

**Pan Eco**  
**Berg am Irchel**

**Report of the statutory auditor  
on the limited statutory examination  
to the board of trustees**

**Financial Statements 2015**

Report of the statutory auditor on the limited statutory examination to the board of trustees of **Pan Eco - Foundation for Sustainable Development and Intercultural Exchange**,  
Berg am Irchel

As statutory auditor, we have examined the financial statements (balance sheet, income statement, statement of changes in capital, cash flow statement and notes) of Pan Eco for the year ended **December 31, 2015**. In accordance with Swiss GAAP FER 21 the content of the performance report is not subject to the audit.

These financial statements are the responsibility of the board of trustees. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not give a true and fair view of the financial position, the result of operations and the cash flows in accordance with Swiss GAAP FER 21 or do not comply with Swiss law and the foundation's articles of incorporation.

Furthermore we confirm that the governing regulations of the foundation ZEW0 are kept.

Winterthur, March 2, 2016

**Consultive Revisions AG**



Urs Boner

Licensed audit expert  
Auditor in charge

Enclosures: Financial statements

## Balance sheet as of 31 December 2015

Comparison current year / prior year

	<b>2015</b>		<b>2014</b>	
	CHF	%	CHF	%
<b>ASSETS</b>				
Cash	1'088'822.51	21%	573'595.81	10%
Trade accounts receivables	13'576.70	0%	24'460.30	0%
Other accounts receivables	69'030.00	1%	127'239.00	2%
Inventory	18'166.51	0%	17'436.76	0%
Accrued Income	72'768.55	1%	93'050.00	2%
<b>Current assets</b>	<u>1'262'364.27</u>	<u>24%</u>	<u>835'781.87</u>	<u>15%</u>
Tangible fixed assets	4'044'156.67	76%	4'787'217.49	85%
<b>Non-current assets</b>	<u>4'044'156.67</u>	<u>76%</u>	<u>4'787'217.49</u>	<u>85%</u>
<b>ASSETS</b>	<u><u>5'306'520.94</u></u>	<u><u>100%</u></u>	<u><u>5'622'999.36</u></u>	<u><u>100%</u></u>
<b>LIABILITIES, FUNDS AND CAPITAL</b>				
Liabilities	113'105.51	2%	99'569.35	2%
Accrued liabilities	258'923.65	5%	263'472.75	5%
<b>Short-term Liabilities</b>	<u>372'029.16</u>	<u>7%</u>	<u>363'042.10</u>	<u>6%</u>
Loans	549'000.00	10%	2'410'000.00	43%
Loans from related parties	3'656'000.00	69%	2'610'000.00	46%
<b>Long-term Liabilities</b>	<u>4'205'000.00</u>	<u>79%</u>	<u>5'020'000.00</u>	<u>89%</u>
<b>Restricted Funds</b>	<u>691'150.81</u>	<u>13%</u>	<u>201'616.29</u>	<u>4%</u>
Paid-in capital	10'000.00	0%	10'000.00	0%
Internally generated unrestricted operating funds	28'340.97	1%	28'340.97	1%
<b>Capital of the organisation</b>	<u>38'340.97</u>	<u>1%</u>	<u>38'340.97</u>	<u>1%</u>
<b>LIABILITIES, FUNDS AND CAPITAL</b>	<u><u>5'306'520.94</u></u>	<u><u>100%</u></u>	<u><u>5'622'999.36</u></u>	<u><u>100%</u></u>

