

(A free translation of the original in Portuguese)

Fundação de Apoio à Universidade de São Paulo - FUSP

***Financial statements at
December 31, 2023
and independent auditor's report***



(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Trustees and Board of Directors
Fundação de Apoio à Universidade
de São Paulo - FUSP

Opinion

We have audited the accompanying financial statements of Fundação de Apoio à Universidade de São Paulo - FUSP ("Foundation"), which comprise the balance sheet as at December 31, 2023 and the statements of surplus and of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundação de Apoio à Universidade de São Paulo - FUSP as at December 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil for small and medium-sized entities - CPC Technical Pronouncement PME - Accounting for Small and Medium-sized Entities, including the provisions contained in the Technical Interpretation ITG 2002 (R1) - "Non-Profit Entities".

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil for small and medium-sized entities (CPC - Technical Pronouncement PME - Accounting for Small and Medium-sized Entities) including the provisions contained in the Technical Interpretation ITG 2002 (R1) - "Non-Profit Entities", 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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



Fundação de Apoio à Universidade
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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

São Paulo, March 28, 2024

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Felipe Edmond Ayoub
Contador CRC 1SP187402/O-4

Fundação de Apoio à Universidade de São Paulo - FUSP

Balance sheet at December 31

(All amounts in thousands of Reais)

(A free translation of the original in Portuguese)

Balance sheet

Assets	Note	2023	2022	Liabilities and social equity	Note	2023	2022
Current assets				Current liabilities			
Cash and cash equivalents	5	65,952	50,675	Project funds	6	275,849	210,969
Restricted cash equivalents	6	289,087	218,655	Contributions and fees to			
Advances for projects	7	3,722	2,109	USP units and departments	6	13,238	7,685
Other assets		473	229	Labor and tax liabilities	9	3,297	3,361
		<u>359,234</u>	<u>271,669</u>	Other liabilities	10	1,302	3,089
						<u>293,686</u>	<u>225,105</u>
Non-current assets				Non-current liabilities			
Long-Term				Labor and tax liabilities	9	7,750	6,738
Other assets		3	9	Provision for contingencies	11	216	123
Unrestricted financial investments	5		7,500	Credits to be identified		164	64
Fixed assets	8	8,510	2,850			<u>8,130</u>	<u>6,925</u>
Intangible assets		63	63				
		<u>8,576</u>	<u>10,422</u>	Total liabilities		<u>301,816</u>	<u>232,030</u>
				Social equity	12	50,061	38,574
				Accumulated surplus		15,933	11,487
						<u>65,994</u>	<u>50,061</u>
				Total social equity			
Total assets		<u>367,810</u>	<u>282,091</u>	Total liabilities and social equity		<u>367,810</u>	<u>282,091</u>

The accompanying notes are an integral part of these financial statements

Fundação de Apoio à Universidade de São Paulo - FUSP

Statement of surplus and comprehensive income

Years ended December 31

(All amounts in thousands of Reais)

(A free translation of the original in Portuguese)

Statement of surplus

	Note	2023	2022
Revenue	13	15,816	16,276
Revenue from volunteer work	13	637	628
Net operating revenue		16,453	16,904
(-) Costs of services rendered	14	(3,324)	(3,027)
Gross operating income		13,129	13,877
Operating income (expenses)			
Expenses with volunteer work	13	(637)	(628)
General and administrative expenses	15	(6,955)	(8,351)
Other expenses/income		31	10
Surplus before finance result		5,567	4,909
Finance income	16	11,338	7,940
Finance costs	16	(971)	(1,362)
Finance result		10,366	6,578
Surplus for the year		15,933	11,487

Statement of comprehensive income

	2023	2022
Surplus for the year	15,933	11,487
Other components of comprehensive surplus	-	-
Total comprehensive surplus for the year	15,933	11,487

The accompanying notes are an integral part of these financial statements

Fundação de Apoio à Universidade de São Paulo - FUSP

Statement of changes in social equity

Years ended December 31

(All amounts in thousands of Reais)

(A free translation of the original in Portuguese)

