("Institute" or "Entity") is a private civil nonprofit organization, established on July 10, 1990, whose headquarters is located at Travessa Dom Romualdo de Seixas, 1698, 11º andar, Umarizal, Belém – PA. The Institute has the purpose of promoting sustainable development of the Amazon by means of studies, support to the creation of public policies, widespread delivery of its results and professional training. It is mainly engaged in:

- The development of studies and research on the sustainable use of the Amazon's natural resources;
- The contribution to the effective adoption of sustainable practice and life quality in the Amazon; and
- The promotion of education programs and training courses focused on the regional sustainable development.

The Institute is classified, as per Law No. 9.790, of March 23, 1999, as a Public Interest Civil Society Organization (Organização da Sociedade Civil de Interesse Público – OSCIP). The Institute obtained the certificate of qualification as an OSCIP on March 03, 2006, issued by the Federal Department of Justice in accordance with Ordinance No. 361, of July 27, 1999, and its activities are within the academic, cultural and scientific area, in order to promote the involvement of Brazilian civil society in the search for sustainable development and biodiversity preservation.

The intrinsic characteristics of social programs are based on the following main factors: (i) raising of financial resources to execute its programs, by means of donation and long-term international cooperation agreements; and (ii) design and management of long-term programs. In this context, the achievement of the program objectives is directly connected to its governance and long-term technical, operational and financial planning.

Financial resources the Institute receives financially support both the programs and the strategic planning established by Management. The existing strategies support the ongoing programs, which continued in 2023 and will continue over the coming years.

For that reason, deficits or surpluses in those programs shall not be understood as regarding their economic and financial feasibility or unfeasibility, since all programs are implemented over the long term and the Institute's strategic planning takes into account total financial resources receivable, as well as the timing and the physical form for the expense of resources.

To expand its activities, the Institute is adjusting its actions as follows:

(i) Strategic planning for each program in the long-term horizon, without necessarily following financial years or periods; and
(ii) program governance by means of a schedule of activities intended for the projects' needs.

2. Basis of preparation and presentation of the financial statements

a. Statement of compliance

The financial statements were prepared in accordance with Brazilian accounting practices applicable to small and medium-sized entities (NBC TG 1000 (R1) – Accounting for Small and Medium-sized Entities) and with the provisions applicable to the nonprofit entities (ITG 2002 (R1) – Nonprofit Entities), both issued by the Brazilian Federal Council of Accounting (CFC).

The issue of the financial statements for the year ended December 31, 2023 (which include all relevant information corresponding to the ones used to manage the Institute) was authorized by Management on October 09, 2024.

All relevant information on the financial statements, and only such information, is being evidenced and corresponds to that used by Management in its administration.

b. Measurement basis

The financial statements were prepared based on the historical cost principle, which is the method traditionally used to measure assets and liabilities. According to this principle, assets are recorded at their acquisition cost, while liabilities are recorded at the amount originally incurred.

However, it is important to point out that nonderivative financial instruments are measured at fair value through profit or loss as required by applicable accounting standards. This means that changes in the fair value of those instruments are recognized directly in profit or loss of the period in which they occur, where applicable.

This measurement approach aims to provide relevant and reliable information about the financial situation of the Entity, properly reflecting the economic value of its assets and liabilities.

c. Functional and reporting currency

The financial statements are presented in Brazilian Reais (R$), which is the functional and reporting currency of the Institute. All the balances in thousands of Brazilian Reais were rounded to the closest thousand, unless otherwise stated.

d. Use of estimates and judgment

The preparation of financial statements in accordance with the Brazilian accounting practices applicable to Small and Medium-sized Entities, requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from those estimates.

Estimates and assumptions are continually reviewed. Reviews of accounting estimates are recognized in the period in which they took place and in any future periods affected. The significant estimates and judgments are included in the following notes:

- Note 06 – Fixed assets: useful life considered in assessing depreciation;
- Note 08 – Contingencies: disputes bearing financial disbursement perspectives.

e. Existing standards, amendments and interpretations not in effect, not adopted in advance by the Institute

The Committee of Accounting Pronouncements (CPC) issued new standards for large entities, effective as from 2021. Aspects from these standards, when included to the Technical Pronouncement PME – Accounting for Small and Medium-sized Entities (SMEs), may affect the Institute's financial statements. Management will assess the effects of new standards as soon as they are issued.

3. Material accounting policies

The accounting policies described in detail below have been consistently applied by the Entity to the years reported in these financial statements.

a. Foreign-currency transactions and balances

Transactions in foreign currency are translated into the Institute’s functional currency according to the exchange rates on the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currency are retranslated into the functional currency at exchange rates as at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are retranslated to the functional currency at the exchange rate on the date fair value was calculated. Non-monetary items stated at historical cost in foreign currency are translated using the exchange rate prevailing as at transaction date.

b. Financial instruments

(i) Nonderivative financial assets

The Institute initially recognizes loans, receivables and deposits on the date they are originated. All other financial assets are initially recorded on the negotiation date, in which the Institute becomes a party to the contractual provisions of the instrument.