## Statement of operations for the year ended 31 December 2015

Comparison current year / prior year

	<b>2015</b>		<b>2014</b>	
	CHF	%	CHF	%
<b>INCOME</b>				
<b>Income from fund raising campaigns</b>	3'104'454.15	68%	3'346'167.57	75%
<b>Income from services rendered</b>	1'480'410.60	32%	1'086'493.30	25%
<b>OPERATING INCOME</b>	<u>4'584'864.75</u>	100%	<u>4'432'660.87</u>	100%
<b>EXPENDITURE ON SERVICES</b>				
Environmental education Switzerland	-2'027'949.02	-44%	-2'056'304.87	-46%
Environmental education Indonesia	-104'281.88	-2%	-165'985.67	-4%
Environmental education	<u>-2'132'230.90</u>	-47%	<u>-2'222'290.54</u>	-50%
Environmental protection Switzerland	-452'781.89	-10%	-415'149.12	-9%
Environmental protection Indonesia	-1'031'647.28	-23%	-1'239'025.90	-28%
Environmental protection	<u>-1'484'429.17</u>	-32%	<u>-1'654'175.02</u>	-37%
Partnerships and other projects	-45'474.71	-1%	-72'717.75	-2%
<b>Direct project expenditure</b>	<u>-3'662'134.78</u>	-80%	<u>-3'949'183.31</u>	-89%
<b>Communication and fund raising</b>	-187'304.54	-4%	-176'454.97	-4%
<b>Administration</b>	<u>-210'023.67</u>	-5%	<u>-261'075.08</u>	-6%
<b>EXPENDITURE ON SERVICES</b>	<u>-4'059'462.99</u>	-89%	<u>-4'386'713.36</u>	-99%
<b>OPERATING RESULT</b>	<u>525'401.76</u>	11%	<u>45'947.51</u>	1%

## Statement of operations for the year ended 31 December 2015

Comparison current year / prior year

	<b>2015</b>		<b>2014</b>	
	CHF	%	CHF	%
<b>OPERATING RESULT</b>	525'401.76		45'947.51	
Financial income	262.92		232.61	
Financial expenses	-43'783.96		-17'592.11	
<b>Financial result</b>	-43'521.04		-17'359.50	
<b>Extraordinary non-operating expenses/income</b>	7'653.80		-94'823.49	
<b>RESULT BEFORE ALLOCATION AND USE OF FUNDS</b>	489'534.52		-66'235.48	
Allocation	-2'191'238.12		-2'021'771.36	
Use	1'701'703.60		2'088'006.84	
<b>Result from restricted funds</b>	-489'534.52		66'235.48	
Allocation	-		-	
Use	-		-	
<b>Result from capital of the organisation</b>	-		-	
<b>RESULT AFTER ALLOCATION AND USE OF FUNDS</b>	-		-	

## Statement of changes in capital 2015

in CHF

	Opening balance 1 Jan 2015	Allocation	Use	Closing balance 31 Dec 2015
<b>RESTRICTED FUNDS</b>				
Environmental education Switzerland	54'367.68	654'595.39	-655'753.63	53'209.44
Environmental protection Switzerland	-	452'547.10	-452'547.10	-
Environmental protection Indonesia	126'899.46	1'084'095.63	-593'402.87	617'592.22
Other projects	20'349.15			20'349.15
	<b>201'616.29</b>	<b>2'191'238.12</b>	<b>-1'701'703.60</b>	<b>691'150.81</b>
<b>CAPITAL OF THE ORGANISATION</b>				
Paid-in capital	10'000.00	-	-	10'000.00
Internally generated unrestricted operating funds	28'340.97	-	-	28'340.97
	<b>38'340.97</b>	<b>-</b>	<b>-</b>	<b>38'340.97</b>