Statement of changes in social equity

	<u>Note</u>	<u>Social equity</u>	<u>Accumulated surplus</u>	<u>Total</u>
December 31, 2021		29,974	8,600	38,574
Allocation of prior year's surplus		8,600	(8,600)	-
Surplus for the year			11,487	11,487
December 31, 2022		38,574	11,487	50,061
Allocation of prior year's surplus	12(b)	11,487	(11,487)	-
Surplus for the year	12(b)		15,933	15,933
December 31, 2023		<u>50,061</u>	<u>15,933</u>	<u>65,994</u>

The accompanying notes are an integral part of these financial statements

Fundação de Apoio à Universidade de São Paulo - FUSP

Statement of cash flows

Years ended December 31

(All amounts in thousands of Reais)

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Statement of cash flows

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Surplus for the year	15,933	11,487
Adjustments to reconcile surplus with net cash inflow from operating activities		
Depreciation and amortization (Note 8)	76	47
	<u>16,009</u>	<u>11,534</u>
Changes in assets and liabilities		
Restricted cash equivalents	(70,433)	(58,286)
Other assets	(237)	(84)
Advances for projects	(1,613)	203
Judicial deposits	-	131
Project funds	64,880	18,679
Contributions and fees to USP units and departments	5,553	(1,152)
Accounts payable	-	40,759
Labor and tax liabilities	947	4,965
Credits to be identified	101	64
Other liabilities	(1,787)	1,224
Provision for contingencies (Note 11)	93	(132)
Net cash inflow from operating activities	13,513	17,905
Cash flows from investing activities		
Acquisition of fixed assets (Note 8)	(5,735)	(120)
Unrestricted financial investments	7,500	(1,000)
Net cash generated by (used in) investing activities	<u>1,765</u>	<u>(1,120)</u>
Increase (Decrease) in cash and cash equivalents	<u>15,277</u>	<u>16,785</u>
Cash and cash equivalents at the beginning of the year	<u>50,675</u>	<u>33,890</u>
Cash and cash equivalents at the end of the year	<u><u>65,952</u></u>	<u><u>50,675</u></u>

The accompanying notes are an integral part of these financial statements

Fundação de Apoio à Universidade de São Paulo - FUSP

Notes to the financial statements

December 31, 2023

(All amounts in thousands of Reais)

1 Operations

(a) General information

Fundação de Apoio à Universidade de São Paulo - FUSP ("Foundation") is a non-profit private entity, formed on June 10, 1992 in the city of São Paulo, State of São Paulo, where it carries out its activities.

The Foundation's bylaws specify its main objectives as:

- ✓ To provide the University of São Paulo ("USP") with the means for the adequate deployment of human and material resources required to perform the activities related to teaching, research and extension programs;
- ✓ To assist in the organization and oversight of community-oriented activities in the segments of education, culture, social welfare, environment, sports and health; and
- ✓ To provide services to assist and foster research, development of technologies, and dissemination of scientific and technical knowledge.

The Foundation is engaged in the management of public and private research projects coordinated by USP professors.

The Foundation's bylaws specify that the Foundation can only be extinguished upon approval by 2/3 of the members of the Board of Trustees, after consulting with the Prosecutor for Foundations of the Public Prosecution Office. In the event the Foundation is extinguished, any remaining assets will be allocated to USP or to the entity registered with the National Council for Social Assistance - CNAS, through a simple majority vote of the members of the Board of Trustees.

(b) Foundation's Management

The Foundation is managed by the following administrative bodies:

(b.1) Board of Trustees

The Board is formed by nine members, appointed as follows: one chairman, who is also the President of USP; five members appointed by the President, whose terms of office coincide with that of the President; and three members appointed by USP's University Board, with a term of four years. Among its duties, the Board of Trustees is responsible for establishing and promoting the policies governing the Foundation's activities; appointing and removing members of the Executive Board (item b.2) and the Statutory Audit Board (item b.3); and approving (i) the internal regulation, (ii) the receipt of donations or legacies; (iii) the Foundation's proposed budget; (iv) the financial statements and activities report prepared by the Executive Board and (v) amendments to the bylaws and rules for procurements and contracts.