The Institute does not recognize a financial asset when the contractual rights to the cash flows of the asset expire, or when the Institute transfers the rights to receive contractual cash flows of a financial asset in a transaction in which virtually all risks and benefits of ownership of the financial asset are transferred.

Financial assets or liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and intention to settle them on a net basis or to simultaneously realize the asset and settle the liability.

As established in CPC PME Section 11 - Basic Financial Instruments, paragraph 11.21, the business model adopted by the Institute uses its assets until maturity in order to receive contractual cash flow. The type of participation does not include the negotiation or sale of financial assets. Thus, the form of valuation of its financial assets and liabilities is classified as other types, which considers updated acquisition cost less probable losses (amortized cost).

There were no operations with derivative financial instruments during 2023.

(ii) Nonderivative financial liabilities

The Institute initially recognizes debt securities issued and subordinated liabilities on the date they are created. All other financial liabilities (including liabilities designated at fair value recognized in the statement of activities) are initially recognized on the negotiation date in which the Institute becomes a party to the instrument agreement provisions. The Institute writes off a financial liability when its contractual obligations are withdrawn, cancelled or overdue.

Nonderivative financial liabilities are classified by the Institute as other financial liabilities. Such financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, they are measured at amortized cost using the effective interest rate method.

The Institute has the following nonderivative financial liabilities: trade accounts payable and obligations with project resources.

c. Cash and cash equivalents

They include balances of cash and financial investments with original maturity of 90 days or less as of the hire date.

These assets are valued at current market value, which consists of the application value plus income earned up to the end of the fiscal year. They are considered cash equivalents due to their high liquidity and the negligible risk of change in value in the short term.

d. Fixed assets

(i) Recognition and measurement

The Institute’s fixed assets include assets acquired with funds from partnership contracts exclusively intended to the implementation of the projects. There are presented separately as “restricted use assets” in fixed asset Note.

Restricted use assets are recorded when there is outflow of bank funds, against current liabilities account “Obligations with project resources”. Simultaneously, the asset is recorded in fixed assets (Restricted use assets), against noncurrent liabilities account “Obligations with project resources”.

By the end of the project, the balance of restricted use fixed assets is transferred to the unrestricted fixed assets account and the liabilities offset account is written off against revenues from donations, given that the assets are historically donated to the Institute.

Fixed asset items are measured at historical acquisition or construction cost, less accumulated depreciation and accumulated impairment, if any.

Cost includes expenses that are directly attributable to an asset’s acquisition.

Gains or losses arising from disposal of a fixed asset item are determined as the difference between the estimated net disposal proceeds and the book value of the asset and should be recognized net as other revenues in the statement of activities.

(ii) Subsequent costs

The cost of replacement of a fixed asset item is recognized at the book value of the item, if it is probable that the associated economic benefits will flow to the Institute and that its cost can be reliably measured. The book value of an item that has been replaced with another is written-off. Maintenance costs of fixed assets are recognized in the statement of activities as incurred.

(iii) Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or another substitute amount, during its useful life.

The depreciation of unrestricted assets is recognized in the statement of activities on a straight-line basis over the estimated useful lives of each asset item, given that this is the method that more closely reflects the consumption pattern of future economic benefits included in assets.

Depreciation of restricted assets (exclusively intended for the execution of projects) is recorded in a fixed assets offset account, as against "Obligations with project resources", in noncurrent liabilities, under the straight-line method related to the useful life of each fixed asset item.

The depreciation methods, useful lives and residual amounts are reviewed at every reporting date and possible adjustments are recognized as a change in accounting estimates.

The annual estimated depreciation rates of fixed assets are as follows:

Improvements and facilities	2.5%
Vehicles	10%
Machinery and equipment	10%
Communication equipment	10%
IT equipment	20% to 50%
Furniture and fixtures	20%

e. Impairment

(i) Nonderivative financial assets

Financial assets not measured at fair value through profit or loss are valued every reporting date to determine if there is objective evidence that their value has been impaired.An asset is recognized as impaired when objective evidence indicates that such loss happened after its initial recognition and that it negatively affected future cash flows projected that could be reliably estimated.

Objective evidence that financial assets have been impaired may include the nonpayment or delay in payment by the debtor, restructuring the amount due to the Institute under conditions that it would not consider in other transactions, indication that the debtor or issuer will go bankrupt, or no longer existence of an active market for the note.

Management annually assesses impairment triggers to evaluate the need of reviews of the net book value of assets with the purpose of evaluating events or changes in economic, operating or technological circumstances that may indicate impairment loss. When such evidence is identified and the net book value is higher than the recoverable value, an impairment loss is recognized to adjust the net book value to recoverable value.

(ii) Nonfinancial assets

The book values of the Institute's nonfinancial assets are reviewed on every reporting date to verify if there is indication of impairment loss. If evidence of impairment is found, the asset's recoverable value is determined. The recoverable value of an asset is the higher between value in use and fair value, less selling expenses.An impairment loss is recognized in case the book value exceeds its estimated recoverable value. If any, loss on value are recognized in the statements of activities.

