



pequeno
PRÍNCIPE
COMPLEX



2022

Financial Statements

Message from the corporate director

Recognitions and contradictions marked 2022

The health ecosystem has become increasingly complex.

More investments are needed as technologies advance, expanding the possibilities of diagnoses and treatments. Knowing that these technologies exist and are available to save more and more lives drives us to work towards the permanent construction of the hospital of the future, highly technological, connected, efficient, and, above all, human, as we look to the future without forgetting from our roots, rooted in compassion and commitment to guaranteeing the rights of the children and adolescents we serve.

The great contradiction we are experiencing is that the public and supplementary health systems want this high-quality hospital but need to pass on amounts corresponding to these highly specialized services.

This contradiction became very evident in 2022. We have made numerous investments in technology – and for that, we have the support of companies and individuals to whom we are very grateful –, but our contractors did not respond to the price update necessary for philanthropic hospitals like ours.

In this regard, the Brazilian Public Health System (SUS, abbreviation in Portuguese) stands out, as by not updating the values for 60% of our activities, it compromises and makes the provision of services and continuous improvement processes unfeasible. We are mobilizing to review this situation.

On the other hand, we were again elected one of the best pediatric hospitals in the world, according to the American magazine Newsweek ranking. We went from the 112th position to the 87th position. It is a significant recognition since the ranking is built from the vote of 40,000 health professionals from more than 20 countries. Between the exclusively pediatric ones, we were ranked 56th on the planet and, for the second time, the best in Latin America. Again, this quality needs to be reflected in the remuneration we receive.

The challenge of surviving is the central point we want to face with the update of our strategic planning, prepared in 2022, and thinking about the next four years. **And if 2022 was the year for thinking about many strategies to face these challenges, 2023 will be the year for us to dive into this path.**

Some initiatives are already underway. College carried out a significant review of its communication and marketing processes in teaching, focused on graduation. At the Hospital, we created *Multiplica PP*, a program of courses in child and youth health, through which we will contribute to qualifying professionals in the area. Our medical residencies completed 50 years in 2022. We know our importance in training professionals specialized in pediatrics, and we want to be alongside these professionals throughout their careers, contributing to their continuing education.

We are also strengthening our clinical research, developed in partnership with industries, and disseminating our knowledge in innovative initiatives to other Brazilian hospitals, such as the **Antimicrobial Stewardship Program, currently being implemented in 15 large hospitals.**

For health assistance, we made several improvements in our physical structure, advanced in new protocols, innovated in procedures hitherto unpublished in Brazil, routinized essential practices such as using ECMO, and consolidated the Liver Transplantation Service. Through telemedicine, we are taking the expertise of our doctors to care in regions with “gaps” in pediatric care.

We take care of boys and girls from all over Brazil, and since we want them to have a healthy and fulfilling life, we cannot fail to commit to environmental care. Many initiatives during the year emphasized the installation of photovoltaic panels, a first step within a larger strategy that will unfold in the coming years. All our commitment to the theme has earned us great recognition: the 2022 Climate Challenge Award, which places us among the 54 hospitals in the world with the best environmental practices.

We know that 2023 will be a tough year, with an intense search to improve our financial results. And for that, we know we must work even harder, mainly focusing on high complexity and offering and selling our knowledge in hospital pediatrics. In planning, one of the year’s highlights is the implementation of eight new ICU beds.

We want to be one of the best places in the world to receive and multiply healthcare for children and adolescents. We work daily for this and count on you to build this reality.

**José Álvaro da
Silva Carneiro**
**Corporate Director of the
Pequeno Príncipe Complex**



Balance sheet ended December 31, 2022 (in US Dollar)

Assets

	Note	2022	2021
CURRENT		39,515,541	30,514,114
Cash and cash equivalents	4	3,581,498	3,838,833
Financial investments	5	14,410,495	11,098,750
Accounts receivable from customers	6	<u>4,558,065</u>	<u>4,650,506</u>
Funds of unrealized agreements	7	13,714,533	8,651,130
Inventories	8	1,967,331	1,537,893
Other credits	9	1,283,619	735,510
Prepaid expenses		-	1,492
NON-CURRENT		31,154,803	28,031,417
Long-term assets			
Other credits	9	91,720	95,313
Investments	10	134,464	125,722
Right of use – Lease assets	11.1	1,202,204	1,265,221
Fixed assets	12	<u>29,689,483</u>	<u>26,514,373</u>
Intangible	13	<u>36,932</u>	<u>30,788</u>
TOTAL ASSETS		70,670,344	58,545,531

“The management’s explanatory notes are an integral part of the financial statements.”

Balance sheet ended December 31, 2022 (in US Dollar)

Liabilities and net equity

	Note	2022	2021
CURRENT		28,000,230	19,228,069
Suppliers	14	2,933,173	2,165,929
Bank loans	15	4,189,651	3,240,862
Social obligations	16	5,204,123	3,936,603
Tax obligations	17	497,888	317,094
Grant resources to be executed	7	13,653,921	8,651,384
Leases – Liabilities	11.2	647,286	514,231
Deferred revenue	18	118,826	111,101
Other obligations		755,362	290,865
NON-CURRENT		6,058,516	5,608,093
Bank loans	15	744,196	376,020
Social obligations	16	10,802	41,332
Tax obligations	17	852,365	126,538
Leases – Liabilities	11.2	646,773	794,647
Deferred revenue	18	244,999	340,173
Provisions for contingencies	19	3,559,381	3,929,383
NET EQUITY	20	36,611,598	33,709,369
Equity		36,860,356	34,236,809
Equity valuation adjustment		12,038,013	12,077,149
Accumulated surplus		603,118	2,623,547
Accumulated translation adjustment		(12,889,889)	(15,228,136)
TOTAL LIABILITIES AND NET EQUITY		70,670,344	58,545,531

“The management’s explanatory notes are an integral part of the financial statements.”

Income statement ended December 31, 2022 (in US Dollar)

	Note	2022	2021
Gross operating revenue	21	68,516,579	58,922,391
<i>Healthcare revenue</i>		<u>43,872,097</u>	<u>36,514,643</u>
Brazilian Public Health System – SUS		14,644,751	13,884,470
Health insurance		27,660,348	21,470,497
Individuals		1,566,998	1,159,676
<i>Education revenue</i>		<u>14,234,151</u>	<u>12,668,004</u>
Tuition		13,960,229	12,490,958
Other revenues		273,922	177,046
<i>Use of funds raised</i>	21.1	<u>10,410,331</u>	<u>9,739,744</u>
Social grants		5,110,469	4,626,603
Private initiative campaigns		5,299,862	5,113,141
(-) Deductions from revenue		(3,901,974)	(3,380,675)
Deduction from health insurance	22	(808,903)	(689,164)
Gratuities ranted	26.2	(2,340,484)	(2,011,233)
Scholarships	26.2	(752,587)	(680,278)
Net operating revenue	21	64,614,605	55,541,716
(-) Cost of services provided		(41,030,676)	(34,625,961)
Healthcare cost		(35,106,230)	(29,858,081)
Education area cost		(4,263,363)	(3,517,441)
Research area cost		(1,661,083)	(1,250,439)
Gross profit		23,583,929	20,915,755
Operational expenses		(24,241,984)	(18,956,636)
Personnel expenses		(14,093,976)	(12,219,343)
General administrative expenses	23.1	(11,008,374)	(7,375,122)
Expenses with taxes and contributions	27	(10,842,006)	(10,050,838)
Tax exemptions	27	10,842,006	10,050,838
Other income / (expenses)	23.2	860,366	637,829
Surplus before financial income and expenses		(658,055)	1,959,119
Financial income	24	2,004,955	846,796
Financial expenses	24	(782,918)	(305,383)
Surplus for the year		563,982	2,500,532