(b.2) Executive Board

The Executive Board is formed by the Executive Officer, Alternate Officer, and Financial Officer, a two-year term of office, being able to be reappointed. Among its duties, the Board is responsible for managing the Foundation; preparing the proposed budget and preparing proposals for changes in internal rules and regulations to be submitted to the Board of Trustees.

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(b.3) Statutory Audit Board

The Statutory Audit Board consists of three members appointed by the Board of Trustees, who have a two-year term of office, being able to be reappointed. Among its duties, the Statutory Audit Board issues its opinion on the Foundation's financial performance and financial position, reviews and issues its opinion on the annual report on the Executive Board's activities, financial statements, and prior year accounts.

(c) Tax and social security matters

Currently, the Foundation is required to pay contributions to: (i) the Social Integration Program (PIS), calculated as 1% on the payroll amount; and (ii) the National Institute of Social Security (INSS), calculated on the payroll.

As a non-profit entity, the Foundation is exempt from corporate income tax (IRPJ) and social contribution on net income (CSLL).

(d) Approval of the financial statements

The issue of the Foundation's financial statements was authorized by the Board of Directors on March 28, 2024.

(e) Main events in the year

The Foundation acquired a property located at Rua Alvarenga with Avenida Afrânio Peixoto in the city of São Paulo allowing it to diversify its asset base and increase the value of its fixed assets. The property is strategically located on two important avenues adjacent to the Foundation's headquarters facilitating future expansion. The acquisition was duly approved and accompanied by the Curator of Capital Foundations ("MPSP"), the consideration paid being consistent with the market value of the property as reflected in an expert report appointed upon request of the MPSP.

When the headquarters were first acquired, the then existing residential properties were adapted to office spaces. The present offices, although in good condition, are not as modern as the new buildings. The construction of the new headquarters, as approved by the Board of Trustees, will incorporate concepts of sustainability and social inclusion. The executive project foresees reusing materials and the architectural model will integrate aspects of sustainability using existing natural resources. The physical footprint is sufficient to meet the growing operations.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared and are being presented in accordance with the Brazilian Accounting Pronouncements Committee (CPC) - Technical Pronouncement PME - Accounting for Small and Medium-sized Entities (R1), and the guidance contained in interpretation ITG 2002 - Non-profit Entities, issued by the Federal Accounting Council (CFC), and disclose all applicable significant information related to the financial statements, which is consistent with that utilized by management in the performance of its duties. The financial

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(All amounts in thousands of Reais)

statements have been prepared under the historical cost convention and adjusted to reflect the measurement of certain financial instruments at fair value.

The preparation of financial statements in conformity with the CPC PME requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in applying the Foundation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in Real/Reais (R\$), which is the Foundation's functional currency, and also its presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or the dates of valuation when items are remeasured.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less, and with immaterial risk of change in value.

2.4 Cash and cash equivalents - restricted

These include deposits with banks and short-term highly liquid financial investments related to the projects managed by the Foundation.

2.5 Financial assets

2.5.1 Classification

The Foundation classifies its financial assets in the following categories:

- Measured at fair value (through other comprehensive income or through profit or loss);
- or
- Measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(a) Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. Any gains or losses on investments in debt securities that are subsequently measured at fair value through profit or loss are recognized in the statement of surplus and presented net within "Other gains/(losses)" in the period in which they arise.

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(All amounts in thousands of Reais)

(b) Amortized cost

Assets that are held for collection of contractual cash flows where cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of the asset is recognized directly in the statement of surplus and presented in "Other gains/(losses)". Impairment losses are presented as a separate line item.

2.5.2 Recognition, derecognition, and measurement

Regular purchases and sales of financial assets are recognized on the trade date, i.e., the date on which the Foundation commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred, and the Foundation has transferred substantially all the risks and rewards of ownership.

Financial assets are recognized initially at fair value, plus transaction costs that are directly attributable to the acquisition, in the case of financial assets that are not measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are expensed in the statement of surplus.