Management did not identify any evidence of impairment of its nonfinancial assets. Therefore, it was not necessary to estimate recoverable values for assets.

f. Provisions

Provisions are recognized when the Institute has an actual obligation (legal or informal) as a result of past events, funds are likely to be necessary to settle this obligation and a reliable estimate of its amount can be made. When the Institute expects the amount of a provision to be reimbursed, fully or partially, by means of an insurance contract, for example, this reimbursement is recognized as a separate asset, but only when its realization is considered virtually certain. Expenses related to any provision are presented in the statement of activities, net of reimbursement.

The provisions are calculated by means of the discount of future cash flows estimated at a rate before taxes that reflects current market valuations of the time value of money and the specific risks of the obligation. The effects of derecognition of the discount over time are recognized in the statements of activities as financial expenses.

Labor provisions arise from the legal obligation of recording employee rights. As provision for vacation pay, the Institute calculates 1/12 of the employee's monthly base salary plus 1/3 for every month, until the employee reaches 12 consecutive months, when he acquires the right to take its vacation period. The year-end bonus is calculated by the Institute as 1/12 of the employee's monthly base salary, from January to December, when payment is made. Every employee has the right to yearly take a paid vacation period.

g. Employee benefits

Obligations for short-term benefits to employees are recognized as personnel expenses as the corresponding service is rendered. The corresponding liability is recognized at the amount expected to be paid if the Institute has a present legal or constructive obligation to pay the amount in consideration for past services rendered by the employee, and such obligation can be reliably estimated.

The Institute does not grant employees or managers long-term benefits.

h. Results of activities

The recognition of revenue and expenses is carried out according to the accrual basis, which means that they are recorded in the period in which they are generated, regardless of when the cash flow is received or paid.

The information on operating revenues and expenses complies with the guidelines set out in ITG 2002 Interpretation (R1) – Nonprofit Entities. This interpretation addresses the disclosure of revenues and expenses by type of activities and adopts characteristics similar to the statement of activities by type, as required by the new accounting pronouncements.

i. Project resources

Obligations with project resources are recorded under the account “Obligations with project resources” when resources are received from funders, against the account “Cash and cash equivalents”, and written off as of the payment of the respective project expenses, recorded on the accrual basis.

j. Recognition of revenues and expenses

Expenses and revenues are recognized on the accrual basis.

- Receipt of resources: When resources are received, a debit is recorded in cash and cash equivalents, with credit of unrealized expenses recorded in “Obligations with project resources” in current liabilities;
- Consumption as cost: When expenses on projects occur, the account “Obligations with project resources”, in current liabilities, is debited against trade accounts payable (for further financial settlement). Simultaneously, restricted costs are recorded in statements of activities against restricted revenues;

- Rendering of services: Revenue from services rendered is recognized in the statement of activities based on the stage of completion of the service as at the reporting date. The stage of completion is assessed by reference to the researches of work performed;
- Management fees: Revenue from management fees is recognized in the statement of activities based on incurred management expenses, at the limits established by the project agreements;
- Received donations and grants: Grants are recognized in the statement of activities as revenue throughout the period and crosschecked against the expenses they are intended to offset, on a systematic basis, as long as there is reasonable assurance that the Institute will meet all the conditions associated to the grant. Therefore, the recognition of revenue arising from donations and government grants upon receipt is only allowed when there is no basis of appropriation through the periods considered.

k. Financial revenues and expenses

The Institute's financial revenues and expenses comprise:

- Interest gains and losses;
- Net gains from/losses on financial assets measured at fair value through profit or loss; and
- Net exchange rate gains from (losses on) financial assets and liabilities.

Interest expenses and revenues are recognized in the statement of activities under the effective interest rate method.

l. Taxation

The Institute is an OSCIP and, therefore, it is exempt from Income and Social Contribution Taxes.

A nonprofit organization is an entity that does not present surplus in its accounts or, if presenting it in a certain year, the value is fully allocated to the maintenance and development of its activities (Law No. 9.532/97, Article 15, Paragraph 3, amended by Law No. 9.718/98, Article 10).

The Institute also benefits from the exemption from Contribution to the Social Integration Program (PIS) on own revenue, in accordance with CF/88, Art. 195, paragraph 7.

(In thousands of Reais)

3.8 New or revised pronouncements applied for the first time in 2023

The CFC separately issued the Standard for application to general financial statements of SMEs, a set composed by private entities and entities that are not required to make public their accounts. This Standard is named: Accounting for Small and Medium-sized Entities.

The term small and medium-sized entities adopted in this Standard does not include (i) public entities regulated by the Brazilian Securities and Exchange Commission (CVM); (ii) large entities, as defined in Law No. 11.638/07; (iii) the entities regulated by the Central Bank of Brazil, the Superintendence of Private Insurance and other entities whose accounting practice is dictated by the corresponding regulatory body with legal power for that purpose.

The CFC expects to propose amendments by publishing a draft for discussion periodically, but not more often than approximately once every three years. By developing these drafts for discussion, it expects to consider new standards and amendments to existing ones, as well as specific problems that have been brought to its attention regarding the application of this standard. Depending on the occasion, it may identify an urgent issue for which an amendment may need to be considered out of the periodic review process. However, it is expected that such occasions will be rare.