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Changes in equity ended December 31, 2022 (in US Dollar)

	Equity	Equity valuation adjustment	Aggregate (deficit) surplus	Accumulated translation adjustment	Surplus available to board	Total net equity
On December 31, 2020 (restatement)	26,856,179	12,200,164	-	(12,839,929)	7,380,630	33,597,044
Incorporation of surplus to social equity	7,380,630	-	-	-	(7,380,630)	-
Realization of assigned cost	-	(123,015)	123,015	-	-	-
Surplus for the year	-	-	2,500,532	-	-	2,500,532
Surplus available to the general assembly for destination	-	-	(2,623,547)	-	2,623,547	-
Translation adjustment	-	-	-	(2,388,207)	-	(2,388,207)
On December 31, 2021	34,236,809	12,077,149	-	(15,228,136)	2,623,547	2,623,547
Incorporation of surplus to social equity	2,623,547	-	-	-	(2,623,547)	-
Realization of assigned cost	-	(39,136)	39,136	-	-	-
Surplus for the year	-	-	563,982	-	-	563,982
Surplus available to the general assembly for destination	-	-	(603,118)	-	603,118	-
Translation adjustment	-	-	-	2,338,247	-	2,338,247
On December 31, 2022	36,860,356	12,038,013	-	(12,889,889)	603,118	36,611,598

“The management’s explanatory notes are an integral part of the financial statements.”

Cash flow statement for the financial years ended Indirect tax assessment (in US Dollar)

	2022	2021
OPERATING ACTIVITIES		
Year surplus	563,982	2,500,532
Adjusted by:		
Depreciation and amortization	1,997,877	868,317
Provisions for contingencies	(370,002)	(876,780)
Bad debt provision	139,166	262,514
Translation adjustment – Equity	2,338,247	(2,388,207)
Translation adjustment – Fixed assets / lease liabilities / investments and intangible assets	(1,848,815)	1,915,325
Depreciation – Lease liabilities	689,152	-
Adjusted year surplus / deficit	3,509,607	2,281,701
Accounts receivable from customers	(46,725)	(1,212,563)
Inventories	(429,438)	1,311,324
Funds of unrealized agreements	(5,063,403)	(1,263,454)
Other credits	(543,024)	(327,083)
(Increase) or decrease in assets	(6,082,590)	(1,491,776)
Suppliers	767,244	(5,150)
Social obligations	1,236,990	440,267
Tax obligations	906,621	(4,026)
Grant resources to be executed	5,002,537	1,263,708
Other obligations	464,497	106,767
Leases – Liabilities	(14,819)	(900,392)
Deferred revenue	(87,449)	(132,429)
Liability increase or (decrease)	8,275,621	768,745
Net cash from operating activities	5,702,638	1,558,670
INVESTMENT ACTIVITIES		
Operations with financial investments	(3,311,745)	(3,309,942)
Additions to right of use	(633,301)	874,288
Write-off value of the right of use	532,452	-
Increase in fixed assets / intangible assets / investments	(3,547,449)	(2,417,667)
Write-off value of fixed assets / intangible assets / investments	215,557	812,175
Net cash from investment activities	(7,276,938)	(4,041,146)
FINANCING ACTIVITIES		
Bank loan operations	1,316,965	2,462,304
Net cash from financing activities	1,316,965	2,462,304
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(257,335)	(20,172)
Cash and cash equivalents at the beginning of the year	3,838,833	3,859,005
Cash and cash equivalents at the end of the year	3,581,498	3,838,833

“The management’s explanatory notes are an integral part of the financial statements.”

Explanatory notes to the financial statements

December 31, 2022 and 2021

(Figures in dollars, unless otherwise stated)

Note 1 – Operational context

The **DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION** is a civil institution under private law, non-profit organization, of public benefit, and is registered with the CNPJ – National Registry of Legal Entities – under number 76.591.569/0001-30. It is headquartered in the city of Curitiba (state of Paraná), Av. Iguazu 1472, Água Verde, founded on August 18, 1956, to promote healthcare to children and adolescents aged 0 to 18 years, through health assistance, teaching and research, and also social welfare assistance, promoting the offer of such services to comply with the rules that classify the institution as a philanthropic and tax-exempt organization.

It is worth noting that in the provision of healthcare assistance services, the organization offers up to 70% (seventy percent) of its workforce to the SUS (abbreviation in Portuguese for the Brazilian Public Health System). However, due to the COVID-19 pandemic, there was a significant reduction in hospitalizations and surgeries compared to the pre-pandemic year of 2019. However, starting in the second semester of 2022, the Association implemented all necessary measures to restore healthcare activities to historical levels.

The sources of revenue are the health services provided by Pequeno Príncipe Hospital, Vaccine Center, education services provided by Pequeno Príncipe College, as well as donations and subsidies and agreements associated with scientific projects of the Pelé Pequeno Príncipe Research Institute and the other units of the Complex. All revenues are fully invested in maintaining and developing its institutional objectives. The units are under the Dr. Raul Carneiro Hospital Association for Childhood Protection, sponsor of the Pequeno Príncipe Complex:

- Pequeno Príncipe Hospital (which incorporates the former César Pernetta Children’s Hospital);
- Pequeno Príncipe College;
- Pelé Pequeno Príncipe Research Institute; and
- Pequeno Príncipe Vaccine Center.

To receive an exemption from social contributions, the organization holds the Certificate of Social Assistance Beneficiary Entity in the Healthcare Field (CEBAS, abbreviation in Portuguese), which is renewed every three years by the Ministry of Health (with the Ministry of Education being consulted for specialties related to the College). The most recent CEBAS obtained by the organization is valid from January 1, 2019, to December 31, 2021. The entity has submitted renewal requests for subsequent years within the specified deadlines to the Ministry of Health, and is awaiting approval.

The issuance of these financial statements was authorized by the administration on June 26, 2023.

Note 2 – Basis of preparation of the financial statements

The financial statements were prepared and are being presented in accordance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil, in full compliance with Law N.º 11,638/07 and Law N.º 11,941/09, pronouncements issued by the CPC – Accounting Pronouncements Committee and approved by the CFC (abbreviation in Portuguese for the Federal Accounting Council), and also in accordance with ITG 2002 (R1) non-profit entity.

Note 3 – Summary of the main accounting practices

3.1 Classification of current and non-current items

In the financial statements, assets and obligations falling due or expected to be realized within the next 12 months are classified as current items, and those with maturity or expected to be realized within 12 months are classified as non-current items.

3.2 Offset accounts

As a rule, in the financial statements, neither assets and liabilities nor income and expenses, are offset against each other, except when compensation is required or permitted by a Brazilian accounting standard or rule and this compensation reflects the essence of the transaction.