2.5.3 Impairment of financial assets

The Foundation assesses the expected credit losses associated with its debt securities carried at amortized cost and at fair value through other comprehensive income. The impairment methodology adopted depends on whether there has been a significant increase in credit risk.

For trade receivables, the Foundation adopts the simplified approach, as permitted by CPC PME, and concluded that there is no need for a provision for losses, since the activities underlying the accounts receivable were authorized and carried out for the projects incorporating credit risks. The Foundation rarely performs services for projects without receiving funds in advance, reducing the risks of delinquencies.

2.6 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to preparing the asset for its intended use.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method, to write down the cost of each asset to its residual value at the rates disclosed in Note 8, which take into consideration the assets' useful lives.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses, net" in the statement of surplus.

2.7 Intangible assets

Software licenses acquired are stated at historical cost. Amortization is calculated using the straight-line method to allocate the cost over their estimated useful life of five years.

2.8 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized

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when the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets that have suffered impairment are subsequently reviewed for possible reversal of the impairment at each reporting date.

2.8.1 Fixed assets revaluation (impairment test)

In 2021, the Foundation hired BIRJ - Bolsa de Imóveis do Rio de Janeiro Empresa Brasileira de Avaliações, to carry out an appraisal of its fixed assets. Due to the significance of the balances, only land and buildings were considered, since they represent 88% of fixed assets, based on the residual values. The appraisal report indicated that the then current market values were much higher than the book values, with no need for an impairment provision. In 2023, management carried out an internal analysis of these same fixed assets and concluded that there was no need to hire an appraisal firm to carry out a new valuation since there were no indicators of impairment.

In 2023, the Foundation acquired a property at Rua Alvarenga, 1789, for R\$5,420, presented as:

- Land: R\$3,433
- Buildings: R\$1,987

An expert appraiser was appointed by the Public Prosecution Office to ascertain the value of the property, under normal market conditions.

Note 1(e) provides a description of the acquisitions made during in the year.

2.9 Provisions

Provisions are recorded when the Foundation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the disbursements expected to settle the obligation. Changes in the provision is recognized within "Operating expenses" in the statement of surplus.

2.10 Other liabilities

These are stated at known or estimated amounts including, where applicable, accrued charges.

2.11 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered in the normal course of the Foundation's activities. Revenue is net of cancellations, when applicable.

Revenues are mainly derived from administrative and sponsorship fees for the management of research, teaching, development, innovation and renovation projects, which are carried out on demand and recognized in the statement of surplus to match the development of each project.

2.12 Other revenue, costs and expenses

Other revenue, costs of services, and expenses are also recognized on the accruals basis of accounting.

Fundação de Apoio à Universidade de São Paulo - FUSP

Notes to the financial statements

December 31, 2023

(All amounts in thousands of Reais)

2.13 Finance result

Finance income and costs are recognized on an accrual basis, taking into consideration the principal amount outstanding and the effective rate during the period up to maturity, when the income or costs are recognized.

3 Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated, and are based on historical experience and other factors, including expectations of future events.

The accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include the review of the useful lives and recoverable value of fixed assets, in addition to the provision for contingencies.

The assets used in the Foundation's activities are reviewed for possible impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable on the basis of future cash flows. If the carrying amount of an asset is higher than its recoverable value, the net value is adjusted.

4 Financial instruments by category

Assets as per balance sheet	Classification	2023	2022
Cash and cash equivalents - Cash and banks	(i)	65,952	50,675
Advances for projects	(i)	3,722	2,109
Other assets	(i)	473	229
Long-term financial investments	(ii)		7,500
Fixed assets	(i)	8,510	2,850
		<u>78,657</u>	<u>63,364</u>
Liabilities as per balance sheet			
Other liabilities	(iii)	1,302	3,089
		<u>1,302</u>	<u>3,089</u>
Classification			
(i) Loans and receivables			
(ii) Long-term financial investments			
(iii) Other financial liabilities			

5 Cash and cash equivalents

Cash and cash equivalents comprise current bank accounts, other than those restricted under partnership agreements and projects. These amounts are invested with top-tier banks, which offer an average return of between 94% and 102% of the Interbank Deposit Certificate (CDI) rate.