Until this standard is amended, any changes that CFC may make or propose regarding its standards, interpretations and technical communications do not apply to Accounting for SMEs. Amendments made to the full CPC standards do not apply , as long as it is not amended. This standard is an individual document. Amendments made to the full CPC do not apply to this standard before these amendments are incorporated into it, unless, in the absence of specific guidance, the entity decides to apply the guidance of the full CPC and these principles do not conflict with requirements in hierarchy.

4. Cash and cash equivalents

	2023	2022
Unrestricted resources		
Bank checking accounts	1,188	-
Financial investments (a)	2	2
	1,190	2
Restricted resources		
Bank checking accounts	6,188	5,895
Financial investments (a)	27,498	3,440
	33,686	9,335
	34,876	9,337

(In thousands of Reais)

(a) The financial investments basically refer to bank certificates of deposit (CDB) and fixed-income funds, whose return rates ranges from 90% to 100% of the Interbank Deposit Rate (CDI), and 6.7% according to the Benchmark Rate (TR), whose returns were R$ 2,935 in 2023 (R$ 394 in 2022, being R$ 51 unrestricted). The breakdown of investment accounts is as follows:

	2023	2022
Bank Certificates of Deposit (CDB)	27,498	3,440
Savings account	2	2
	27,500	3,442

The use of financial resources connected to projects is restricted to investment in projects, according to contractual provisions, but their transactions within financial institutions are not restricted.

Financial returns on the investments of restricted resources linked to projects are recorded in liabilities, together with the inflows of project resources, totaling in 2023 R$ 2,645 (R$ 343 in 2022). Revenues from the Institute's resources are recorded in the statement of activities as financial revenues, see Notes 7 and 14.

5. Advances

	2023	2022
Advances to partners (a)	630	265
Advances for travel	24	55
Advances to employees	36	41
Advances to suppliers	77	42
Others	142	150
	909	552

(a) Advances to third parties that render services during the execution of projects.

6. Fixed assets

a. Unrestricted fixed assets

Description	2021	Changes: Additions	Write-offs	Transfers	2022
Improvements and facilities	145	-	-	-	145
Machinery and equipment	94	-	(17)	-	94
Communication equipment	129	-	-	-	129
IT equipment	372	-	(211)	-	372
Furniture and fixtures	241	-	(1)	-	241
Total cost	982	-	(229)	-	982
Improvements and facilities	(31)	(4)	-	-	(31)
Machinery and equipment	(85)	(2)	16	-	(85)
Communication equipment	(116)	(3)	-	-	(116)
IT equipment	(365)	(1)	202	-	(365)
Furniture and fixtures	(233)	(5)	2	-	(233)
Accumulated depreciation	(830)	(15)	220	-	(830)

(In thousands of Reais)

Description	2021	Changes Additions	Write-offs	Transfers	2022
				-	
Net book balance, unrestricted	152	(15)	(9)	-	152

Description	2022	Changes Additions	Write-offs	Transfers	2023
Improvements and facilities	145	-	-	-	145
Machinery and equipment	94	4	(10)	-	88
Communication equipment	129	4	-	-	133
IT equipment	372	2	(24)	-	350
Furniture and fixtures	241	3	(4)	-	240
Total cost	982	13	(38)	-	956
Improvements and facilities	(31)	(4)	-	-	(35)
Machinery and equipment	(85)	(1)	10	-	(76)
Communication equipment	(116)	(3)	-	-	(119)
IT equipment	(365)	(2)	24	-	(343)
Furniture and fixtures	(233)	(5)	4	-	(234)
Accumulated depreciation	(830)	(15)	38	-	(807)
				-	
Net book balance, unrestricted	152	(2)	-	-	149

Unrestricted fixed asset items of the Institute are measured at historical acquisition or construction cost, less accumulated depreciation and accumulated impairment, if any.

The acquisitions derive from own resources or from end-of-project allocations that enable the asset to be transferred to the institute. The balance of restricted use fixed assets is transferred to the unrestricted fixed assets account and the liabilities offset account is written off against revenues from donations, given that the assets are historically donated to the Institute.

b. Restricted fixed assets

Description	2021	Changes Additions	Write-offs	Transfers	2022
Improvements and facilities	104	39	-	-	143
Vehicles	118	288	-	-	406
Machinery and equipment	384	26	(19)	-	391
Communication equipment	84	47	-	-	131
IT equipment	1.467	266	(60)	-	1.673
Furniture and fixtures	109	8	-	-	117
Total cost	2,266	674	(79)	-	2,861
Improvements and facilities	(20)	(3)	-	-	(23)
Vehicles	(118)	(25)	-	-	(143)
Machinery and equipment	(93)	(35)	10	-	(118)
Communication equipment	(39)	(8)	-	-	(46)
IT equipment	(977)	(214)	60	-	(132)
Furniture and fixtures	(72)	(14)	-	-	(86)
Accumulated depreciation	(1,319)	(299)	70	-	(1,548)

(In thousands of Reais)

