



LUTA PELA PAZ

FINANCIAL STATEMENTS
DECEMBER 31, 2023
With Independent auditors' report

LUTA PELA PAZ

FINANCIAL STATEMENTS

DECEMBER 31, 2023

CONTENTS

Independent auditors' report on the financial statements	3
Financial statements	
Balance sheets	7
Statements of surplus (deficit)	9
Statements of comprehensive income	10
Statements of changes in net assets.....	11
Statements of cash flows	12
Notes to the financial statements	13

Independent auditors' report on the financial statements

To
Board Members and Directors
Luta Pela Paz
Rio de Janeiro - RJ

Qualified opinion

We have examined the financial statements of Luta Pela Paz (“Entity”), comprising the balance sheet as of December 31, 2023 and the related statements of surplus (deficit), comprehensive income, changes in net assets and cash flows for the year then ended, as well as the corresponding notes, including the summary of accounting policies.

In our opinion, except for the effects of the matter described in the section below called “Basis for qualified opinion”, the aforementioned financial statements present fairly, in all material respects, the financial position of Luta Pela Paz as of December 31, 2023, the performance of its operations and its respective cash flows for the year then ended, in conformity with accounting practices adopted in Brazil applicable to non-profit entities.

Basis for qualified opinion

Property, plant and equipment

According to Note 6, depreciation is calculated based on current tax rates, not complying with the accounting practices adopted in Brazil applicable to non-profit entities, which provides for the review, when necessary after the analysis carried out by the Entity, of the useful life of its property, plant and equipment and respective adjustment of depreciation rates to reflect the new estimated useful life. Thus, it was not possible to measure the effects of possible adjustments that would be necessary if this assessment was carried out.

Provision for vacation and social security charges

According to Note 7, on December 31, 2023, the Entity has the group of “*Salaries and social charges payable*” recorded totaling R\$ 133,000 (R\$ 371,000 in 2022), and did not proceed with the recognition of provision for vacation payable and the respective charges totaling R\$ 79,000 (R\$ 244,000 in 2022). As a result, current liabilities are understated and surplus (deficit) for the year are overstated by the same amount in the financial statements as of December 31, 2023.

Restatement of financial statements

As described in Note 2.5, as a result of adjustments to correct errors identified regarding previous years, certain corresponding values, presented for comparison purposes, were adjusted and are being restated as provided for by *NBC TG 23 (R2) – Accounting Policies, Changes in Accounting Estimates and Errors*. As part of our audits of the financial statements for the year ended December 31, 2023, we also examined the related adjustments made to amend the financial statements for the prior year. Revenue from restricted donations was recognized under the cash basis in 2021, in the amount of R\$ 6,590 thousand, not complying with the accounting practices adopted in Brazil, applicable to non-profit entities. Thus, on December 31, 2022, the balances of current liabilities, as well as the surplus (deficit) for the year, are understated by the same amount.

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the Association, in accordance with the relevant ethical principles set out in the Code of Ethics of Professional Accountant and professional standards issued by the Federal Accounting Council, and comply with other ethical responsibilities according to these standards. In our opinion the obtained audit evidence is sufficient and appropriate as a foundation for our qualified opinion.

Responsibility of management and those charged with governance for the financial statements

The Entity’s Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, and the internal controls it deemed necessary to enable the preparation of financial statements free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of financial statements, management is responsible for assessing the ability of the Entity to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the financial statements, unless management intends to wind-up the Company or cease its operations, or has no realistic alternative to avoid the closure of operations.

Those responsible for the Entity’s governance are those responsible for supervising the process of preparing the financial statements.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the Brazilian and international auditing standards will always detect any material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain our 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 control.
- Obtain an understanding of internal control 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 Entity's internal control.
- Evaluate the appropriateness of accounting practices used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern accounting basis by management, and based on the audit evidence obtained, whether there is significant uncertainty in relation to events or conditions that may cast significant doubt on the ability of the Entity to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Rio de Janeiro, October 18, 2024.

Crowe Macro Auditores Independentes
CRC-2SP033508/O-1



Diego Del Mastro Monteiro
Accountant – CRC-1SP302957/O-3

LUTA PELA PAZ

Balance sheets at December 31
In Reais (R\$)

Assets	Note	2023	2022
			<i>(Restated)</i>
Current assets			
Cash and cash equivalents	4	294,244	356,386
Securities	4.a	-	2,983,955
Securities – restricted	4.a	4,468,163	2,208,706
Securities – incentivized projects	4.a	9,226,704	8,080,452
Project partnership resources	9	7,996,911	-
Other receivables		192,540	165,569
		22,178,562	13,795,068
Non-current assets			
Securities – restricted	4.a	2,496,392	2,688,139
Right-of-use	5	28,117	69,038
Property, plant and equipment	6	1,645,970	1,599,737
		4,170,479	4,356,914
Total assets		26,349,041	18,151,982

See the accompanying notes to the financial statements.

LUTA PELA PAZ

Balance sheets at December 31
In Reais (R\$)

Liabilities	Note	2023	2022
			<i>(Restated)</i>
Current liabilities			
Incentivized projects in fundraising	8	9,226,704	8,080,451
Incentivized projects in progress	8	1,043,289	2,208,704
Project partnership resources	9	11,610,322	3,129,039
Income and social charges payable	7	132,656	371,199
Lease liabilities payable	5	31,343	65,422
Other liabilities		77,668	72,782
		22,121,982	13,927,597
Non-current liabilities			
Lease liabilities payable	5	-	8,300
Labor contingencies	7	1,117,885	1,389,537
Other liabilities		20,176	66,872
		1,138,061	1,464,709
Net assets			
Net assets	10	2,759,676	9,028,605
Surplus (deficit) for the year		329,322	(6,268,929)
		3,088,998	2,759,676
Total liabilities and net assets		26,349,041	18,151,982

See the accompanying notes to the financial statements.

LUTA PELA PAZ

Statements of surplus (deficit) for the years ended December 31
In Reais (R\$)

	<u>Note</u>	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Operating revenues			
Revenues from donations – restricted	11	15,777,012	8,189,027
Revenues from donations – unrestricted	11	986,576	377,178
Revenue from services rendered - unrestricted	11	157,862	-
		<u>16,921,450</u>	<u>8,566,205</u>
Operating expenses			
Administrative	12	(928,661)	(829,000)
Project expenses	13	(15,777,012)	(14,779,043)
		<u>(16,705,673)</u>	<u>(15,608,043)</u>
Surplus (deficit) before financial surplus (deficit)		<u>215,777</u>	<u>(7,041,838)</u>
Surplus (deficit), net	14	113,545	772,909
Surplus (deficit) for the year		<u>329,322</u>	<u>(6,268,929)</u>

See the accompanying notes to the financial statements.

LUTA PELA PAZ

Statements of comprehensive income for the years ended December 31
In Reais (R\$)

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Surplus (deficit) for the year	329,322	(6,268,929)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>329,322</u>	<u>(6,268,929)</u>

See the accompanying notes to the financial statements.

LUTA PELA PAZ

Statements of changes in net assets
In Reais (R\$)

Description	Net assets	Surplus (deficit)	Total
Balance at December 31, 2021	6,218,715	2,809,890	9,028,605
Transfer of the surplus from the previous year	2,809,890	(2,809,890)	-
Deficit for the year	-	(6,268,929)	(6,268,929)
Balance at December 31, 2022 - Restated	9,028,605	(6,268,929)	2,759,676
Transfer of deficit for the previous year	(6,268,929)	6,268,929	-
Surplus for the year	-	329,322	329,322
Balance at December 31, 2023	2,759,676	329,322	3,088,998

See the accompanying notes to the financial statements.