6 Restricted cash equivalents

(a) Composition of balances

(a.1) Project funds, and contributions and fees payable to USP units and departments.

Fundação de Apoio à Universidade de São Paulo - FUSP

Notes to the financial statements

December 31, 2023

(All amounts in thousands of Reais)

(a.1.1) Composition of balances:

	2023	2022
Project funds (i)	268,689	206,052
Contributions to USP (ii)	10,248	4,832
Fees payable to USP units and departments (iii)	2,990	2,854
Advances of funds (iv)	7,160	4,917
	289,087	218,655

(i) Project funds

In order to execute USP projects, the Foundation provides management support for the University's Institutes, Schools, Support Centers, and Bodies. The Foundation manages the resources obtained from project sponsors in the areas of research and development, and in the various areas of health, culture, technology and energy, among others.

The balances, once available, are held as financial investments bearing, when applicable, interest; these are used to develop the various projects related to studies and research. The main projects are, by sponsor:

Financing entities	2023	2022
Several (*)	66,573	81,386
Foreign entities	786	986
Federal (**)	177,638	105,235
State	3,383	3,384
Electric Energy companies	2,063	2,056
	250,444	193,047
University extension courses (***)	18,245	13,006
	268,689	206,052

(*) The projects cover different fields of knowledge within USP, such as chemistry, shipbuilding, medicine, mathematics, psychology, agronomy, etc., through numerous active projects.

(**) There was a significant increase in Federal projects. Funds from organizations such as BNDES (National Bank for Economic and Social Development), EMBRAPPII (Brazilian Company for Industrial Research and Innovation) and FINEP (Financier of Studies and Projects), among others, sponsor different initiatives.

University extension courses offer MBA programs, specializations and updates through training institutions such as PECE (Polytechnic School of the University of São Paulo), PECEGE (Continuing Education Program in Economics and Business Management), among others.

(ii) Contributions to the University of São Paulo - USP

The partnership agreements and contracts entered into with USP determine that research projects retain up to 5% of the resources for projects and funds earmarked for the promotion of activities related to research, culture, and extension programs. These retentions do not apply to funds provided by government entities.

The higher balance reflects new projects signed with USP.

Fundação de Apoio à Universidade de São Paulo - FUSP

Notes to the financial statements

December 31, 2023

(All amounts in thousands of Reais)

(iii) Fees payable to USP units and departments

The partnership agreements and contracts entered into with USP determine that research projects, apply a portion of the funds for USP department projects. These retentions do not apply to funds provided by government entities. These funds are made available to USP upon request.

(iv) Advances of funds

Corresponds to project management fees charged in advance by the Foundation. The realization of the revenues occurs in the period the expenses are disbursed, on an accruals basis.

(a.1.2) Changes in the balances:

	2023	2022
Balance at the beginning of the year	218,655	236,182
Inflow of funds	317,343	244,890
Net finance result	14,090	17,494
(-) Net change	(245,662)	(265,839)
(-) Administrative fee transferred to FUSP	(15,339)	(14,072)
Balance at the end of the year	<u>289,087</u>	<u>218,655</u>

This balance comprises the Project Funds, Contributions and Fees earmarked for the University of São Paulo.

(b) Comments on balances and accounts

- The current bank accounts are with Brazilian financial institutions which operate in the market managing funds for research projects financed by Brazilian sponsors.
- Current accounts are with Banco do Brasil in New York and London, which are used to receive funds for research projects financed by foreign sponsors.
- Financial investments are substantially in investment funds, earmarked for restricted purposes by the partnership agreements and projects, therefore, not classified as cash equivalents. These investments earn interest ranging from 85% to 105% of the Interbank Deposit Certificate (CDI) rate.

7

Advances for projects

These correspond to projects with negative balances that have been reclassified to this account, since management believes that the amounts will be received.