3.3 Financial instruments

The institution classifies its financial assets as subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition.

a. The financial assets measured at amortized cost

These are financial assets maintained within the business model whose objective is to keep them for contractual cash flow receipts. The contractual terms of the financial assets originated, on specified dates, from cash flows that exclusively constitute payments of principal and interest on the principal amount outstanding.

b. Financial assets measured at fair value through other comprehensive income

They are financial assets maintained within a business model whose objective is achieved both by receiving contractual cash flows and by selling financial assets, and that the contractual terms of the financial asset originate, on specified dates, from cash flows that constitute exclusively principal and interest payments on the outstanding principal amount.

c. Financial assets measured at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless they are measured at amortized cost or at fair value through other comprehensive income. A financial asset is classified in this category if it was acquired primarily for short-term sale purposes. Financial assets in this category are classified as current assets.

Recognition and measurement:

Regular purchases and sales of financial assets are recognized on the trade date which the entity commits to buy or sell the asset. Investments are initially recognized at amortized cost. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the negotiation date on which the institution becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred; in the latter case, provided that the institution has significantly transferred all the risks and benefits of ownership. Financial assets measured at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are accounted for at amortized cost using the effective interest rate method.

Profit or losses arising from changes in the fair value of financial assets measured at fair value through profit or loss are presented in the income statement for the period in which they occur.

a) Derecognition of financial instruments

A financial instrument is written off when:

- The rights to receive cash flows from the financial asset expire;
- Transferred its rights to receive cash flows from the financial asset or assumed an obligation to pay the cash flows received in full, without significant delay, to a third party pursuant to a “pass-through” arrangement; and (a) transferred substantially all risks and rewards of the asset, or (b) did not transfer or substantially retain all risks and rewards relating to the asset, but transferred control over the asset; and
- A financial liability is written off when the obligation is revoked, canceled, or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are significantly changed, that replacement or change is treated as derecognition of the original liability and recognition of a new liability, the difference being in the corresponding book values recognized in the income statement.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash held by the entity, free transaction bank deposits, and cash equivalents financial investments. Due to internal decisions, funds with financial investments may have a specific destination, in line with the strategic planning and governance system.

3.5 Accounts receivable from customers

Accounts receivable correspond to the amounts receivable for services rendered in the ordinary course of the entity’s activities.

Accounts receivable from customers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method minus the provision for impairment losses (losses on receivables). In practice, they are usually recognized at the invoiced amount adjusted to present value if relevant and adjusted by the provision for impairment losses if necessary.

3.6 Unrealized health insurance funds / grants to be executed

Unrealized health insurance funds are recognized initially as current assets debt in the unrealized health insurance funds account, and as a credit in current liabilities in grants to be executed account and are subsequently recognized in the income statement as health insurance assistance expenditures occur.

3.7 Inventory

Inventories are recorded at the lower of cost and recoverable amount. The cost is determined using the average cost method.

3.8 Investments

Investments in artworks are valued at cost method and subjected to impairment test, being reduced to the recoverable amount where applicable. It is worth mentioning the formation of the collection linked to Edson Arantes do Nascimento, Pelé, and the works aimed at its conservation.

3.9 Leases

3.9.1 Right of use

The cost of the right of use asset corresponds to the initial measurement value of the lease liability, plus initial direct costs incurred, less any lease incentives received.

Depreciation is calculated using the straight-line method from the contract inception date to the first between the end of the useful life of the asset with the right to use or the end of the lease term.

3.9.2 Lease liabilities

The measurement of leasing operations corresponds to the amount of future payments of fixed rents, according to the period provided for in the contract signed between the lessor and the entity. These payment flows are adjusted to present value, considering the incremental loan rate.

Financial charges are appropriated based on the incremental loan rate, according to the remaining term of the contracts.

3.10 Fixed assets

Fixed assets items are presented at historical cost less depreciation. Historical cost includes expenses directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and that the cost of the item can be measured reliably. All other repairs and maintenance are recorded against the income for the year when incurred.

Depreciation is calculated using the straight-line method and takes into account the economic useful life of the assets. The economic useful life of the assets is periodically reviewed to adjust the depreciation rates.

Residual values and useful lives of assets are reviewed and adjusted, if appropriate, at the end of each year. The book value of an asset is immediately adjusted if such asset is greater than its estimated recoverable amount.

3.11 Intangible assets

The purchased software licenses are capitalized based on the costs incurred to acquire the software and preparing it for use.

The amortization is calculated using the straight-line method and takes into consideration the useful life of the software license. The economic useful life is periodically reviewed to adjust the amortization rates.

3.12 Impairment of assets

Assets that are subject to depreciation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The latter is the higher of an asset's fair value less costs to sell and its value in use.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units – CGUs). Non-financial assets that have had impairment losses are reviewed for the analysis of a possible reversal of the loss on the date of presentation of the financial statements.

3.13 Accounts payable to suppliers

Accounts payable to suppliers are obligations to pay for goods or services that were acquired from suppliers in the ordinary course of business and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at the corresponding invoice value, adjusted to present value, when the effect is relevant.

3.14 Bank loans

Bank loans are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the redemption value is recognized in the income statement during the period in which the loans are in progress, using the effective interest rate method.

3.15 Provisions

Provisions are recognized when the entity has an obligation at the financial statements date as a result of past events; an outflow of resources is likely to be required to settle the obligation; the amount was estimated appropriately and following legal precepts.

Provisions are measured at the best estimate of the amount required to settle the obligation on the date of the financial statements. When the effect of the time value of money is material, the amount of the provision is the present value of the disbursement that is expected to be required to settle the obligation.

3.16 Result determination

The result of operations is calculated under the accrual accounting regime for both the recognition of income and expenses, in compliance with the principle of opportunity.

3.17 Service revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the normal course of the entity's activities. Revenue is shown net of rebates and discounts.

The entity provides healthcare services provided by Pequeno Príncipe Hospital and the Vaccine Center, education services provided by Pequeno Príncipe College and donations and fees from resources of individuals and legal entities, as well as subsidies granted by the government of assistance and non-profit character.

Revenue recognition occurs as hospital and educational services are provided to its patient/student, that is, when the entity has already complied with the performance obligation signed with the client, and control has already been transferred to the client, together with the emergence of the right to receive any consideration in exchange for the goods or services provided.

The entity recognizes revenue when it is possible to meet the criteria:

- (i) Identify the contract with the customer;
- (ii) Identify performance obligations in the contract;
- (iii) Determine transaction prices;
- (iv) Allocating the transaction price to performance obligations; and
- (v) Recognize revenue when performance obligations are met.

3.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an unforced transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will occur:

- (i) In the main market for the asset or liability; and
- (ii) In the absence of a main market, in the most advantageous market for the asset or liability. The main or most advantageous market must be accessible to the entity.

The fair value of an asset or liability is measured based on the assumptions that market participants would use when setting the price of an asset or liability, assuming that market participants act in their best economic interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy described below, based on the lowest level information that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity may have access to on the measurement date;

Level 2 – Valuation techniques for which the lowest and most significant level of information for measuring fair value is directly or indirectly observable; and

Level 3 – Valuation techniques for which the lowest level and significant information for measuring fair value is not available.

For fair value disclosure purposes, the entity has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. The corresponding disclosures at fair value of financial instruments and non-financial assets measured at fair value or at the time of disclosure of fair values are summarized in the respective explanatory notes.