LUTA PELA PAZ

Statements of cash flows for the years ended December 31
In Reais (R\$)

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Cash flow from operating activities		
Net surplus (deficit) for the year	329,322	(6,268,929)
Depreciation and amortization	235,077	192,043
Residual value of written-off property, plant and equipment	2,299	-
(Increase) decrease in operating assets:		
Project partnership resources	(7,996,911)	-
Other receivables	(26,971)	6,199
Increase (decrease) in operating liabilities:		
Incentivized projects in fundraising	1,146,253	1,487,759
Incentivized projects in progress	(1,165,415)	2,208,704
Other projects in progress	8,481,283	3,129,039
Income and social charges payable	(510,195)	101,258
Other current liabilities	(41,810)	33,656
Interest on leases	6,014	9,304
Net cash generated in operating activities	458,946	899,033
Cash flows from investment activities		
Securities	61,453	(1,446,325)
Yield from securities - Unrestricted	(291,460)	(447,501)
Yield from securities - Restricted	-	(533,579)
Addition of property, plant and equipment	(233,492)	(284,215)
Cash consumed by investment activities	(463,499)	(2,711,620)
Cash flows from financing activities		
Payment of right-of-use	(57,589)	(50,400)
Cash consumed by financing activities	(57,589)	(50,400)
Decrease in cash and cash equivalents	(62,142)	(1,862,987)
Cash and cash equivalents at the beginning of the year	356,386	2,219,373
Cash and cash equivalents at the end of year	294,244	356,386
Decrease in cash and cash equivalents	(62,142)	(1,862,987)

See the accompanying notes to the financial statements.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

1. Operations

Luta pela Paz (“Entity” or “Fight for Peace” and formerly “Fight for Peace Association”) originates from a project created in 2000 at the NGO Viva Rio from Rio de Janeiro by the English researcher and former boxing fighter Luke Dowdney, being a non-profit legal institution governed by private law.

The sustainability of our entity is guaranteed through a combination of voluntary contributions and resources from tax incentive laws. This allows companies and individuals to allocate part of their taxes to support our initiatives and projects. Our main objective is to provide children and young people living in Complexo da Maré, a region made up of 17 *favelas* in the city of Rio de Janeiro, with an alternative way of life, away from armed violence and crime.

At an extraordinary general meeting held on November 21, 2017 approved the modification of name of the Entity from “Associação Luta pela Paz” to “Luta pela Paz”.

The Entity’s headquarters, a building donated by the NGO Viva Rio located at Rua Teixeira Ribeiro, 900, Bonsucesso – Maré/Rio de Janeiro, is in the process of regularizing the transfer of ownership of its deed. Management has already sent the necessary documentation to the Rio de Janeiro Municipal Government for its transfer to regularize the legal status of the property. As of 2017, Luta pela Paz started paying the Urban Land and Property Tax (IPTU) for this property, even paying retroactive amounts since 2012.

The Entity, aiming to develop projects and actions in partnership with institutions and the Public Administration of the state of Ceará, created a branch on 11/24/2021, enrolled in the Register of Legal Entities of the Brazilian Federal Revenue Service under number 09.300.383/0003- 50, where administrative support activities and office services will be performed.

As of December 31, 2023, the Entity has a total of 131 employees (157 as of December 31, 2022).

The Entity’s methodology is offered to young members of gyms in Rio de Janeiro through various services and through the projects described below:

Sports Incentive Law – Atletas da Paz (Athletes for Peace) Project

The Athletes for Peace project integrates Boxing & Martial Arts sports activities with Personal Development classes, with the purpose of promoting the personal development of children and young people, aged between 7 and 29 years old, who live in Complexo da Maré.

Complementing these activities, Luta pela Paz also provides psychosocial support for young people, identifying their specific needs and forwarding them to specialized care.

Through the systematic collection of information from young people, the Luta pela Paz team can map and analyze the engagement of young people in the different activities of the project, thus maximizing the impact on their development. Questionnaires, in-depth interviews and focus groups are applied to investigate the achievement of results in the short and long term, as well as the impact of initiatives on relevant dimensions for the development of beneficiaries.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022
In Reais (R\$), unless otherwise indicated

Sports Incentive Law – “Campeões Comunitários” (Community Champions) Project

The main purpose of the Community Champions project, started in August 2016 and funded by the Sports Incentive Law, is to offer classes in different modalities (Boxing, Judo, Taekwondo, and Muay Thai) for children and young people in Complexo da Maré, who are beneficiaries over the course of a year.

By carrying out these activities, the purpose is to:

- (i) Promote the physical well-being of project participants through sports training.
- (ii) Promote the emotional well-being and self-confidence of project participants through sports and citizenship activities.
- (iii) Promote respect for differences and fellow human beings through citizenship activities.
- (iv) Ensure the satisfaction of project participants with the actions developed.

Sports Incentive Law – “Destemidas” (Fearless) Project

The Destemida (Fearless) project, started in 2020 and financed with funds from the Sports Incentive Law, aims to promote the potential of Luta pela Paz’s girls and young people using running as a vector of personal development and women’s emancipation. In this way, Luta pela Paz aims to: provide opportunities for the practice of running for young residents of Maré; promote the problematization of gender stereotypes and the fight against sexual harassment; encourage the occupation of public spaces for sports and leisure activities.

Sports Incentive Law – “Programa de Treinamento” (Training Program)

The Training Program project, started in 2021 and financed with funds from the Sports Incentive Law, aims to support the implementation, expansion, qualification of fight sports sessions and organizational management for sports educators, organizations, projects or community-based collectives, as well as contributing to the sustainability of initiatives by community-based organizations, projects or collectives that work with sport for developing and promoting the dissemination and exchange of knowledge for the development of community-based organizations and sports social educators.

Sports Incentive Law – “Inspirando Campeões” (Inspiring Champions)

The Inspiring Champions project, launched in 2022 and funded with resources from the Sports Incentive Law, aims to foster the training of sports educators and Brazilian sports organizations, with a special focus on including female participation in sports practices, mainly in inland regions of Brazil.

Specific objectives:

- Train men and women as sports coaches to work on projects that include gender equality in sports.
- Disseminate the experience of Luta pela Paz by implementing inclusive projects for women who want to practice sports in cities in the countryside.
- Provide support for the implementation/expansion/qualification of fighting sports sessions and management for social organizations.

LUTA PELA PAZ

**Notes to the financial statements as of December 31, 2023 and 2022
In Reais (R\$), unless otherwise indicated**

Sports Incentive Law –Nós com elas (Us with Them)

The project Nós com Elas (Us with Them), started in 2022 and financed with funds from the Sports Incentive Law, aims to foster the training of sports educators and/or sports managers, with a special focus on expanding women's access to sport.

Specific objectives:

- Train sports educators and managers of community organizations to work on projects focused on gender equality in sports.
- Disseminate the experience of Luta pela Paz by implementing projects for women who work in sports.
- Provide support for the implementation/expansion/qualification of fighting sports sessions and management for social organizations.

The project aims to promote sport as a right accessed by everyone, aiming to strengthen social players who work with sports as a tool for human development in territories with high social risk. From sports educators, through the expansion and qualification of their practices, to the management of community-based organizations that work with sports activities, increasing and qualifying their direct service capabilities.