Opening balance 12/31/22	Amounts received	Amounts paid in advance	Losses / support activities	Closing balance 12/31/23
(2,109)	588	(2,114)	(87)	(3,722)

Fundação de Apoio à Universidade de São Paulo - FUSP

Notes to the financial statements

December 31, 2023

(All amounts in thousands of Reais)

8 Fixed assets

(a) Changes in balances

	Land	Buildings	Furniture and fixtures	Computers and peripherals	Machinery and equipment	Facilities	Construction in progress	Total
At January 1, 2022	1,620	828	91	85	134	19		2,777
Acquisitions			4	82	34			120
Depreciation		(33)	(3)	(5)	(5)	(1)		(47)
At December 31, 2022	1,620	795	93	163	162	18		2,850
Total cost	1,620	1,229	238	429	255	186		3,957
Accumulated depreciation		(434)	(146)	(267)	(93)	(167)		(1,107)
Net book value	1,620	795	93	163	162	18		2,850
At January 1, 2023	1,620	795	93	163	162	18		2,850
Acquisitions (i)	3,433	1,987		26	18		272	5,735
Depreciation		(48)	(3)	(19)	(6)	(1)		(76)
At December 31, 2023	5,053	2,734	90	169	174	17	272	8,510
Total cost	5,053	3,216	238	455	273	186	272	9,692
Accumulated depreciation		(482)	(148)	(285)	(99)	(168)		(1,182)
Net book value	5,053	2,734	90	169	174	17	272	8,510
Average annual depreciation rates (%)		3%	10%	20%	10%	10%		

(i) Acquisitions:

A detailed analysis of the acquisitions is presented in Note 1(e).

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(b) Comments

Based on an internal policy, when a project is completed the Foundation donates to USP any furniture, computers and equipment used specifically for that project. Accordingly, such assets are not recognized within fixed assets, but rather within "Project funds".

9 Labor and tax liabilities

	2023	2022
Provision for severance pay (i)	7,750	6,738
Provision for vacation pay and payroll charges	532	449
Salaries payable	959	697
National Institute of Social Security (INSS)	548	1,178
Withholding Income Tax (IRRF)	985	796
Social contribution	78	76
Government Severance Indemnity Fund for Employees (FGTS)	60	51
Social Integration Program (PIS)	12	10
Service Tax (ISS)	36	36
Social Contribution on Revenues (COFINS)	87	68
	11,047	10,099
Current	(3,297)	(3,361)
Non-current	7,750	6,738

(i) Funds received for investment in projects and transferred to the Foundation to cover any future costs with labor indemnities for personnel registered on the Foundation's payroll and allocated specifically to the projects managed by the Foundation. The calculation of the transferred amount consists of severance payments, such as prior notice, plus social charges, which are transferred from the projects to the Foundation's cash.

10 Other liabilities

	2023	2022
Credits to be identified (i)	1,117	2,874
Trade payables	149	182
Other payables	36	33
Non-current	1,302	3,089

(i) These correspond to amounts received in current accounts in connection with tuition payments for courses without the proper identification by the payers, and therefore, were recorded within liabilities and/or receipts from funders yet to be reclassified to projects.

11 Provision for contingencies

Under the advice of its lawyers, the Foundation assesses the likelihood of losses arising from contingencies of a labor, social security, environmental, tax, civil and other claims.

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(a) Provisioned contingencies (probable risk of loss)

The provision reflects the probable risk of losses arising once the obligation is settled or reversed, based on the advice of its lawyers. The provision covers labor risks at December 31, 2023 of R\$ 216 (2022 - R\$ 123).

Changes in the provision for contingencies were as follows:

	<u>2023</u>	<u>2022</u>
At December 31, 2022	123	256
Addition	93	
Write-offs by payment	-	(132)
At December 31, 2023	<u>216</u>	<u>123</u>

(b) Non-provisioned contingencies (possible risk of loss)

The Foundation is a party to other legal claims for which no provisions have been made, based on the advice of its lawyers, as the risk of loss is only considered to be possible. In 2023, these include civil lawsuit No. 1001426-37.2023.5.02.0036, 36th Labor Court of São Paulo, estimated at R\$ 612.

12 Social equity

(a) Social equity

Social Equity reflects the initial contribution from the founding members plus the net surpluses accumulated since inception.