Description	2021	Changes: Additions	Write-offs	Transfers	2022
Net book balance, restricted	947	375	(9)	-	1,313
Total net fixed assets (a+b)	1,123	360	(18)	-	1,465

Description	2022	Changes: Additions	Write-offs	Transfers	2023
Improvements and facilities	143	-	(24)	-	119
Vehicles	406	147	(25)	-	528
Machinery and equipment	391	34	(172)	-	253
Communication equipment	131	56	-	-	187
IT equipment	1,673	142	(133)	-	1,683
Furniture and fixtures	117	3	(8)	-	112
Total cost	2,861	382	(362)	-	2,882
Improvements and facilities	(23)	(3)	1	-	(25)
Vehicles	(143)	(31)	-	-	(174)
Machinery and equipment	(118)	(28)	42	-	(105)
Communication equipment	(46)	(14)	-	-	(60)
IT equipment	(1,132)	(246)	92	-	(1,286)
Furniture and fixtures	(86)	(14)	5	-	(95)
Accumulated depreciation	(1,548)	(336)	140	-	(1,746)
Net book balance, restricted	1,313	46	(222)	-	1,136
Total net fixed assets (a+b)	1,465	44	(222)	-	1,285

Restricted assets are recorded in the respective project accounts.

Offsetting for these assets is recorded in noncurrent liabilities, under the account “Obligations with project resources”.

The Institute controls the assets up to the conclusion of each project, when the residual balance of the asset, if donated to the Institute, is recorded as donation revenue.

The Institute’s rendering of accounts to its funders usually requires evidence of the effective acquisition and use of assets planned in each project with a specific budget.

7. Obligations with project resources

Resources from partnerships, contracts and agreements that have specific allocation, restricted to use in projects, are classified upon receipt under “Obligations with project resources”, in current liabilities.

(In thousands of Reais)

The respective expenses realized are recorded on the same group, under a liability offset account. The Institute's indirect expenses are allocated between projects as agreed in each partnership, contract or agreement, and according to its materiality.

Expenses are segregated by donor, considering the use of human resources and materials, with no transfer between donors.

The financial transactions of obligations with resources are as follows:

		2022		
Description	Note	Restricted resources	Unrestricted resources	Executed Total
Fund raising				
Transfers to projects	7.a	14,839	-	14,839
Financial revenues	7.b and 14	343	51	394
Management fees	11	-	100	100
Donations	11	-	15	15
Sundry revenues	11	-	-	-
Revenue from services	11	-	502	502
Deductions	11	-	(25)	(25)
Total fundraising- operational		15,182	643	15,825
Use of resources				
Salaries, social charges and benefits	7.b and 12 (i)	(6,282)	-	(6,282)
Consulting and other services	7.b	(6,887)	(272)	(7,159)
Fixed assets	6.b	(674)	-	(674)
Travel expenses	7.b	(1,381)	(1)	(1,382)
Publication/Dissemination/Events		(122)	-	(122)
Other direct costs	7.b	(5,338)	-	(5,338)
Total resources used - operational		(20,684)	(273)	(20,957)

		2023		
Description	Note	Restricted resources	Unrestricted resources	Executed Total
Fund raising				
Transfers to projects	7.a	45,448	-	45,448
Financial revenues	7.b and 14	2,645	290	2,935
Management fees	11	-	-	-
Donations	11	-	-	-
Sundry revenues	11	-	67	67
Revenue from services rendered	11	-	408	408
Deductions	11	-	(192)	(192)
Total fundraising - operational		48,093	572	48,664
Use of resources				
Salaries, social charges and benefits	7.b and 12 (i)	(7,546)	-	(7,546)
Consulting and other services	7.b	(8,368)	(172)	(8,540)
Fixed assets	6.b	(382)	(13)	(495)
Travel expenses	7.b	(1,586)	(33)	(1,619)
Publication/Dissemination/ Events		(74)	-	(74)
Other direct costs	7.b	(4,237)	(111)	(4,348)
Total resources used - operational		(22,192)	(329)	(22,699)

a. Transfers received by funders

The transfers and their respective updates are presented below:

(In thousands of Reais)

	2022		
Description of the funder/project	Transfer	Returns	Total
NORAD 2021- 2025	5,360	1	5,361
INSTITUTO CLIMA E SOCIEDADE	4,214	-	4,214
INST ARAPYAÚ DE EDUCAÇÃO E DESENVOL SUSTENTÁVEL	1,800	-	1,800
SKOLL FOUNDATION	1,288	-	1,289
USDA, FOREST SERVICE PROGRAMAS INTERNACIONAIS	567	-	567
INSTITUTO EL BIEN COMUM - IBC	553	-	553
IPE - INSTITUTO DE PESQUISAS ECOLOGICAS	335	10	345
ASSOCIAÇÃO VALE P/ DESENVOLVIMENTO SUSTENTÁVEL	237	-	237
ENEVA SA	199	-	199
REGNSKOGSFÖRENINGEN	104	-	104
WWF BRASIL	100	-	100
CLIMATE AND LAND USE ALLIANCE	51	-	51
CLIMATE AND LAND USE ALLIANCE	-	80	80
THE WELLBEING PROJECT	30	-	30
BNDES - BANCO NACIONAL DE DESEN. ECON. E SOCIAL	-	292	292
Total	14,839	383	15,223