Pronas – “Abraçando as Diferenças” (Embracing the Differences) Project

The main purpose of the Abraçando as Diferenças Project, started in 2020 and funded by the Brazilian Program of Support to the Health Care of Disabled People – PRONAS/PCD (Law 12715/2012), is to support the health of young people with disabilities, through the opportunity of equal access, participation in sports activities and personal development offered by Luta pela Paz in Complexo da Maré.

Fight for Inclusion at Work

The Fight for Inclusion at Work Project, started in 2022 and financed with resources from the Brazilian Program of Support to the Health Care for of Disable People - PRONAS/PCD (Law 12.715/2012). The main objective of this project is focused on actions and services for health care for people with disabilities in the field of health care support, with subitem e, item I, of Article 10 – adaptation, insertion and reinsertion of people with disabilities at work as a priority area. The idea of the project is to work on the inclusion of young people with disabilities in the labor market, primarily residents of Complexo da Maré in the North Zone of Rio de Janeiro, providing them with skills and resilience to overcome physical, cultural and social barriers. To this end, the following specific objectives are sought:

- Provide professional guidance for young people with disabilities.
- Promote the development of technical and behavioral skills of young people with disabilities.
- Work towards the inclusion and retention of young people with disabilities in the job market.

In addition to these core projects, Luta pela Paz also develops other specific actions, originating from specific financiers. Namely:

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022
In Reais (R\$), unless otherwise indicated

“Maré Unida” (Maré United) Project

Started in 2018, the project aims to promote the potential development of children, adolescents and young people living in Complexo da Maré and Parque das Missões, aiming to impact the way they see themselves, how they relate to others and how they make choices about the future. The planned activities include the integrated offer of support services and activities in the areas of sport, further education, professional qualification, social support and youth protagonism.

Furthermore, with the aim of expanding the scope of actions beyond Maré, training will be given to a civil society organization operating in Parque das Missões using the Luta pela Paz methodology.

“Comunidade Segura” (Safe Community) Project

Initiated in 2020 and financed with funds from Petrobras, the project aims to promote the strengthening of the different social players present in the territories impacted by pipeline strips from Petrobras Transporte S.A. - Transpetro, expanding its potential and improving the company’s relationship in prioritized communities. Development of three strategic pillars of action: engagement and mobilization, aimed at developing the social network of each territory and occupation of strips; training, with a focus on training local organizations and multipliers; and violence prevention programs, covering different dimensions of youth insertion in society.

“School Support” Project

Started in 2020, the project aims to offer preschool children (4 and 5 years old) enrolled in public school units in Complexo da Maré, in Rio de Janeiro, complementary educational activities addressing different dimensions of child development (motor coordination; teamwork and leadership skills; oral and written expression; promotion of logical reasoning; promotion of self-confidence), including training for educators in school units, with a methodology aligned with the Theory of Multiple Intelligences, by Howard Gardner, and in line with the principles for quality education in the 21st century, proposed by UNESCO. The local public school system suffers from insufficient resources, both financially and in terms of staff and structure. The cumulative effect of said factors generates strong obstacles to full development in early childhood, a crucial moment in our formation as individuals.

“New Trails - SME CE” Project

Started in 2022, the project has funds from the collaboration term 001/2021 – SSEAS between the Associação Luta pela Paz and the grantor Superintendência do Sistema Estadual de Atendimento Socioeducativo (SEAS) was published in the Fortaleza Official Gazette. The project aims at the implementation of the Opportunity and Citizenship Program of the State Socio-Educational Assistance System (POC), with the purpose of training and promote the integral development of adolescents and young people after complying with a socio-educational measure with a view to prevention and reduction of cases of reiteration of infraction practices, extended to the family nucleus and workers of the socio-educational system.

“Fortalecendo Redes” (Strengthening Networks) project

Launched in 2022 and funded with resources from UNICEF, the project aims to strengthen the protection network for children, adolescents and young people in Pavuna.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

Specific objectives:

- Mental health training for protection network professionals.
- Creation of a local Children's Rights Guarantee Committee and development of an action plan for implementation of the Protected Listening Law.
- Promotion of a network of adolescents for territorial and political influence.

“Embrace Sobral - Nova Caiçara SME” Project

Launched in 2023, the project is a partnership between Luta pela Paz and the Municipal Government of Sobral through the Municipal Department of Education, which will develop quality services seeking to guarantee public policies that are the rights of its users. The project aims to provide social support to children, adolescents and young people, offering the necessary conditions for the development of life skills and abilities, the construction of autonomy and the strengthening of family and community ties.

The proposed activities include actions in three fronts:

1 - Governance and Participation: This strategy aims to mobilize social agents to guarantee consistent and long-term impacts, through coordination with local representatives and leaders, local diagnosis and holding community awareness-raising events. An Impact Committee will be created to allow the integration and alignment of offers, also ensuring the legitimacy and sense of belonging required for the maintenance of solutions in the long term. Initiatives will also be developed with the purpose of establishing new references for the use of collective space and fostering community development.

2 - Direct offers: with the purpose of contributing to the formation of the cognitive, affective and motor base of children, adolescents and young people, direct care activities for children, adolescents and young people will be started in the spaces of community centers and adjacent blocks. The planned activities include boxing and martial arts classes combined with personal development, in addition to offering multidisciplinary support for the most vulnerable cases. 3- Methodological Transfer: The strategy is aligned with LPP's experience in training programs and strengthening local agents through solid training processes. Methodologies will be shared with community leaders, sports educators and the local protection network, providing qualification of the offers and sustainability of the proposed actions. At this stage, the Champions in Life and Care Community training sessions will be held.

3 - Methodological Transfer: The strategy is aligned with LPP's experience in training programs and strengthening local agents through solid training processes. Methodologies will be shared with community leaders, sports educators and the local protection network, providing qualification of the offers and sustainability of the proposed actions. At this stage, the Champions in Life and Care Community training sessions will be held.

Exemption of employer social security contribution (CEBAS certification)

On July 17, 2018, the Brazilian Federal Government, through the Ministry of Social Development, granted Luta pela Paz certification as a charitable entity of social assistance (CEBAS). Because of this certification, the entity will be entitled to the benefits of Law 12101 of 2009, especially the employer social security contribution, which corresponds to 20% of the payroll expenditure, provided that it cumulatively meets the following requirements:

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

- I. Its officers, directors, partners, founders, or benefactors do not receive compensation, advantages or benefits, directly or indirectly, in any form or title, due to the competencies, functions or activities assigned to them by the respective articles of association, except in the case of non-profit welfare associations or foundations, whose directors may be compensated, as long as they effectively act in the executive management, respecting as maximum limits the amounts practiced by the market in the region corresponding to their area of operation, and their amount must be fixed by the entity's superior deliberation body, registered in minutes, with communication to the Public Prosecution Office, in the case of foundations;
- II. it invests its income, funds and eventual surplus entirely in the national territory, in the maintenance and development of its institutional objectives;
- III. it presents a negative and positive certificate with clearance effects regarding taxes managed by the Federal Revenue Service and a certificate of good standing with the Employee Severance Guarantee Fund (FGTS);
- IV. it maintains regular bookkeeping that record revenues and expenses, as well as the application in gratuity in a segregated way, in accordance with the standards issued by the Federal Accounting Council;
- V. it does not distribute results, dividends, bonuses, shares or portions of its assets, under any form or pretext;
- VI. it keeps in good standing, for a period of ten (10) years, counted from the date of issue, the documents proving the origin and use of its resources and those relating to acts or operations carried out that imply a change in the equity situation;
- VII. it complies with the ancillary obligations established in the tax legislation;
- VIII. presents financial statements duly audited by an independent auditor legally certified with Regional Accounting Councils when the annual gross revenue earned exceeds the limit set by Complementary Law 123, of December 14, 2006.