3.19 Judgment and use of accounting estimates

The preparation of financial statements requires a management entity to use estimates to record certain transactions that affect assets and liabilities, income and expenses, and the disclosure of information on data of their financial statements. The final results of these transactions and information, when effective in subsequent periods, may differ from these estimates.

The accounting policies and areas that require a greater degree of judgment and use of estimates in the preparation of the financial statements are:

- Doubtful credits that are initially provided and subsequently entered as a loss when the possibilities of recovery are exhausted;
- Recoverable value of inventories and fixed and intangible assets;
- Useful life and a residual value of fixed and intangible assets;
- Contingent liabilities provided for following the expectation of success, obtained and measured by the entity's legal counsel; and
- Rates and terms applied in determining the adjustment to present value of certain assets and liabilities.

3.20 Foreign currency transaction

The functional currency of **DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION** is the *Reais*, which is the main currency of operations and the environment in which the company operates. For presentation purposes, the financial statements are converted from the functional currency (*Reais*) to the presentation currency (Dollar) at the closing exchange rates, and average rates (income statement for the year). The translation adjustment was accounted in the net equity.

	December, 2022	December, 2021
Dollar – Closing exchange rate	5,2177	5,5805
Dollar – Average rate	5,1654	5,4074

Note 4 – Cash and cash equivalents

	2022	2021
Cash	8,508	5,248
Checking accounts	380,652	201,845
Cash equivalents financial investments (*)	3,192,338	3,631,740
Total	3,581,498	3,838,833

(*)	Yield	2022	2021
Bradesco Bank	105% of CDI	1,504,635	936,052
Banco do Brasil Bank	105% of CDI	454,436	647,038
Itaú Bank	102% of CDI	131,944	84,527
Safra Bank	105% of CDI	135,938	800,797
Santander Bank	102% of CDI	659,214	890,762
Paraná Bank	111% of CDI	239,382	95,012
XP Investments	100% to 112% of CDI	66,789	177,552
Total financial investments		3,192,338	3,631,740

Note 5 – Financial investments

	2022	2021
Financial investments (*)	14,410,495	11,098,750
Total	14,410,495	11,098,750

(*)	Yield	2022	2021
Safra Bank	105% of CDI	2,465,405	2,034,504
Santander Bank	96% of CDI	11,945,090	9,064,246
Total financial investments		14,410,495	11,098,750

The balance of financial investments now presented was constituted to comply with the provisions of art. 11 Chapter IV of the Association Bylaws, which provides for the establishment of a fund made up of compulsory savings of at least 1% of revenues from the services provided by its operating units, aimed at ensuring the perpetuity of the causes

expressed in its object. And, with the express use authorization of the Superior Council and the Board, part of the saved resources, can be destined for investments in new fronts of operation, such as the implementation of the Pequeno Príncipe North Teaching and Research Hospital Complex (PPNorth), on land located at Bacacheri district, near the Air Base/ Cindacta II.

Note 6 – Accounts receivable from customers

	2022	2021
Hospital service clients	4,482,809	4,656,157
Vaccine customers	246,751	180,011
Education customers	768,519	615,186
Loss provision	(940,014)	(800,848)
Total	4,558,065	4,650,506

Accounts receivable by currency type		
Dollars (US\$)	4,558,065	4,650,506

Note 7 – Unrealized health insurance funds (assets) / resources from grants to be executed (liabilities)

This note refers to resources related to parliamentary amendments, transfers, and governmental agreements and tax incentive projects, such as the FIA (Fund for Children and Adolescents), Pronon (National Program to Support Oncology Care), Pronas (National Program to Support Healthcare for People with Disabilities) and donations from companies and individuals. From the amount of US\$ 13,714,533 (thirteen million, seven hundred fourteen thousand, five hundred thirty-three dollars), the result of a large and organized effort to funding among the community (individuals and companies) and government agencies, US\$ 5,485,813 (five million, four hundred eighty-five thousand, eight hundred thirteen dollars), equivalent to 40%, will be invested in investments to modernize buildings and purchase equipment, and US\$ 8,228,720 (eight million, two hundred twenty-eight thousand, seven hundred twenty dollars), equivalent to 60%, will be invested in the maintenance of the facilities, acquisition of medicines (mainly those of high-cost), special materials and other items for hospital consumption, and at the cost of specialized labor, notably at the Research Institute.

The liability amount is US\$ 13,653,921, resulting in a difference of US\$ 60,612 compared to the asset. This difference is due to a contribution made by the Association related to agreements 5663/20 – Comtiba and 115/21 – Sesa of Paraná state, which require the Association's financial participation in the respective application plan.

We clarify that the use of the funds raised must occur according to the application plan for each funding project and/or agreement. All these projects have plans for a specific application and are the subject of ongoing audits and strict accountability.

Note 8 – Inventory

	2022	2021
Central Pharmacy	1,471,218	1,037,356
Vaccines	94,267	85,233
Central Warehouse	148,523	120,396
Laboratory and research materials (*)	227,537	277,270
Maintenance	25,382	17,403
Other materials	404	235
Total	1,967,331	1,537,893

(*)Materials used in research (Pelé Pequeno Príncipe Research Institute) and the use of Clinical Analysis Laboratory.

Note 9 – Other credits

	2022	2021
Advances for employees	25,197	63,952
Advances to suppliers	253,347	34,462
Eunice Weaver Association of Paraná – AEW-PR (a)	576,762	386,138
Interamericano (a)	363,830	194,132
Anticipated expenses with conferences (b)	91,720	85,757
Other receivables	64,483	66,382
Total	1,375,339	830,823

Current assets	1,283,619	735,510
Non-current assets	91,720	95,313
Total	1,375,339	830,823

(a) Balances related to amounts transferred as loans to the Eunice Weaver Association of Paraná – AEW-PR and the *Centro Cultural Brasil Estados Unidos – Interamericano*, aim to provide resources for economic activities implanted by the mutuary entities. In the case of AEW-PR, the amounts were invested in the capitalization of a commercial company specialized in the purchase and sale of medical devices, while for the *Interamericano*, the amounts passed on are being used in a teaching activity called *Multiplifica PP* project. In both cases, the generated resources will be used for repayment of loans. The values are not updated monetarily.

(b) Values did not move in 2022, because due to the pandemic the congress was postponed to 2023.

Note 10 – Investments

	Artworks	Total
As of December 31, 2021		
Cost	82,594	82,594
Net book value	82,594	82,594
Acquisition	48,809	48,809
Translation adjustment	(5,681)	(5,681)
Final balance	125,722	125,722
As of December 31, 2022		
Cost	131,403	131,403
Net book value	131,403	131,403
Acquisition	48,809	48,809
Translation adjustment	3,061	3,061
Final balance	134,464	134,464

The amount of U\$ 134,464 related to artworks refers to several works acquired or given to the Association, which form a collection that is exhibited in various locations and consists of paintings, sculptures, and other works, especially having as its own king Pelé, supporter of the Research Institute, and which may be used in the future to raise funds for the Association, through auctions.

Note 11 – Leases

11.1 Right of use

Right of use	Lease (*)	Total
Average term of validity of contracts / useful life (years)	1 to 5	
	Properties	Total
On December 31, 2020	2,139,509	2,139,509
Depreciation	(750,420)	(750,420)
Translation adjustment	(123,868)	(123,868)
On December 31, 2021	1,265,221	1,265,221
Additions	633,301	633,301
Write-off	(102,047)	(102,047)
Depreciation	(689,152)	(689,152)
Translation adjustment	94,881	94,881
On December 31, 2022	1,202,204	1,202,204

(*)Leases refer to real estate lease contracts used to provide medical, educational, and administrative services.