	2023		
Description of the funder/project	Transfer	Returns	Total
CLIMATE AND LAND USE ALLIANCE	27,476	2,434	29,910
NORAD 2021- 2025	4,267	72	4,340
INSTITUTO CLIMA E SOCIEDADE	2,977	7	2,984
INST ARAPYAÚ DE EDUCAÇÃO E DESENVOL SUSTENTÁVEL	2,051	1	2,052
IPE - INSTITUTO DE PESQUISAS ECOLOGICAS	1,700	14	1,714
FOUNDATION TO PROMOTE OPEN SOCIETY	1,670	-	1,670
INSTITUTO EL BIEN COMUM - IBC	1,520	-	1,520
VALE S.A.	2,125	1	2,126
WRI - WORLD RESOURCES INSTITUTE´S	518	-	518
REGNSKOGSFÖRENINGEN	265	-	265
INSTITUTO DE PESQUISA AMBIENTAL DA AMAZÔNIA - IPAM	350	-	350
ENEVA SA	284	1	284
ENVIRONMETAL DEFENSE FUND	245	-	245
BNDES - BANCO NACIONAL DE DESEN. ECON. E SOCIAL	-	109	109
SKOLL FOUNDATION	-	6	6
Total	45,448	2,645	48,093

b. Use of resources by category

The project transfers are used for maintenance of operations and classified according to the following categories. The totality of resources used correspond to restricted costs and revenues as per material policies “i. Projects resources” and “j. Recognition of revenues”. The corresponding changes for the year are stated below.

	Note	2023	2022
Initial balance		8,018	13,863
Restricted receivables	7	45,448	14,839
Restricted revenues		2,645	343
		56,111	29,045
Uses in projects			
Salaries, social charges and benefits of projects	12 (i)	(7,546)	(6,282)
Consulting and other services	7 and 12 (ii)	(8,368)	(6,887)
Fixed assets	6.b	(562)	(674)
Travel expenses	7	(1,586)	(1,381)
Publication, dissemination and events		(74)	(122)
Rent expenses		(323)	(318)
Utilities and services		(110)	(98)

(In thousands of Reais)

	Note	2023	2022
Expenses on freight		-	(3)
Taxes and fees		(22)	(25)
Communication expenses		(520)	(482)
Expenses on materials		(36)	(16)
Financial expenses		(484)	(295)
Expenses on insurance		(87)	(60)
Maintenance expenses		(47)	(50)
Meals reimbursements		(6)	(19)
Management fees		-	(100)
Transfers to subcontracts		(2,601)	(4,215)
		(22,372)	(21,027)
Net balance, current liabilities		33,737	8,018

8. Provision for legal contingencies

The Institute is subject to contingencies incidental to its business filed at courts and government agencies, regarding tax, labor, civil and other issues.

The Management periodically evaluates contingency risks based on legal, economic, and tax precepts, with the objective of classifying them as probable, possible, or remote according to their chances of loss, taking into account, as the case may be, the analysis of the legal advisors that support the Institute in its causes.

Based on the opinion of its legal advisors, Management understands that the appropriate legal referrals and measures already taken in each situation are sufficient to preserve the Institute's assets, with no indication of the need to recognize provisions and/or disclosures referring to contingencies for 2023, as well as for 2022.

In accordance with CPC PME Accounting Standards, no provision is recognized and no disclosure is required when the probability of loss is remote. Therefore, the accounting records do not include processes with remote prognosis as stated in the legal report.

9. Related-party transactions

The Institute is a private nonprofit organization, therefore, it defines as related parties Management's key personnel. As at December 31, 2023, there are no asset or liability balances referring to related-party transactions.

Compensation of Management's key personnel includes salaries, management fees and variable benefits. Amounts disbursed for the year are broken down as follows:

(In thousands of Reais)

	2023	2022
Total compensation to key Management personnel	1,167	1,100
	1,167	1,100

10. Net assets

Net assets

As at the reporting date, the Institute's net assets are R$ 1,272 (R$ 1,177 in 2022) and are changed based on the incorporation of surpluses or deficits of each year.

Surplus for the current year of R$ 96 (deficit of R$ 352 in 2022) was transferred to net assets account, according to legal requirements and the Institute's by-laws and also to ITG 2002 (R1).

If the Institute ceases to exist, its residual net assets shall be fully transferred to non-governmental nonprofit entities, classified as OSCIPs, as per Law No. 9.790/99, and whose objectives converge with the Institute's. The recipients should be indicated at the same General Meeting in which the Institute's termination is decided for.