2. Presentation of financial statements

2.1 Statement of conformity in relation to the accounting practices

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil applicable to non-profit entities, including the provisions of CFC Resolution 2015/ITG2002 (R1), which approved the technical interpretation ITG 2002 (R1) "Non-profit entities".

The financial statements were approved by the Entity's Management as of October 18, 2024.

2.2 Measuring basis

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

2.3 Functional and presentation currency

The financial statements are being presented in Real, functional currency of the Entity. All financial information is presented in thousands of reais, unless otherwise indicated.

2.4 Use of estimates and judgments

The preparation of the financial statements according to practices adopted in Brazil requires management to make judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

2.5 Restatement of financial statements previously disclosed

In compliance with the requirements of NBC TG 23 (R2) – Accounting Policies, Changes in Estimates and Errors, the Entity prepared the retrospective restatement and reclassification of the financial statements ended December 31, 2022, which are identified as “Restated.” In the year 2023, the Company carried out a survey of its restatements, as follows:

- (a) Balance resulting from the reversal of revenues recognized in the 2022 surplus (deficit), for which there were no corresponding expenses (project incurred). This adjustment was made based on the reassessment of the Entity, considering the performance of the projects and the correct presentation in the financial statements.
- (b) Effect of the aforementioned adjustment on the net assets.
- (c) Reclassification between administrative expenses and project expenses, to present the correct proportion of expenses incurred in each group.

Assets	<u>Ref.</u>	<u>2022</u> <i>Previously disclosed</i>	<u>Adjustments</u>	<u>2022</u> <i>Restated</i>
Current assets		13,795,068	-	13,795,068
Non-current assets		4,356,914	-	4,356,914
Total assets		18,151,982	-	18,151,982

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

Liabilities	Ref.	2022 <i>Previously disclosed</i>	Adjustments	2022 <i>Restated</i>
Current liabilities				
Incentivized projects in fundraising		8,080,452	-	8,080,452
Incentivized projects in progress	(a)	-	2,208,704	2,208,704
Project partnership resources	(a)	-	3,129,039	3,129,039
Income and social charges payable		371,199	-	371,199
Lease liabilities payable		65,423	-	65,423
Other liabilities		72,780	-	72,780
		8,589,854	5,337,743	13,927,597
Non-current liabilities		1,464,709	-	1,464,709
Net assets				
Net assets		9,028,605	-	9,028,605
Surplus (deficit) for the year	(b)	(931,186)	(5,337,743)	(6,268,929)
		8,097,419	(5,337,743)	2,759,676
Total liabilities		18,151,982	-	18,151,982
Surplus (deficit) for the year	Ref.	2022 <i>Previously disclosed</i>	Adjustments	2022 <i>Restated</i>
Operating revenues				
Revenues from donations – restricted	(a)	13,526,770	(5,337,743)	8,189,027
Revenues from donations – unrestricted		377,178	-	377,178
Gross income		13,903,948	(5,337,743)	8,566,205
Operating expenses				
Administrative expenses	(c)	(8,671,289)	7,842,289	(829,000)
Project expenses	(c)	(6,936,754)	(7,842,289)	(14,779,043)
		(15,608,043)	-	(15,608,043)
Surplus (deficit), net		772,909	-	772,909
Deficit for the period		(931,186)	(5,337,743)	(6,268,929)

3. Significant accounting policies

The main accounting practices adopted for the preparation of these financial statements are as follows:

3.1 Statement of surplus (deficit)

Revenues and expenses are recorded on the accrual basis.

3.2 Financial instruments

Financial instruments are recognized only as from the date the Entity becomes a party to their contractual of financial instruments and include cash and cash equivalents, securities, as well as suppliers and accounts payable. Financial instruments that are not recognized at fair value through profit or loss are plus any transaction costs directly assignable.

After the initial recognition, the financial instruments are measured as described below:

(i) Financial instruments at fair value through profit or loss

An instrument is classified by fair value through profit or loss if it is held for trading, that is, stated as such when initially recognized.

Financial instruments are stated at fair value through profit or loss if the Entities manage these investments and make decisions on investment and redemption based on fair value according to the strategy of investment and risk management documented by the Entity. After initial recognition, attributable transaction costs are recognized in surplus (deficit) when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and their fluctuations are recognized in surplus (deficit).

As of December 31, 2023 and 2022, the Entity did not have any derivative financial instruments and consequently did not adopt the Hedge Accounting practice.

(ii) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, investments held to maturity, and financial assets available for sale.

The Entity determines the classification of its financial assets upon its initial recognition, when it becomes part of the contractual provisions of the instrument.

Financial assets are initially recognized at fair value plus, in the case of investments not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The Entity's main financial assets include: cash and cash equivalents (Note 4) and securities, classified at fair value through profit or loss and other credits, classified as loans and receivables.

Derecognition (write-off)

A financial asset (or, when appropriate, part of a financial asset or part of a group of similar financial assets) is written off when:

- The rights to receive cash flows from the asset have expired;
- The Entity transfers its rights to receive cash flows of the asset or assumes an obligation to fully pay cash flows received, without significant delay, to a third party under terms of an “onlending” agreement; and (a) the Company has substantially transferred all risks and rewards of the asset, or (b) the Company did not transfer either retain substantially all the risks and rewards related to the asset, but transferred control over the asset.

When the Entity transfers its rights to receive cash flows from an asset or enters into a transfer agreement and does not transfer or substantially retain all risks and benefits related to the asset, an asset is recognized to the extent of the Entity’s ongoing involvement with the asset. In this case, the Entity also recognizes an associated liability. The transferred asset and associated liability are measured based on the rights and obligations that the Entity retained.

The continuous involvement through guarantee on the transferred asset is measured at the lower between the original book value of the asset and the highest consideration that could be required from the Entity.

(iii) Financial liabilities

The Entity’s main financial liabilities include: Other liabilities that are classified as loans and financing.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities for trading and financial liabilities designated in the initial recognition, as measured at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired with the purpose of sale in the short term.

Loans and financing

After initial recognition, loans and financing subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of surplus (deficit) upon write-off of liabilities, as well as during the amortization process by the effective interest rate method.

Derecognition (write-off)

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired.

When an existing financial liability is replaced by another of the same lender with substantially different terms, or the terms of an existing liability are significantly changed, this substitution or alteration is treated as a write-off of the original liability and recognition of a new liability, whereas the difference in the corresponding book value is recognized in the statement of surplus (deficit).

(iv) Net presentation

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current legal and enforceable right to offset the recognized amounts and if the intention of offsetting, or realizing the asset and settling the liability simultaneously.

3.3 Evaluation of asset impairment

On each balance sheet date, the Entity evaluates if there is objective evidence that a financial asset or a group of financial assets is impaired. An asset or group of financial assets has been impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurred after the initial recognition of the assets (a "loss event") and such loss event(s) will have a reliably estimable impact on the estimated future cash flows of the financial asset or group of financial assets.

Impairment loss is measured as the difference between the assets' book value and the present value of estimated future cash flows (excluding future credit losses not yet incurred) discounted with basis on the existing interest rate originally contracted for the financial assets. The asset's book value is reduced and the amount of the loss is recognized in the consolidated statement of surplus (deficit).