11.2 Leases – Liabilities

Leases – Liabilities	Leases (*)	Net present value	Total
On December 31, 2020	2,521,968	(312,697)	2,209,270
Write-off	(748,449)	-	(748,449)
Translation adjustment	(173,449)	21,505	(151,943)
On December 31, 2021	1,600,070	(291,192)	1,308,878
Additions	585,669	(35,107)	550,562
Write-off	(111,025)	9,632	(101,393)
Payments during the period	(798,432)	243,434	(554,998)
Translation adjustment	111,257	(20,246)	91,011
On December 31, 2022	1,387,539	(93)	1,294,060
Current	716,963	(69,677)	647,286
Non-current	670,576	(23,802)	646,774

Note 12 – Fixed assets

Description	Land	Buildings and improvements	Miscellaneous machinery and equipment	Hospital equipment	Installations	Hospital furniture and utensils	Computers and peripherals	Vehicles	Fixed assets / works in progress	Other fixed assets	Total
Depreciation rate		2.33% to 3.33%	4.55% to 8.33%	7.69%	5.88%	7.69% to 9.09%	16.67%	12.50%		10%	
On December 31, 2020											
Cost	5,908,538	12,502,357	4,070,526	10,638,561	566,337	2,490,939	2,015,595	93,834	5,197,219	353,370	43,837,276
Accumulated depreciation	-	(5,889,814)	(2,102,911)	(5,543,008)	(464,805)	(534,114)	(1,262,511)	(74,476)	-	(253,786)	(16,125,425)
Net book value	5,908,538	6,612,543	1,967,615	5,095,553	101,532	1,956,825	753,084	19,358	5,197,219	99,584	27,711,851
Acquisition	-	144	453,937	1,095,899	63,896	232,762	470,952	-	37,560	-	2,355,150
Write-offs	-	(2,919)	(27,881)	(505,821)	-	(52,630)	(193,759)	-	-	-	(783,010)
Transfers	-	1,615,052	-	-	-	-	-	-	(1,615,052)	-	-
Translation adjustment	(406,361)	(454,779)	(135,323)	(350,448)	(6,983)	(134,581)	(51,794)	(1,331)	(357,440)	(6,849)	(1,905,889)
Depreciation	-	(323,596)	(292,913)	(747,108)	(5,278)	(191,882)	(243,081)	(2,438)	-	(22,656)	(1,828,952)
Depreciation of useful life	-	114,402	57,551	90,839	(1,549)	3,184	5,141	(2,149)	-	(2,443)	264,976
Write-offs	-	2,919	22,288	480,517	401	31,891	162,182	-	-	49	700,247
Final balance	(406,361)	951,223	77,659	63,878	50,487	(111,256)	149,641	(5,918)	(1,934,932)	(31,899)	(1,197,478)
On December 31, 2021											
Cost	5,502,177	13,659,855	4,361,259	10,878,191	623,250	2,536,490	2,240,994	92,503	3,262,287	346,521	43,503,527
Accumulated depreciation	-	(6,096,089)	(2,315,985)	(5,718,760)	(471,231)	(690,921)	(1,338,269)	(79,063)	-	(278,836)	(16,989,154)
Net book value	5,502,177	7,563,766	2,045,274	5,159,431	152,019	1,845,569	902,725	13,440	3,262,287	67,685	26,514,373
Acquisition	494,530	-	400,366	994,003	133,562	187,749	526,673	35,840	754,808	-	3,527,531
Write-offs	-	-	(30,475)	(135,132)	-	(31,204)	(17,260)	-	-	-	(214,071)
Translation adjustment	382,580	525,928	142,213	358,748	10,570	128,327	62,769	935	226,835	4,706	1,843,611
Depreciation	-	(395,399)	(377,934)	(911,753)	(5,735)	(218,857)	(357,390)	(4,854)	-	-	(2,271,922)
Depreciation of useful life	-	92,667	14,783	54,652	(1,885)	(7,051)	(18,145)	(2,589)	-	-	132,432
Write-offs	-	-	12,676	108,607	-	23,106	13,140	-	-	-	157,529
Final balance	877,110	223,196	161,629	469,125	136,512	82,070	209,787	29,332	981,643	4,706	3,175,110
On December 31, 2022											
Cost	6,379,287	14,185,783	4,873,363	12,095,810	767,382	2,821,362	2,813,176	129,278	4,243,930	351,227	48,660,598
Accumulated depreciation	-	(6,398,821)	(2,666,460)	(6,467,254)	(478,851)	(893,723)	(1,700,664)	(86,506)	-	(278,836)	(18,971,115)
Net book value	6,379,287	7,786,962	2,206,903	5,628,556	288,531	1,927,639	1,112,512	42,772	4,243,930	72,391	29,689,483

Composition of fixed assets in progress:

Description	2022	2021
Fire prevention renovation and adaptation	424,886	397,263
Medical ICU renovation	383	-
Cardiology Ward renovation	479	-
Research Institute Cabral renovation	381,677	-
Central courtyard renovation and revitalization	287	269
Other renovations	-	806
Improvements in third-party properties	265,090	-
Acquisition of fixed assets – Hospital equipment	-	57,179
In-transit fixed assets (acquisitions)	80,752	30,467
Feasibility and financial-environmental viability projects, architecture / engineering in Bacacheri, for the Pequeno Príncipe North project	3,090,376	2,776,303
Total	4,243,930	3,262,287

Note 13 – Intangible assets

Description	Computer software and programs	Total
Amortization rate	20%	
On December 31, 2020		
Cost	804,138	804,138
Accumulated amortization	(749,550)	(749,550)
Net book value	54,588	54,588
Acquisition	13,708	13,708
Transference	(29,165)	(29,165)
Translation adjustment	(3,755)	(3,755)
Amortization	3,118	3,118
Amortization useful life review	(7,706)	(7,706)
Final balance	30,788	30,788
On December 31, 2021		
Cost	784,926	784,926
Accumulated amortization	(754,138)	(754,138)
Net book value	30,788	30,788
Acquisition	19,918	19,918
Translation adjustment	2,142	2,142
Amortization	(13,705)	(13,705)
Amortization useful life review	(2,211)	(2,211)
Final balance	36,932	36,932
On December 31, 2022		
Cost	806,986	806,986
Accumulated amortization	(770,054)	(770,054)
Net book value	36,932	36,932

Note 14 – Suppliers

	2022	2021
Material and drug suppliers	1,271,218	816,040
General material suppliers	262,543	270,968
Suppliers – Goods	48,533	15,910
Prosthesis suppliers	292,678	278,306
Service providers	409,096	307,289
Suppliers – Medical fees	127,749	59,172
Suppliers – Equipment	38,785	12,595
Other suppliers	482,571	405,649
Total	2,933,173	2,165,929

Accounts receivable by currency type		
Reais (R\$)	2,894,388	2,153,334
Dollars (US\$)	38,785	12,595
Total	2,933,173	2,165,929

Note 15 – Bank loans

	Rate	Guarantee	2022	2021
Itaú Bank – Revolving	1.35% p.m.	Endorsement	1,542,838	1,433,563
Bradesco Bank – Revolving	1.30% p.m.	Endorsement	1,341,442	1,254,156
Santander Bank	0.59% p.m.	Credit rights	461,839	452,973
Santander CP	0.29% p.m.	Credit rights	212,950	-
Santander – Credit line	1.42% p.m.	Credit rights	128,359	-
Safra Bank – Revolving	1.43% p.m.	Fiduciary assignment	502,223	100,170
Short term total			4,189,651	3,240,862
Santander Bank	0.29% p.m.	Credit rights	744,196	376,020
Long term total			744,196	376,020
Total			4,933,847	3,616,882

Loans payable – Due up to 1 year	4,189,651	3,240,862
Short term total	4,189,651	3,240,862
Loans payable – Over to 1 year	744,196	376,020
Long term total	744,196	376,020
Total	4,933,847	3,616,882

Amounts payable by date	2022	2021
2022	-	3,240,862
2023	4,189,651	376,020
2024	248,066	-
2025	248,065	-
2026	248,065	-
Total	4,933,847	3,616,882

The loans obtained are all in national currency, Reais (R\$).