11. Net revenues

	2023	2022
Restricted revenues (i)	20,628	19,521
Projects and programs management fees (ii)	1,744	1,001
Restricted subtotal	22,372	20,522
Sundry revenues and others	67	115
Revenue from services rendered	408	502
(-) Deductions		
Contribution for the Social Security Funding/Tax on Services (COFINS/ISS)	(194)	(25)
Unrestricted subtotal	281	592
Total	22,653	21,114

(i) and (ii) Revenues broken down by funder (restricted/donations and management fees):

(In thousands of Reais)

	2023	2022
Climate and Land Use Alliance (a)	4,686	3,614
NORAD (b)	4,455	5,847
Instituto Clima e Sociedade (c)	3,299	1,092
Instituto Arapyaú de Educação e Desenvolvimento (d)	2,458	1,803
BNDES - BANCO NACIONAL DE DESEN ECON. SOCIAL	1,758	2,266
IPE Instituto de Pesquisa Ecológicas (e)	1,426	57
Associação Vale Desenv. Sustentável/Vale S/A.	927	288
Skoll Foundation	680	633
Gordon and Betty Moore Foundation	625	1,030
Instituto El Bien Comum IBC	616	305
Instituto de Pesquisa Ambiental da Amazônia	327	-
Foundation To Promote Open Society	324	1,165
ENEVA SA	303	152
WRI World Resources Institute's	264	134
Environmental Defense Fund-EDF	137	-
Regnskogsforeningen	68	308
The Wellbeing Project	10	39
Facbook Serviços Online do Brasil	6	336
Itaú Unibanco S/A	2	288
REWILD	-	407
Instituto Alcoa APS Juruti	-	377
U.S. Forest Service International Programs (e)	-	270
WWF BRASIL	-	38
Global Wildlife Conservation	-	33
Plural Gestão de Recursos	-	20
Fundaçao Britidoc	-	19
Others	-	1
Total (i) and (ii) – Outflow from Projects	22,372	20,522

(ii) Management fees bear the following characteristics:

- Unexpected fees – In this case, the funder allows the allocation of certain expenses which are recorded under "Other direct and indirect costs";
- Mixed fees – Established in the agreements and specifying certain expenses recorded in the account "Other direct and indirect costs"; and
- Expected fees – Administrative costs charged only by means of overhead fee.

Flexible use of the projects resources is usually accepted by funders, up to approximately 10% above the expected amounts for each category, as long as the total does not overcome the total budgeted amount for the project. Project schedule differs from fiscal years, thus, there might be situations in which two different financing periods for a same project are included in the same fiscal year.

(a) Climate And Land Use Alliance

1 - Contribution to reversing the deforestation rate to 2012 levels or below and encouraging more sustainable and productive land uses through scientific work and dialogue with society.

Continuing the work of Imazon in technical support to the State Public Prosecution Offices and Municipal Departments of Environment in the use of data on deforestation risk in their efforts to prevent deforestation and illegal logging in the Brazilian Amazon.

(b) NORAD - Norwegian Agency for Development Cooperation

The project "Market transparency and law enforcement for conserving the Amazon Forest" mainly seeks to reduce deforestation indexes in Brazilian Amazon to 2012 levels and also to increase the adoption of a more sustainable use of land.

(c) Instituto Clima e Sociedade – ICS

1- Analyzing the impact of the program *Amazônia Protege* on the punishment of illegal deforestation; contribution to the punishment of illegal deforestation judicially and expansion of knowledge about the role of the judicial system in the treatment of environmental crimes in the Legal Amazon.
2- Update of the evaluation of *Amazônia Protege* program, which brings accountability to perpetrators of deforestation by means of Public Civil Actions (ACPs) and assessment of the fighting of land grabbing by the Federal Judicial System. *Amazônia Protege* is focused on the impact of appeal decisions favorable to the ACPs and the detailed understanding of the judges' perception of the program. About land grabbing, the scope is to evaluate if the judicial system has favorable understanding of punishment to the crimes provided for in Article 20, Law No. 4.947/1966 and preparation of suggestions for judicialization strategies against land grabbing. The results will be disseminated to the press, Federal Prosecutor's Office (MPF), judicial system and institutions involved with environmental and climate judicialization strategies.
3- Advancing with the strategic dissemination of the evaluation and its recommendations to the Judiciary, aiming to increase the number of convictions through improvement of the application of legislation and jurisprudence on the subject. In addition, broadening the scope of research recommendations with the development of proposals to the judiciary to improve the effectiveness of sentences for conservation and recovery of deforested areas in the Amazon biome.
4- Enabling the continuity and consolidation of institutional strengthening actions, which reinforce digital security and protection of cyberspace, information flows and improvement of legal protocols, communication and maintenance of wellness practices for everyone and launch the first result of *Radar Verde* project, which brings transparency to the actions of retailers and meatpackers focused on the environment.
5- The project has as key objectives to support the preparation of studies to be published over the next two years (March/2023 to February/2025) and to support the preparation of public policies at national and subnational level based on the studies carried out.

(d) Instituto Arapyau de Educação e Desenvolvimento Sustentável

1- Developing the products of the Collection 8 of MapBiomas for the Amazon Biome, supporting the implementation of MapBiomas Alert and supporting MapBiomas in the Pan-Tropical region.
2- Operational maintenance of the monthly mapping of the water surface of the Brazilian biomes during the project period; progress in the integration of data with the National Water Agency (ANA); continuing the user engagement strategy for using data to subsidize sustainable management of water resources ; supporting the expansion of MapBiomas Water to South America; and implementing communication actions for impact on the water theme, with emphasis on climate changes and land use.