If, in a subsequent period, the value of the impairment loss decreases and the decrease can objectively be related to an event occurring after the impairment is recognized (as an improvement in the debtor's credit classification) the reversal of the previously recognized impairment loss will be recognized in the statement of surplus (deficit).

In 2023 and 2022, the Entity did not identify events that indicated impairment or loss of recoverable value on its financial and non-financial assets.

3.4 Adjustment to present value

Management analyzes its short- and long-term asset and liability accounts in relation to future realizable values, settlement terms, maturity dates and possible discount rates, considering the relevance of balances and transactions, to identify and measure possible adjustments to present value. As of December 31, 2023 and 2022, the Entity did not make any adjustment of this nature.

3.5 Cash and cash equivalents

They record cash in hand, bank account balances and interest earning bank deposits. Interest earning bank deposits are stated at the investment cost, plus the corresponding yields allocated up to the balance sheet date and do not exceed its respective market values.

3.6 Securities

These are mainly financial investments in fixed income funds, remunerated according to the CDI change, stated at cost, plus income earned up to the balance sheet date and do not exceed their market value.

3.7 (Restricted) securities

Represented by the funds already released by the Ministry of Sports and Health for execution, as provided for in the project budget, and the Financial Reserve approved at the Executive Board meeting held on May 26, 2017 to secure financial resources for a specific purpose or to guarantee the availability of capital to meet certain obligations or contingencies, as established by the restrictions associated with that fund.

3.8 Securities (incentivized projects)

The financial resources that the Entity has, but which are linked to incentivized projects, are presented under the following headings: (i) "Restricted securities – Incentivized projects", represented by funds obtained from projects and not yet started or not released for use by the Ministry of Sports and Health.

3.9 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation, calculated under the straight-line method and recognized in the surplus (deficit) for the year, in accordance with the rates mentioned in Note 6.

3.10 Provisions for Contingencies

A provision is recognized when the Entity has this legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made.

3.11 Leases

The Entity starts recognizing, at the inception of the lease agreement, the values of the right-of-use assets and lease liabilities based on the present value of the consideration payable in the future. For measurement purposes, it includes fixed and variable payments described in the contract (when applicable), as well as possible residual value guarantees and contract termination payments. If there are factors that increase or decrease the value of future considerations, the respective assets and liabilities are revalued. Finally, it also starts recognizing the respective asset amortization expenses and interest expense for adjusting liabilities in surplus (deficit).

3.12 Recognition of revenues from projects

Project revenues are recognized under the accrual basis, with the amounts received and used in accordance with contracts with project partners. Revenues are recognized as expenses are incurred in the surplus (deficit).

3.13 Other current and non-current assets and liabilities

Current and non-current assets and liabilities are stated at known or calculable amounts, plus, when applicable, the corresponding charges, changes in inflation adjustment and/or exchange rate incurred through the balance sheet date.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

4. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Cash and banks	38,874	98,284
Interest earning bank deposits	98,134	258,102
Restricted interest earning bank deposits	157,236	-
	<u>294,244</u>	<u>356,386</u>

Existing cash and cash equivalents as of December 31, 2023 and 2022 derive from donations made to social projects to be used in the current expenses of the Entity's operations.

Cash and cash equivalents include cash, bank deposits and other highly liquid short-term investments with an original grace period of three months or less and with an insignificant risk of change in value, held for use in short-term commitments.

(a) - Securities

	<u>2023</u>	<u>2022</u>
Restricted securities (a)	4,468,163	2,208,706
Securities (b)	-	2,983,955
Restricted securities - Incentivized (c)	9,226,704	8,080,452
Restricted securities - non-current (d)	2,496,392	2,688,139
	<u>16,191,259</u>	<u>15,961,252</u>
<i>Current</i>	13,694,867	13,273,113
<i>Non-current</i>	2,496,392	2,688,139

- (a) The resources existing in Restricted Securities - Current refer to the balance of projects under execution of partnership resources and incentivized projects, the resources from Banco do Brasil accounts are invested in the BB Renda Fixa Curto Prazo Supremo Setor Público FIC FI fund. As of December 31, 2023, the average profitability of the fund was 10.91% and in 2022 an average profitability was 9.61%.
- (b) The Entity substantially has investments remunerated according to the CDI ("Interbank Deposit Certificate") change.
- (c) The funds obtained from the sponsored projects that have not yet started or released for use are considered as Current Restricted Cash and Current Restricted Securities - Sponsored Projects, according to note 8, paragraph b and c they are invested in a short-term Investment Fund or open market operation, backed by federal public debt securities. The funds are invested in Banco do Brasil, in the BB Renda Fixa Curto Prazo Supremo Setor Público FIC FI fund. As of December 31, 2023, the average profitability of the fund was 10.91% and in 2022 an average profitability was 10.16%.
- (d) The creation of a financial reserve was approved at a board meeting held on May 26, 2017, which can only be used after approval by the fiscal council or general meeting. It may be increased by amounts that the Entity deems to have as surplus, being invested in an investment fund "Itaú CDB DI", remunerated according to the change of the CDI ("Interbank Deposit Certificate").

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

5. Right of use

On July 23, 2021, the Entity signed an agreement for the non-residential lease of the real estate unit, effective for 36 months, starting on August 1, 2021 and ending on July 31, 2024.

	Closing balance 12/31/2022	Addition (+)	Payment (-)	Depreciation (-)	Charges (-)	Closing balance 12/31/2023
Right-of-use	69,038	9,196	-	(50,117)	-	28,117
Lease liabilities	73,722	9,196	(57,589)	-	6,014	31,343
	Future Value	Annual interest	Present value			
Current	32,360	(1,017)	31,343			
Total	32,360	(1,017)	31,343			

Discount rate

The incremental rate adopted by the Management is 10.10% p.a.

6. Property, plant and equipment

	Rate p.a.	2023			2022
		Cost	Accumulated depreciation	Net value	Net value
Leasehold improvements	4%	1,382,421	(234,714)	1,147,707	1,203,004
Furniture and fixtures	10%	190,144	(143,189)	46,955	41,009
Vehicles	20%	82,739	(82,739)	-	-
Machinery and equipment	10%	250,833	(184,150)	66,683	82,154
IT equipment	20%	666,515	(325,571)	340,944	273,570
Facilities	20%	130,311	(86,630)	43,681	-
Total		2,702,963	(1,056,993)	1,645,970	1,599,737

Changes in property, plant and equipment – 2023

Description	2022	Additions	Write-offs	2023
Cost				
Leasehold improvements	1,382,421	-	-	1,382,421
Furniture and fixtures	171,571	18,573	-	190,144
Vehicles	82,739	-	-	82,739
Machinery and equipment	238,698	14,434	(2,299)	250,833
IT equipment	512,830	153,685	-	666,515
Facilities	83,511	46,800	-	130,311
	2,471,770	233,492	(2,299)	2,702,963
Accumulated depreciation	(872,033)	(184,960)	-	(1,056,993)
	1,599,737	48,532	(2,299)	1,645,970

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

Changes in property, plant and equipment – 2022

Description	2021	Additions	Write-offs	Transfers	2022
Cost					
Leasehold improvements	818,426	24,260	-	539,735	1,382,421
Improvements in progress	501,664	38,071	-	(539,735)	-
Furniture and fixtures	164,095	7,476	-	-	171,571
Vehicles	82,739	-	-	-	82,739
Machinery and equipment	213,467	25,231	-	-	238,698
IT equipment	323,653	189,177	-	-	512,830
Facilities	83,511	-	-	-	83,511
	2,187,555	284,215	-	-	2,471,770
Accumulated depreciation	(723,592)	(148,441)	-	-	(872,033)
	1,463,963	135,774	-	-	1,599,737

7. Income and social charges payable

	2023	2022
Social security charges on services provided (a)	1,117,885	1,389,537
Social charges	22,425	126,131
Salaries and wages payable	39,112	84,496
Other	71,119	160,572
	1,250,541	1,760,736
<i>Current</i>	132,656	371,199
<i>Non-current</i>	1,117,885	1,389,537

(a) The Entity, in the normal course of its operations, adopted, up to December 31, 2023, practices that entailed the risk of pecuniary penalty arising from matters not yet pacified in case law, whose estimate is provisioned.