Note 16 – Social obligations

	2022	2021
Wages and salaries payable	1,523,396	1,220,599
Payable social charges	490,561	385,658
Charges and vacation provision	3,151,230	2,297,280
FGTS installment payment	49,738	74,398
Total	5,214,925	3,977,935
Portion classified as current liabilities	5,204,123	3,936,603
Portion classified as non-current liabilities	10,802	41,332

Note 17 – Tax obligations

	2022	2021
Withholding income tax	373,632	273,857
Other withholding taxes	38,872	31,676
Tax installments (a)	937,749	138,099
Total	1,350,253	443,632
Portion classified as current liabilities	497,888	317,094
Portion classified as non-current liabilities	852,365	126,538

(a) The balances are composed of PIS (abbreviation in Portuguese for Social Integration Program) / Cofins (term also in Portuguese for Contribution for Social Security Financing) installment payments, with due dates ranging from 2023 to 2035.

Note 18 – Deferred revenue

	2022	2021
Banking post revenue	261,610	319,864
Revenue from Hemobank	102,215	131,410
Total	363,825	451,274
Current	118,826	111,101
Non-current	244,999	340,173
Total	363,825	451,274

The entity has contracts with a financial institution to provide a place for a bank office on its premises and with the *Instituto Paranaense de Hemoterapia e Hematologia – Hemobanco* (in Portuguese), both with a period of 60 months, thus the revenue was deferred for the term of said contracts.

Note 19 – Provision for contingencies

The organization calculates provisions for labor and civil contingencies whose possibility of loss has been assessed as “probable” in the amount of US\$ 3,559,381 (three million, five hundred fifty-nine thousand, three hundred eighty-one dollars).

	2022	2021
Labor contingencies	229,920	197,021
Civil contingencies	3,329,461	2,871,031
Total probable contingencies	3,559,381	3,068,052

Labor contingencies	55,139	130,175
Civil contingencies	1,292,500	297,805
Tax contingencies	120,941	855,299
Total possible contingencies	1,468,580	1,283,279

Total probable / possible contingencies	5,027,960	4,351,331
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Booked

Probable contingencies	3,559,381	3,068,052
Possible contingencies	-	861,332
Total	3,559,381	3,929,383
Escrow account	-	-

Net effect	3,559,381	3,929,383
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Note 20 – Net equity

The entity’s net equity is represented by equity of US\$ 36,860,356 (thirty-six million, eight hundred sixty thousand, three hundred fifty-six dollars), with an accumulated surplus balance of US\$ 603,121 (six hundred three thousand, one hundred twenty-one dollars), valuation adjustments on assets of US\$ 12,038,013 (twelve million, thirty-eight thousand, thirteen dollars) and accumulated translation adjustment of US\$ 12,889,889 (twelve million, eight hundred eighty-nine thousand, eight hundred eighty-nine dollars).

The aggregate surplus balance shall be made available to the Board for allocation.

Note 21 – Net operating revenue

	2022	2021
Healthcare revenues	43,872,097	36,514,643
Brazilian Public Health System – SUS	14,644,751	13,884,470
Health insurance	27,660,348	21,470,497
Individuals	1,566,998	1,159,676
Education revenue	14,234,151	12,668,004
Tuition	13,960,229	12,490,958
Other revenues	273,922	177,046
Use of funds raised	10,410,331	9,739,744
Social grants	5,110,469	4,626,603
Private initiative campaigns	5,299,862	5,113,141
Gross operating revenue	68,516,579	58,922,391
Health insurance deductions	(808,903)	(689,162)
Gratuities granted	(2,340,484)	(2,011,233)
Scholarships	(752,587)	(680,280)
(-) Deductions from revenue	(3,901,974)	(3,380,675)
Net operating income	64,614,605	55,541,716

21.1 Use of funds from fundraising

In the year 2022, the use of funds from fundraising reached the amount of US\$ 10,410,332 (ten million, four hundred ten thousand, three hundred thirty-two dollars), which represents an increase of 2.10% compared to the year 2021, contributing significantly to the surplus result observed.

Note 22 – Health insurance deductions

The deductions are recorded monthly, following the principle of accrual, and result from the non-payment by health insurance plans and medical agreements of amounts related to procedures, medications, materials, and fees applied in patient care.

In 2021, out of a revenue of US\$ 21,470,497 from agreements (health insurance plans), deductions in the amount of US\$ 689,162 were recorded, which represents 3.20% of the revenue.

In the year 2022, out of a revenue of US\$ 27,660,348, deductions in the amount of US\$ 808,903 were recorded, which represents 2.92% of the revenue.

Note 23 – Operating expenses

23.1 General administrative expenses

	2022	2021
Depreciation and amortization (i)	2,161,153	1,618,776
General administrative supplies	1,176,842	940,353
Professional services – Legal entities	2,732,453	1,861,325
Professional services – Individuals	360,725	257,051
Marketing administration	767,221	290,307
Water / electricity / telephone / gas	612,487	500,340
Bad debt expenses	334,228	538,850
Provision for losses in legal proceedings	234,613	(277,525)
Property and equipment leasing	643,220	583,891
Other general administrative expenses (ii)	1,985,432	1,061,754
Total	11,008,374	7,375,122

- (i) Due to limitations in the integrated management system (MV), which does not segregate depreciation and amortization between costs and expenses, depreciation is fully recognized in the general administrative expenses category.
- (ii) The variation verified in this item, between the values of 2021 and 2022, refers to the costs of events held in Brazil and abroad, fully covered with funds raised specifically for this purpose.

23.2 Other revenue (expenses)

	2022	2021
Revenue from property leasing	159,536	112,698
Parking revenue	44,817	29,814
Revenue from internship agreements	384,260	346,779
Clinical research revenues	341,977	211,254
Other operating income	25,406	29,130
Fixed assets write-off cost	(95,630)	(91,846)
Total	860,366	637,829

Note 24 – Financial income and expenses

Financial income	2022	2021
Income from financial investments	1,853,257	659,379
Discounts	138,347	132,683
Interest received	13,351	54,734
Total financial income	2,004,955	846,796

Financial expenses

Interest paid / discounts granted	(65,433)	(36,647)
Banking fees and commissions	(116,379)	(73,524)
Bank loan charges	(601,106)	(195,212)
Total financial expenses	(782,918)	(305,383)
Net financial result	1,222,037	541,413

Note 25 – Annual provision of services to SUS

During the year 2022, the provision of healthcare services was partially affected by the COVID-19 pandemic. On May 23, 2022, the COVID-19 public health emergency was officially declared over in Brazil. However, the suspension of the enforceability of quantitative and qualitative goals was extended until June 30, 2022, as per law no. 14,400/22.