(In thousands of Reais)

(e) Ipê Instituto de Pesquisas Tecnológicas

Promoting the effective management of eighty-six (86) protected areas, between conservation units and indigenous lands, of approximately 80 million hectares.

12. Operating costs

	2023	2022
Unrestricted cost		
Salaries and social charges (i)	(68)	(69)
	(68)	(69)

	2023	2022
Restricted cost		
Salaries and social charges (i)	(7,546)	(6,282)
Services rendered by third parties	(14,826)	(14,240)
	(22,372)	(20,522)

(i) Salaries and social charges:

	Unrestricted 2023	Unrestricted 2022	Restricted 2023	Restricted 2022
Salaries	-	-	(3,172)	(2,668)
Social security tax (INSS)	-	-	(781)	(918)
Food voucher/ Transportation pass	-	-	(878)	(748)
Health insurance	-	-	(582)	(429)
Vacation pay	(68)	(69)	(601)	(279)
Bonuses	-	-	(407)	(379)
Severance Pay Fund (FGTS)	-	-	(337)	(288)
Year-end bonus	-	-	(334)	(292)
Life insurance	-	-	(144)	(111)
Internship compensation	-	-	(82)	(85)
Contribution to the Social Integration Program (PIS)	-	-	(43)	(36)
Termination fine/ Compensation	-	-	(167)	(27)
Health examination/Medicines	-	-	(17)	(22)
	(68)	(69)	(7,546)	(6,282)

13. Administrative expenses

	2023	2022
Travel	(33)	(2)
Rent	(35)	(28)
Publication, dissemination and events	-	(1)
Taxes and fees	(5)	(5)
Depreciation and amortization	(14)	(16)
Insurance	-	(5)
Communication	(1)	(170)
Expenses on consulting and other services	(172)	(547)
Other administrative expenses	(14)	(50)
	(274)	(824)

(In thousands of Reais)

14. Financial revenues and expenses

	2023	2022
Interest on financial investments	290	51
Total financial revenues	290	51
Interest and bank expenses	(133)	(102)
Total financial expenses	(133)	(102)
Net financial income (loss)	157	(51)

15. Financial instruments

The Institute is exposed to risks arising from the use of financial instruments. This note describes the Institute's objectives, policies and processes for managing those risks and the methods used to measure them.

Main financial instruments

The main financial instruments used by the Institute, from which financial instrument risk arises, are the following:

- Cash and banks;
- Financial investments;
- Trade accounts payable.

The Institute's activities expose it to the following financial risks:

- Credit risk;
- Liquidity risk;
- Market risk.

Credit risk

Credit risk for the Institute mainly arises from cash and cash equivalents coming from bank deposits and financial investments in CDBs.

The Institute invests resources only in CDBs managed by top-tier financial institutions. The Institute does not hire derivatives to manage credit risk. The qualitative disclosure of the Institute's exposure to credit risk, relative to financial assets at the book values, as at December 31, 2023 and 2022, is as follows:

Financial assets	2023	2022
Cash and cash equivalents	34,876	9,337
	34,876	9,337

(In thousands of Reais)

Liquidity risk

Liquidity risk is the risk resulting from the possibility of the Institute having difficulties to comply with the obligations associated to its financial liabilities settled through payments in cash or in other financial assets. The Institute's approach to the management of this risk is to guarantee enough liquidity to meet its obligations at maturity, under regular or unusual conditions, with no unacceptable losses or risking the Institute's reputation.

As at December 31, 2023 and 2022, the payment flow for the Institute's financial liabilities is presented as follows (in book values):

	2023	2022
Financial liabilities		
Trade accounts payable	45	151
	45	151

As at December 31, 2023 and 2022, the Institute was not in default of any obligations.

Market risk (interest rate)

This risk results from the possibility of the Institute incurring losses (or earning gains) due to fluctuations in interest rates applied to its liabilities and assets raised (invested) in the market. Financial instruments subject to market risk are represented by investments in CDBs managed by top-tier financial institutions. As presented in Note 4, these investments are tied to low volatility indexes.

Management has a conservative cash management approach, investing available resources in CDBs pegged to CDI and savings accounts, redeemable in the short term, when authorized by donors. Revenues from these financial investments are reinvested in the Institute itself.

The Institute holds no relevant operations pegged to changes in exchange rates.

16. Insurance coverage

The Institute has insurance to safeguard its assets against possible claims, as Management deems necessary due to the current profile of its assets.

As at December 31, 2023, insurance coverages were hired in amounts sufficient to cover possible loss events.

Given the nature of the risk assumptions adopted by the Institute, they are not part of the scope of an audit of financial statements and, therefore, were not audited by the independent auditors.
As at December 31, 2023, the Entity had the following insurance policies entered into with third parties:

Insured categories	R$
Fire of fixed asset items	87

Entity Management

Verônica Oki
Igacihalaguti
Administrative Director

Ritaumaria de Jesus
Pereira
Executive Director

Gian Carlo Cruz
Toppino
Accountant CRC/PA
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