8. Incentivized projects

LIE - Sports Incentive Law

It corresponds to the funds raised by the Sports Incentive Law (Law 11438/2006), to be invested in a specific account in Banco do Brasil and kept as Restricted Securities until the end of the funding period; the release of the amounts occurs only upon approval by the Ministry of Sports on the schedule and dissemination of activities.

PRONAS - Brazilian program of support to the health care of disabled people

It corresponds to the funds raised by the Brazilian Program of Support to the Health Care of Disabled People - PRONAS/PCD (Law 12715/2012), to be invested in a specific account in Banco do Brasil and kept as Restricted Securities until the end of the funding period; the release of amounts occurs only upon approval by the Ministry of Health on the schedule and dissemination of activities.

ROUANET - Federal Culture Incentive Law

Law 8.313/1991 was created with the objective of capturing and directing resources raised for the cultural sector to facilitate access for all people in the country to sources of culture and foster the full exercise of cultural rights, in addition to stimulating and encouraging cultural production, preservation and dissemination, mainly through tax incentives granted to those who sponsor projects for this purpose.

As a rule, laws do not have a name, but from the beginning this law became known as the Federal Culture Incentive Law and, more popularly, the Rouanet Law, corresponding to the resources raised to be deposited in a specific account at Banco do Brasil and kept as Restricted Securities until the end of the fundraising period. The release of amounts occurs only upon approval by the Ministry of Health regarding the schedule and disclosure of the activities.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

Changes in liabilities are as follows:

(a) Incentivized projects in fundraising:

Projects	2022	Funding			Projects to be carried out		2023	
		(a) Donations	(b) Returns	(c) Inflation adjustment	(d) Releases	(e) Returns		
	<i>(Restated)</i>							
LIE	Community Champions I	4,628	-	-	400	-	-	5,028
LIE	Community Champions III	19,539	-	-	1,689	-	-	21,228
PRONAS	Fight for Inclusion at Work	107	-	-	9	-	-	116
PRONAS	Embracing the Differences	-	-	(264,470)	-	-	264,470	-
LIE	Training Program	295,965	-	-	17,847	(301,045)	136,505	149,272
LIE	Athletes for Peace III	204,545	-	(204,393)	(152)	-	-	-
LIE	Fearless II	296,396	-	(297,058)	662	-	-	-
LIE	Training Program II	180,750	-	(186,847)	6,097	-	-	-
LIE	Us with Them	704,865	-	-	31,667	(717,792)	369,630	388,370
LIE	Inspiring Champions	802,980	-	-	44,021	(826,035)	538,656	559,622
LIE	Community Champions IV	456,651	-	-	10,718	(466,566)	165,312	166,115
LIE	Fearless III	510,116	99,000	(101,947)	32,062	(437,213)	377,761	479,779
LIE	Inspiring Champions II	1,607,137	-	-	101,708	(913,422)	-	795,423
LIE	Us with Them II	1,607,137	-	-	91,821	(969,179)	-	729,779
LIE	Athletes for Peace IV	422,398	688,298	-	56,313	(924,295)	-	242,714
LIE	Fearless IV	967,237	100,000	-	71,249	(677,280)	-	461,206
LIE	Community Champions V)	-	1,292,663	(19,000)	4,959	-	-	1,278,622
LIE	Us with Them III	-	1,500,000	-	7,114	-	-	1,507,114
LIE	Inspiring Champions III	-	1,500,000	-	7,114	-	-	1,507,114
LIE	Fearless V	-	865,800	-	679	-	-	866,479
ROUANET	Black Looks	-	68,700	-	23	-	-	68,723
	Total	8,080,451	6,114,461	(1,073,715)	486,000	(6,232,827)	1,852,334	9,226,704

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022
In Reais (R\$), unless otherwise indicated

(b) Incentivized projects in progress:

Projects		2022	(d) Released	(c) Inflation adjustment	(f) Performed	(e) Returns	2023
		<i>(Restated)</i>					
PRONAS	Fight for Inclusion at Work	326,451	-	23,207	(101,993)	-	247,665
PRONAS	Embracing the Differences	257,625	-	6,845	-	(264,470)	-
LIE	Training Program	217,242	301,045	8,083	(389,865)	(136,505)	-
LIE	Us with Them	245,804	717,792	13,297	(607,263)	(369,630)	-
LIE	Inspiring Champions	517,659	826,036	18,335	(823,373)	(538,657)	-
LIE	Community Champions IV	187,682	466,566	18,200	(507,136)	(165,312)	-
LIE	Fearless III	456,241	437,213	19,624	(535,317)	(377,761)	-
LIE	Inspiring Champions II	-	913,422	17,316	(869,051)	-	61,687
LIE	Us with Them II	-	969,179	23,820	(923,981)	-	69,018
LIE	Athletes for Peace IV	-	924,295	16,513	(619,477)	-	321,331
LIE	Fearless IV	-	677,281	9,200	(342,893)	-	343,588
	Total	2,208,704	6,232,829	174,440	(5,720,349)	(1,852,335)	1,043,289

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

Funds raised through the Sports Incentive Law, PRONAS and Rouanet Law are automatically invested in a DI fixed income investment fund until being released, upon approval by the Ministries.

(a) Fundraising

These are donations collected from projects that are approved for fundraising.

(b) Return of raised funds

These are funds that are returned to the treasury at the end of a project and/or transfers between projects that are being raised.

(c) Investment – Inflation adjustment

Funds raised through the Sports Incentive Law, PRONAS and Rouanet LAW are held as Restricted Securities until the end of the funding period and automatically invested in a short-term investment fund or in an open market transaction, backed by a federal public debt. The funds are invested in Banco do Brasil, in the BB Renda Fixa Curto Prazo Supremo Setor Público FIC FI fund. As of December 31, 2023, the average profitability of the fund was 10.91% and in 2022 an average profitability was 10.16%.

(d) Release of funds for execution

The release of funds depends on the success of the funding process for each project, allowing it to be carried out in line with the submitted budget, transferring amounts from the fundraising account to a bank account.

(e) Returns of unexecuted funds

These are resources that are transferred at the end of a project from the movement account, returning the amount to the project's transaction account.