In the second half of 2022, the Association took the necessary measures to restore its healthcare activities to pre-pandemic levels.

Note 26 – Application of resources for scholarships

26.1 Statement of compliance to minimum full scholarships

In compliance with article 13-A of Law 12,101/09 (higher education) and article 11 of Law 11,096/05 (higher education), the institution granted one full scholarship for every nine paying students in the year 2022 to comply with the Prouni Program. Additionally, it supplemented with both full and partial Prouni scholarships to reach 20% of total scholarships, as demonstrated below:

	Amount	Amount
Undergraduate and sequential courses	2022	2021
Students enrolled in undergraduate and sequential courses	1,126	1,114
Paying students in undergraduate and sequential courses	895	895
Required students (1 to 9 ratio)	100	100
Students under Prouni scholarship	254	250
Students under full scholarship – Institutional	22	20

26.2 Application in scholarships in compliance to law 12,101/09

Higher education	Quantity	Values (US\$)	Quantity	Values (US\$)
	2022	2022	2021	2021
Number of students enrolled	1,126	12,986,701	1,114	11,655,177
Prouni scholarships – 100%	209	2,277,905	199	1,937,281
Prouni scholarships – 50%	45	62,579	51	73,952

The revenue shown above refers to College courses.

In addition to legal gratuities as demonstrated above, in 2022 the amount of US\$ 752,587 was granted for scholarships (US\$ 680,278 in 2021) as an incentive to the technical and scientific development of healthcare professionals, mostly employees of the Pequeno Príncipe Complex.

Note 27 – Exemptions

In 2022, the DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION obtained tax exemptions in the total amount of US\$ 10,842,006, distributed as follows:

Summary of exemptions by institution 2022

	HPP ⁽¹⁾	CEVA ⁽²⁾	FPP ⁽³⁾	IPPP ⁽⁴⁾	Total
IRPJ	271,412	-	-	-	271,412
CSLL	99,381	-	-	-	99,381
INSS	5,302,257	30,077	1,395,264	200,970	6,928,568
Cofins	852,553	34,418	334,227	-	1,221,198
PIS	375,449	8,539	122,605	7,229	513,822
IPTU	97,907	-	-	-	97,907
ISS	1,429,537	57,363	222,818	-	1,709,718
Total	8,428,496	130,397	2,074,914	208,199	10,842,006

⁽¹⁾ HPP – Pequeno Príncipe Hospital;

⁽²⁾ CEVA – Pequeno Príncipe Vaccine Center;

⁽³⁾ FPP – Pequeno Príncipe College; and

⁽⁴⁾ IPP – Pelé Pequeno Príncipe Research Institute.

Note 28 – Voluntary work

The cost of volunteer work used by the Association was estimated based on market rates for the activities performed by volunteers, totaling US\$ 32,417 (thirty-two thousand, four hundred seventeen dollars) for 2,819 (two thousand eight hundred nineteen) hours of service.

Note 29 – Insurance coverage (unaudited)

On December 31, 2022, the DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION had insurance policies hired with the country's insurers to cover various risks, fire, and theft for buildings, vehicles, and equipment. The administration believes that the insurance coverage amount is sufficient to cover possible damages to its facilities and property.

Modality	Object	Cover (US\$)	Duration
Collision	Fleet	143,741.50	From 5/7/2022 to 5/7/2023
Fire and damages	Asset	11,738,505.47	From 4/3/2022 to 4/3/2023
Liability	Indemnification to administrators	958,276.64	From 10/11/2022 to 10/11/2023

The entity's management considers that the amount of insurance coverage is sufficient to cover any accidents in its facilities and assets.

Note 30 – Financial instrument – risk management

Financial instruments

The main financial instruments of the entity are cash and cash equivalents, financial investments, accounts receivable, loans and financing, and suppliers. The market values of these financial instruments as of December 31, 2022 and 2021 do not differ substantially from those recorded in the financial statements.

Derivative financial instruments

The entity does not use derivative financial instruments.

On December 31, 2022	Financial assets at amortized cost	Others liabilities	Total
Financial assets			
Cash and cash equivalents	3,581,498	-	3,581,498
Financial investments	14,410,495	-	14,410,495
Accounts receivable from customers	4,558,065	-	4,558,065
	22,550,058	-	22,550,058
Financial liabilities			
Suppliers	-	2,933,173	2,933,173
Bank loans	-	4,933,847	4,933,847
	-	7,867,020	7,867,020

On December 31, 2021

Financial assets			
Cash and cash equivalents	3,838,833	-	3,838,833
Financial investments	11,098,750	-	11,098,750
Accounts receivable from customers	4,650,506	-	4,650,506
	19,588,089	-	19,588,089
Financial liabilities			
Suppliers	-	2,165,929	2,165,929
Bank loans	-	3,616,882	3,616,882
	-	5,782,811	5,782,811

The entity reviewed the main financial assets and liabilities, as well as the criteria for their valuation, evaluation, classification, and the risks related to them, which are described below:

- a) Receivables: The amounts of cash and bank deposits for free movement and accounts receivable whose recorded amounts approximate realization, on the financial statements date, are classified as receivables.
- b) Other financial liabilities: Loans and financing, suppliers and other current liabilities are classified in this group. Loans and financing are classified as financial liabilities not measured at fair value, and are recorded at their contractual amounts.
- c) Fair value: The fair values of financial instruments are equal to their book values.
- d) Risk management of financial instruments: Management control the exposure to interest rate, credit, and liquidity risks in its operations with financial instruments within a global policy of its business.

• Interest rate risks

The objective of the interest rate management policy of the company is minimizing the possibilities of losses for fluctuation in the interest rate which increase the financial expenses related to borrowings collected in the market.

The entity constantly monitors the interest rates aiming at evaluating the occasional need of hiring operations to protect against the volatility risk of those rates and adopts a cautious policy of collection and application of its financial resources, excelling in the equivalence of indexers.

• Credit risk

The entity's customers base shows a certain degree of concentration in some main clients. Through internal controls, the entity permanently monitors the submission of invoices and other information to agreements, which limits the risk of bad debts. Management records a bad debt for losses considered probable.

As for the credit risk associated with financial investments and cash equivalents, the entity only carries out operations in institutions with low credit risk.

Note 31 – Segment reporting

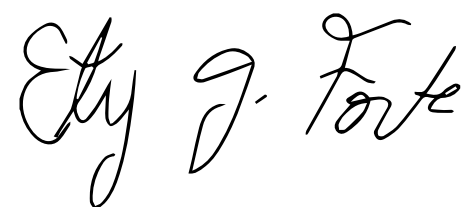
The Dr. Raul Carneiro Hospital Association for Childhood Protection operates in the following segments:

HPP – Pequeno Príncipe Hospital;
CEVA – Pequeno Príncipe Vaccine Center;
FPP – Pequeno Príncipe College; and
IPP – Pelé Pequeno Príncipe Research Institute.