(b) Approval of the allocation of the surplus for the year

The surplus for the year is transferred to the social equity account after approval by the Board of Trustees at its annual meeting.

13 Revenue

<u>Financing entities</u>	<u>2023</u>	<u>2022</u>
Electric Energy companies	2,931	275
Municipal	339	296
State	165	148
Federal (i)	2,705	7,630
Foreign entities	48	19
Genoma	102	120
Others	<u>4,859</u>	<u>4,724</u>
Total revenue from project management	11,149	13,212
Sponsorship	2,001	1,732
Revenue from university extension courses	<u>2,666</u>	<u>1,332</u>
Revenue	<u>15,816</u>	<u>16,276</u>

(i) The change reflects the completion of the Museum project in the period.

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(a) Volunteer work

Volunteer work is recognized at fair value of the services provided to the Foundation, in accordance with CFC Resolution 1,409, of September 21, 2012, as approved by NBC ITG 2002 - Non-profit Entities.

(a.1) Assumptions

The Foundation measured the volunteer work received based on an estimate of the amounts charged by the market for similar services, as shown below:

(b) Volunteer compensation

Positions	2022			
	Annual meetings	Hours of supporting activities	Number of participants	Total hours worked
Executive Board	77	3,036	3	3,113
Fiscal Council	14	0	3	14
Board of Trustees	85	0	9	85
Positions	2023			
	Annual meetings	Hours of supporting activities	Number of participants	Total hours worked
Executive Board	18	3,012	3	3,030
Fiscal Council	9	0	3	9
Board of Trustees	46	0	9	46
			2023	2022
Executive Board			623	603
Fiscal Council			2	4
Board of Trustees			11	22
			637	628

14 Costs of services rendered

These correspond to the cost incurred by the Foundation in carrying out project management, through departments with exclusive dedication or hours dedicated directly to project management. The allocating of hours by professionals in these departments for purposes of the costs of services rendered, is shown below:

	RELATIONSHIP CENTER	PROJECT MANAGEMENT	PEOPLE MANAGEMENT	PROCUREMENT AND CONTRACTS	Grand Total
*All amounts in thousands of Reais.					
(-) Costs of services rendered 2023	(626)	(1,933)	(388)	(377)	(3,324)

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*All amounts in thousands of Reais.	RELATIONSHIP CENTER	PROJECT MANAGEMENT	PEOPLE MANAGEMENT	PROCUREMENT AND CONTRACTS	Grand Total
Costs of services rendered 2022	(598)	(1,671)	(388)	(370)	(3,027)

15 General and administrative expenses by nature

	2023	2022
Personnel expenses		
Remuneration	(2,120)	(1,838)
Social charges	(1,180)	(1,066)
Benefits	(1,122)	(1,051)
Total personnel expenses	(4,422)	(3,955)
Services provided by legal entities	(1,468)	(2,144)
Consumables	(129)	(147)
Depreciation and amortization	(76)	(47)
Provision for contingencies	(90)	(10)
Other expenses	(981)	(2,479)
Other revenues	241	442
	<u>(6,924)</u>	<u>(8,341)</u>
Classification:		
General and administrative expenses	(6,955)	(8,351)
Other income (expenses), net	31	10
	<u>(6,924)</u>	<u>(8,341)</u>

16 Finance result

	2023	2022
Income from financial investments	10,970	7,471
Foreign exchange gains	366	466
Discounts obtained	2	3
Finance income	11,338	7,940
Foreign exchange losses	(322)	(771)
Bank costs and charges	(106)	(100)
Interest paid	(3)	(5)
COFINS on financial investments	(540)	(486)
Finance costs	(971)	(1,362)
Finance result	10,366	6,578

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17 Related parties

Key management personnel include members of the Board of Trustees and the Executive Board. Due to the legal nature of the Foundation, they do not receive any remuneration for the services provided in performing their functions (Note 13).

18 Insurance (unaudited)

The Foundation's assets are insured against risks at amounts considered sufficient to cover any losses, taking into consideration the nature of its activities.

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