(f) Expenses incurred

This involves the recognition of expenses incurred on the project.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

9. Project partnership resources

(a) Transaction in assets

<u>Projects receivable</u>	<u>2022</u>	<u>Funds receivable</u>	<u>Credited funds</u>	<u>2023</u>
Embrace Sobral - Nova Caiçara SME CE	-	1,268,853	(317,213)	951,640
Petrobras – Safe Community	-	6,082,643	(3,055,393)	3,027,250
Petrobras - Maré United II	-	7,749,273	(3,731,252)	4,018,021
New Trails - SME CE	-	1,403,731	(1,403,731)	-
Unicef - Strengthening Networks 3	-	513,820	(513,820)	-
School Tutoring - Ambikira	-	300,000	(300,000)	-
Unicef - Strengthening Networks 2	-	32,510	(32,510)	-
Petrobras - Maré United	-	74,317	(74,317)	-
School Tutoring - Criança Esperança	-	39,465	(39,465)	-
Laureus - Athletes for Peace	-	149,679	(149,679)	-
AXA XL - Bright Futures	-	68,314	(68,314)	-
Comic Relief	-	178,155	(178,155)	-
KBF - Care Diary	-	237,460	(237,460)	-
Sony – Mobilizers	-	234,899	(234,899)	-
Rexona - Breaking Barriers	-	77,110	(77,110)	-
Total	-	18,410,229	(10,413,318)	7,996,911

Resources receivable from contracts signed with financiers, relating to projects to be carried out from 2024 onwards.

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

(b) Transaction in liabilities

Projects in progress	2022	Projects' funds	Yield	Performed	Returns of funds	2023
	<i>(Restated)</i>					
Embrace Sobral - Nova Caiçara SME CE	-	1,268,853	-	(315,024)	-	953,829
Petrobras – Safe Community	863,698	6,082,643	54,808	(3,198,988)	-	3,802,161
New Trails - SME CE	761,084	1,403,731	26,259	(2,033,838)	-	157,236
Unicef - Strengthening Networks 3	-	513,820	-	(484,708)	-	29,112
School Tutoring – Ambikira	-	300,000	-	(300,000)	-	-
Unicef - Strengthening Networks 2	97,309	32,510	-	(129,819)	-	-
Petrobras - Maré United	1,348,556	74,317	21,133	(1,444,006)	-	-
Petrobras - Maré United II	-	7,749,273	56,353	(1,137,642)	-	6,667,984
Petrobras - LPG	30,857	-	-	-	(30,857)	-
School Tutoring - Criança Esperança	27,535	39,465	20	(67,020)	-	-
Laureus - Athletes for Peace	-	149,679	-	(149,679)	-	-
AXA XL - Bright Futures	-	68,314	-	(68,314)	-	-
Comic Relief	-	178,155	-	(178,155)	-	-
KBF - Care Diary	-	237,460	-	(237,460)	-	-
Sony – Mobilizers	-	234,899	-	(234,899)	-	-
Rexona - Breaking Barriers	-	77,110	-	(77,110)	-	-
Total	3,129,039	18,410,229	158,573	(10,056,662)	(30,857)	11,610,322

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

10. Net assets

Luta pela Paz's net assets as of December 31, 2023, is R\$ 3,088,998 (R\$ 2,759,676 as of December 31, 2022), and is made up of the accumulated surplus (deficit) for the years.

The allocation of the accumulated surplus is approved at the Annual General Meeting held annually.

11. Operating revenues

	<u>2023</u>	<u>2022</u> <i>(Restated)</i>
Revenues from restriction		
Incentivized Projects – LIE and PRONAS (a)	5,720,350	1,958,351
Petrobras – Safe Community	3,198,988	1,857,269
Petrobras - Maré United	1,444,006	83,087
Petrobras - Baskets and LPG	-	1,434,343
Petrobras - Maré United II	1,137,642	-
New Trails - SEAS CE	2,033,837	1,428,635
Unicef	614,528	728,351
New Caiçara - SME CE	315,024	-
Ambikira Institute (Credit Suisse)	300,000	288,000
KBF - Care Diary	237,460	-
Sony	234,899	222,077
Comic Relief	178,155	576,797
Laureus Sport for Good Foundation	149,679	62,525
Rexona Beyond Sport	77,110	82,345
AXA XL - Brighter Futures	68,314	-
Unesco (Criança Esperança)	67,020	160,274
Fiocruz - Pavuna Sem Fome	-	25,000
Return of funds	-	(718,027)
Subtotal – Restricted	15,777,012	8,189,027
Without restriction		
Riluk Ipco Limited	481,500	-
Individual	347,547	213,714
Legal entity	70,425	44,228
UNESCO - International Martial Arts Center	47,850	-
TSADIK - Alpine managers	18,913	-
ISCA - International Sport and Culture Association	15,455	-
Pagar Me	4,886	19,236
Fundação Itaú para Educação e Cultura	-	100,000
Services Provided - Sports Activity	157,862	-
Subtotal – Unrestricted	1,144,438	377,178
	16,921,450	8,566,205

(a) Donation related to Projects Incentivized by LIE and PRONAS related to revenue recognized according to expenses incurred (see Note 8 - item f).

LUTA PELA PAZ**Notes to the financial statements as of December 31, 2023 and 2022
In Reais (R\$), unless otherwise indicated**

12. Administrative expenses

	<u>2023</u>	<u>2022</u>
		<i>(Restated)</i>
Salaries	(110,182)	(102,955)
Vacation	(96,837)	(90,485)
13 th salary	(37,869)	(35,385)
Social charges	(105,933)	(98,985)
Medical expenses	(74,145)	(69,281)
Depreciation	(235,077)	(192,043)
Other labor expenses	(37,439)	(34,983)
Travel expenses	(101,782)	(95,106)
Meals	(28,138)	(26,292)
Office supplies	(37,339)	(34,890)
Rent	(12,971)	(12,120)
Maintenance and preservation	(15,633)	(14,607)
Consumption material	(21,716)	(9,292)
Courses and training	(7,941)	(7,420)
Tax expenses	(5,659)	(5,156)
Total	<u>(928,661)</u>	<u>(829,000)</u>

LUTA PELA PAZ**Notes to the financial statements as of December 31, 2023 and 2022
In Reais (R\$), unless otherwise indicated****13. Project expenses**

	<u>2023</u>	<u>2022</u>
		<i>(Restated)</i>
Salaries	(7,370,677)	(5,896,855)
Vacation	(584,312)	(377,124)
13 th salary	(492,574)	(465,677)
Social charges	(771,638)	(423,108)
Medical expenses	(256,714)	(124,460)
Other labor expenses	(881,421)	(759,948)
Third-party services and social security charges	(2,174,773)	(1,901,314)
Meal tickets	(39,328)	(810,764)
Travel expenses	(439,466)	(576,162)
Meals	(482,876)	(385,425)
Sports material	(292,170)	(355,840)
Corporate event	(69,201)	(311,934)
LPG Aid	-	(301,948)
Uniforms	(330,815)	(297,217)
Office supplies	(138,453)	(261,027)
Scholarships	(432,323)	(257,480)
Rent	(184,127)	(181,905)
Transportation	(142,555)	(188,506)
Allowance (food and transport – young people)	(152,016)	(158,600)
Maintenance and preservation	(57,935)	(121,004)
Telephone	(58,576)	(103,743)
Consumption material	(88,869)	(37,730)
Electric power	(56,013)	(52,634)
Courses and training	(42,275)	(20,276)
Tax expenses	(56,184)	(10,103)
Educational Material	(61,642)	(12,570)
Other expenses (*)	(120,079)	(385,689)
Total	<u>(15,777,012)</u>	<u>(14,779,043)</u>

14. Net financial surplus (deficit)

	<u>2023</u>	<u>2022</u>
Financial revenues		
Yields from interest earning bank deposits	291,460	981,080
Other financial revenues	15	-
	<u>291,475</u>	<u>981,080</u>
Financial expenses		
IRRF	(87,895)	(130,933)
Bank expenses	(53,023)	(43,402)
Fines and interest	(36,777)	(30,792)
Other	(235)	(3,044)
	<u>(177,930)</u>	<u>(208,171)</u>
	<u>113,545</u>	<u>772,909</u>

15. Volunteer work

In compliance with Resolution 2015/ITG2002(R1), which approved the technical interpretation ITG 2002 (R1) "Non-profit entities", providing for that the voluntary value must be recognized at the fair value of the service provision as if the financial disbursement had occurred, the voluntary work undertaken by the Entity during the years 2023 and 2022 was raised.