On December 31, 2021	HPP	CEVA	FPP	IPP	Not separated by segment	Total
Assets	-	-	-	-	58,545,531	58,545,531
Liabilities	-	-	-	-	58,545,531	58,545,531
Net operating revenue	44,477,749	1,087,476	9,976,491	-	-	55,541,716
Cost of services provided	(28,977,268)	(880,813)	(3,517,441)	(1,250,439)	-	(34,625,961)
Gross profit	15,500,481	206,663	6,459,050	(1,250,439)	-	20,915,755
Operational expenses	-	-	-	-	(18,956,637)	(18,956,637)
Financial income / expense	-	-	-	-	541,414	541,414
Surplus for the year	15,500,481	206,663	6,459,050	(1,250,439)	(18,415,223)	2,500,532

On December 31, 2022	HPP	CEVA	FPP	IPP	Not separated by segment	Total
Assets	-	-	-	-	70,670,344	70,670,344
Liabilities	-	-	-	-	70,670,344	70,670,344
Net operating revenue	52,282,742	1,190,785	11,141,081	-	-	64,614,608
Cost of services provided	(34,214,019)	(892,211)	(4,263,363)	(1,661,083)	-	(41,030,676)
Gross profit	18,068,723	298,574	6,877,718	(1,661,083)	-	23,583,932
Operational expenses	-	-	-	-	(24,241,983)	(24,241,983)
Financial income / expense	-	-	-	-	1,222,036	1,222,036
Surplus for the year	18,068,723	298,574	6,877,718	(1,661,083)	(23,019,947)	563,982

Note: The entity's assets and liabilities are not controlled by segment; therefore, they are not presented separately.



**Ety da Conceição
Gonçalves Forte**

Chair of the Dr. Raul Carneiro Hospital
Association for Childhood Protection
CPF: 819.422.739-91



**José Álvaro da Silva
Carneiro**

Corporate Director of the Pequeno
Príncipe Complex
CPF: 010.153.039-00



Luis Vanderlei Ferreira Lima

Accountant – CRCPR: 052804/0-6
CPF: 694.715.339-53

Independent auditor's report on the financial statements

To the directors and partners of the
DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION
Curitiba – state of Paraná

Qualified opinion

We have examined the financial statements of **DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION** ("entity") encompassing the financial statements on December 31, 2022, and the respective statements of income, changes in equity and cash flows for the period ended on that date, as well as the corresponding explanatory notes, including the summary of the main accounting policies.

In our opinion, subject to the possible effects of the matters described in the basis for qualified opinion, the accompanying financial statements give a true and fair view, in all relevant aspects, of the equity and financial position of **DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION**, on December 31, 2022, the performance of its operations and its respective cash flows for the period then ended, in accordance with the accountancy practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and to non-profit entities (ITG 2002 R1).



Basis for qualified opinion

- (a) As per explanatory note number 12 on December 31, 2022, the value of property, plant, and equipment is presented in the assets of the financial statements as US\$ 29,689,483 (US\$ 26,514,373 on December 31, 2021). However, the asset management system shows a balance of US\$ 29,579,551, resulting in an overstatement in the recorded amount of US\$ 109,932. As a result, the property, plant, and equipment and equity line items are overstated by said amount.
- (b) According to explanatory note number 16, as of December 31, 2022, the provision for vacations and related social charges is presented in the liabilities of the financial statements as US\$ 3,151,230 (US\$ 2,297,280 on December 31, 2021). We applied audit recalculations procedures on a sample of employees and identified discrepancies for which the total extent cannot be measured. Therefore, we were unable to obtain sufficient assurance regarding the adequacy of the amount recorded in the financial statements for this line item, as well as the potential impact on the income statement and equity.
- (c) According to explanatory note number 21, as of December 31, 2022, the revenue from agreements is presented in the statement of income as US\$ 27,660,349 (US\$ 21,470,497 on December 31, 2021). For a portion of this balance, amounting to US\$ 385,640, the composition was not provided, and the possible impacts on the income accounts and equity are unknown.
- (d) According to explanatory note number 22 on December 31, 2022, the amount of health insurance deductions is presented in the statement of income as US\$ 808,903 (US\$ 689,164 on December 31, 2021). However, this amount includes a value of US\$ 115,286 related to other fees with agreements. When deducting this amount from the accounting balance of deductions, we have a net amount of deductions of US\$ 693,617. When comparing this new deduction value with the balance of the auxiliary control, which is US\$ 780,242, we identify that the accounting balance is understated by US\$ 86,625. Therefore, the net income and equity are understated by this amount.



Our audit was carried out according to the Brazilian and international audit standards.

Our responsibilities, in compliance with those standards, are described in the following section, “Responsibilities of the auditor for the audit of the financial statements”. We are independent from the company, according to the relevant ethical principles established in the Accountant Professional Ethics Code and in the professional standards issued by the Federal Accounting Council, and we fulfill the other ethical responsibilities according to those standards.

We believe that the obtained audit evidence is enough and appropriate to substantiate our qualified opinion.



Other subjects

The financial statements for the year ended December 31, 2021, presented for comparison, were audited by us and our audit opinion was issued on July 11, 2022, with qualifications.

Management's and governance's responsibility for the financial statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the non-profit entities (ITG 2002 R1), as well as for the internal controls that management determines are necessary to enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the administration is responsible for the evaluation of the company's capacity to continue operating, announcing, when applicable, the subjects related to its business continuity and the use of this accounting base in the preparation of the financial statements, unless the management intends to wind up the entity or cease its operations, or it does not have any realistic alternatives to avoid the end of the operations.

The people in charge of the company's governance and its subsidiaries are those responsible for the supervision of the financial statement preparation process.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements, considered as a whole, are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the Brazilian and international audit standards will always detect a material misstatement. The misstatements can arise from fraud or error, and are considered material when, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the referred financial statements.

As part of the audit, carried out according to the Brazilian and international audit standards, we exercise a professional judgment and maintain professional skepticism along the audit. Furthermore:

- We identified and assessed the risks of material misstatement in the financial statements, whether due to fraud or error. We planned and performed audit procedures in response to those risks, as well as obtained appropriate and sufficient audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is higher than that arising from error, as fraud may involve acts such as circumvention of internal controls, collusion, forgery, omission, or intentional misrepresentations.
- We obtained understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- We evaluated the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosure made by management.

- We concluded 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 company'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 company to cease to continue as a going concern.
- We evaluated 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 communicated with those charged with governance regarding, among other aspects, the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in internal controls that we identified during our work.

Curitiba (state of Paraná), June 26, 2023.

FABIO EDUARDO LORENZON

Accountant CRC (SC) n° 026.215/O-6

Martinelli
AUDITORES
MARTINELLI AUDITORES
CRC (SC) n.º 001.132/O-9





The Pequeno Príncipe Complex was born by the hands of the community and continues to exist to serve it, always counting on the support of the three sectors of society. It is a non-governmental, philanthropic organization, maintained by the Dr. Raul Carneiro Hospital Association for Childhood Protection, which reinvests in health assistance, teaching and research activities all the results obtained.



HOSPITAL
pequeno
PRÍNCIPE



DR. RAUL CARNEIRO HOSPITAL ASSOCIATION FOR CHILDHOOD PROTECTION

PEQUENO PRÍNCIPE HOSPITAL

PEQUENO PRÍNCIPE COLLEGE

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