Voluntary hours are related to Board meetings, which are not relevant and, according to the Management's understanding, were not recorded. According to its Bylaws, the Entity does not remunerate its board members in any way.

16. Contingencies

The Entity in the ordinary course of their business, is subject to judicial proceedings of tax, labor or civil nature for which a provision is formed based on legal advisors' estimates. There are no lawsuits with a probable likelihood of loss. Therefore, there is no record in the financial statements for the years ended December 31, 2023 and 2022, as well as lawsuits with a possible probability of loss that can be disclosed.

17. Tax waiver

In compliance with item 27, letter "c" of ITG 2002 (R1) – non-profit entity – list of taxes that are the object of tax waiver for years ended December 31, 2023 and 2022 is as follows:

- Corporate Income Tax (IRPJ)
- Social Contribution on Net Income (CSLL)
- COFINS (Contribution for social security funding) on own revenues
- PIS on revenues;

Since it is a non-profit organization, the Entity enjoys the benefit of being exempted from paying federal taxes levied on surplus (deficit), in accordance with articles 167-174 of Income Tax Regulation, approved by Decree 3.000 of 03/26/1999 and Article 195 of the Federal Constitution;

Income and capital gains earned on interest earning bank deposits which, according to tax regulations, are withheld at source, are not covered by the income tax exemption.

PIS is due and collected on the payroll at a rate of 1%.

18. Risk management

The Entity only operates with non-derivative financial instruments, which include interest earning bank deposits and other receivables, cash and cash equivalents, as well as other current liabilities.

The book values in the balance sheet, when compared to the fair values that could be obtained from trading in an active market or, in the absence thereof, with the net present value adjusted based on the current market interest rate, substantially approximate of their corresponding fair values.

Due to the characteristics and form of its operations, and considering its financial position as of December 31, 2023, the Entity is subject to the following main risk factors:

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022 In Reais (R\$), unless otherwise indicated

Credit risk

Regarding the balances of cash and cash equivalents totaling R\$ 294,244 as of December 31, 2023 (R\$ 356,386 as of December 31, 2022), and restricted cash, restricted and unrestricted securities totaling R\$ 16,191,259 as of December 31, 2023 (R\$ 15,961,252 as of December 31, 2022), the Entity operates with “first-tier” financial institutions.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	294,244	356,386
Securities	-	2,983,955
Restricted securities	4,468,163	2,208,706
Restricted securities - Incentivized	9,226,704	8,080,452
Restricted securities	2,496,392	2,688,139
	<u>16,485,503</u>	<u>16,317,638</u>

Liquidity risk

Liquidity risk is the risk that the Entity will face difficulties in meeting its obligations. The Entity's approach to liquidity management is to ensure that it always has sufficient liquidity to meet its maturing obligations, under normal and stress conditions, without causing unacceptable losses or risking damage to the Entity's reputation.

As of December 31, 2023, the Entity has a positive working capital of R\$ 56,580 and negative working capital of R\$ 132,529 as of December 31, 2022. It is also worth highlighting that, in case of financial needs, and provided that it is approved by the general meeting, the financial reserve created in 2017 (restricted securities), classified in non-current assets, has a balance of R\$ 2,496,392 as of December 31, 2023 (R\$ 2,688,139 as of December 31, 2022).

Market risk

Market risk means that changes in interest rates may cause changes in the Entity's revenues and expenses. The purpose of market risk management is to manage and control market risk, within acceptable parameters, while optimizing the financial return for the Entity.

The Entity's main assets are securities and financial investments, restricted and unrestricted, remunerated based on the CDI change, totaled R\$ 16,446,629 as of December 31, 2023 (R\$ 16,219,354 as of December 31, 2022).

Sensitivity analysis

In accordance with CPC 40, the Entity performs a sensitivity analysis of the main risks to which the financial instruments are exposed, as follows:

<u>Description</u>	<u>Exposure</u> <u>in 2023</u>	<u>Risk</u>	<u>Impact</u>	<u>Scenario I</u> <u>- Probable</u> <u>(**)</u>	<u>Scenario II</u> <u>- Possible</u> <u>(+25%)</u>	<u>Scenario III</u> <u>- Remote</u> <u>(-25%)</u>
Interest earning bank deposits	16,446,629	CDI decrease (*)	Surplus (deficit)	18,591,268	19,127,428	18,055,108

LUTA PELA PAZ

Notes to the financial statements as of December 31, 2023 and 2022

In Reais (R\$), unless otherwise indicated

- (*) Interest earning bank deposits are concentrated in investment funds and Bank Deposit Certificates (CDB's). The funds are classified as fixed income and referenced to DI, which invest mainly in floating rate assets fixed to the CDI change and have daily liquidity for redemption. Another small portion corresponds to CDB's with daily liquidity, which are also indexed to the CDI rate.
- (**) It considers the CDI as of 09/30/2023 of 13.04% per annum, quotation of the estimates presented by the recent Central Bank of Brazil (Bacen) survey.

19. Coverage and insurance (unaudited)

The Entity has insurance contracted for its headquarters property, Tenancy Bond Insurance and Civil Liability Insurance, totaling R\$ 4,960,000 of insured amount. The insurance coverage as of December 31, 2023 is as follows:

Insurance objects	Coverage	Insured amount	Insurance company	Expiration date
1 – Real estate	Basic	1,000,000	Bradesco	03/30/2024
	Loss or rent payments	100,000	Bradesco	03/30/2024
	Gale / Hail	100,000	Bradesco	03/30/2024
	Electrical damages	100,000	Bradesco	03/30/2024
	Burglary and Theft	20,000	Bradesco	03/30/2024
	Broken glass or shop windows	20,000	Bradesco	03/30/2024
	Equipment	20,000	Bradesco	03/30/2024
	RC – Employer	20,000	Bradesco	03/30/2024
	RC - Educational establishment	500,000	Bradesco	03/30/2024
	Recovery of records and documents	20,000	Bradesco	03/30/2024
	Extraordinary expenses	20,000	Bradesco	03/30/2024
	Pipeline Break	20,000	Bradesco	03/30/2024
	Panels, illuminated announcements and signs	10,000	Bradesco	03/30/2024
	Jardins	10,000	Bradesco	03/30/2024
	Total	1,960,000		
2 - Civil liability	Executive Board and Management Meeting	3,000,000	Austral Seguradora S.A	11/12/2024
	Total	3,000,000		
	Grand total	4,960,000		

20. Subsequent events

The main amounts received by the Entity in 2024 to date are presented below:

Project resources received	Amount
Petrobras – Safe Community	2,077,736
Embrace Sobral - Nova Caiçara SME CE	951,640
	<u>3,029,376</u>
Incentivized resources released for execution	
LIE - Us with Them II	630,821
LIE - Inspiring Champions II	686,578
LIE - Fearless IV	433,551
LIE - Fearless V	804,328
LIE - Inspiring Champions III	925,610
LIE - Us with Them III	875,362
LIE - Community Champions V	1,436,841
	<u>5,793,091</u>

Additionally, the Management made its assessments and came to the conclusion that there were no other material facts to be disclosed between the reporting date of the financial statements and the date of their respective approval.

* * * * *