## Cash flow statement for the year ended 31 December 2014

Comparison current year / prior year

	<b>2015</b>	<b>2014</b>
	CHF	CHF
Result before allocation and use of funds	489'534.52	-66'235.48
Reversal of non-current items		
Depreciation of non-current assets	425'060.82	457'505.13
Change in net current assets items		
(Increase) Decrease trade accounts receivables	10'883.60	-473.10
(Increase) Decrease other accounts receivables	58'209.00	-111'280.28
(Increase) Decrease inventory	-729.75	10'497.68
(Increase) Decrease accrued income	20'281.45	-77'627.05
Increase (Decrease) liabilities	13'536.16	-40'896.25
Increase (Decrease) accrued liabilities	-4'549.10	142'852.79
<b>Cash flow from operating activities</b>	<b>1'012'226.70</b>	<b>314'343.44</b>
(Investments) Disinvestments in fixed assets	318'000.00	-223'365.86
<b>Cash flow used for investing activities</b>	<b>318'000.00</b>	<b>-223'365.86</b>
Increase (Decrease) loans		
third parties	-1'861'000.00	-25'000.00
related parties	1'046'000.00	-120'000.00
<b>Cash flow used for financing activities</b>	<b>-815'000.00</b>	<b>-145'000.00</b>
<b>Increase (Decrease) Cash and cash equivalents</b>	<b>515'226.70</b>	<b>-54'022.42</b>
Cash and cash equivalents as of 1 January	573'595.81	627'618.23
Increase (Decrease) Cash and cash equivalents	515'226.70	-54'022.42
<b>Cash and cash equivalents as of 31 December</b>	<b>1'088'822.51</b>	<b>573'595.81</b>

## Notes to the financial statements 2015

Comparison current year / prior year

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in CHF

### 1. Accounting principles

The financial statements of PanEco have been prepared in accordance with Swiss GAAP FER (core FER and FER 21) and give a true and fair view of the financial position and the results of operations. The financial statements comply with Swiss law, the charter and regulations of the foundation and the provisions of ZEWO Foundation (Certification body for non-profit organisations with regard to donations).

The assets are valued at historical costs (acquisition costs or costs of production) and are valued individually. Expenses and income are recognized on an accrual basis.

Foreign currency positions are converted at year end exchange rates of the Swiss Federal Tax Administration into Swiss Francs ("CHF"). Conversion differences are recognized in the income statement. Conversion of expenses and income are done on monthly average exchange rate of the Swiss Federal Tax Administration.

### 2. Explanations of balance sheet positions

#### *Cash*

Cash is valued at the nominal amount.

#### *Accounts receivable*

Receivables are valued at par value less impairment, if any.

#### *Accrued income*

In the current year, no prepayments for projects have been transferred. This position includes the objectively and chronologically correction of expense and income items resulting into accrued income. The valuation is at nominal value.



## Notes to the financial statements 2015

Comparison current year / prior year

in CHF

### *Tangible fixed assets*

Tangible fixed assets are valued at historical costs less accumulated depreciation. The depreciation is recognised on a systematic basis over the useful life time. Assets above CHF 2'000 are capitalised.

The useful life time is estimated:

Equipment	5 - 15 years
Hard- and Software	3 years
Vehicles	5 years
Buildings	20 - 35 years

	Land and buildings	Machines and equipment	Other tangible fixed assets	Total
<u>Accumulated gross values of cost</u>				
Opening balance 1.1.2015	4'357'957.02	2'089'643.43	129'739.80	6'577'340.25
Additions	-318'000.00	-	-	-318'000.00
Closing balance 31.12.2015	4'039'957.02	2'089'643.43	129'739.80	6'259'340.25
<u>Accumulated depreciation</u>				
Opening balance 1.1.2015	-446'223.77	-1'228'841.90	-115'057.08	-1'790'122.76
Depreciation	-124'814.30	-288'186.46	-12'060.06	-425'060.82
Closing balance 31.12.2015	-571'038.07	-1'517'028.36	-127'117.14	-2'215'183.57
Net carrying amounts 2015	3'468'918.96	572'615.06	2'622.65	4'044'156.67

<u>Accumulated gross values of cost</u>				
Opening balance 1.1.2014	4'155'233.07	2'076'869.53	121'871.80	6'353'974.40
Additions	202'723.95	12'773.90	7'868.00	223'365.85
Closing balance 31.12.2014	4'357'957.02	2'089'643.43	129'739.80	6'577'340.25

<u>Accumulated depreciation</u>				
Opening balance 1.1.2014	-311'428.19	-918'689.76	-102'499.67	-1'332'617.64
Depreciation	-134'795.58	-310'152.14	-12'557.41	-457'505.13
Closing balance 31.12.2014	-446'223.77	-1'228'841.90	-115'057.08	-1'790'122.76
Net carrying amounts 2014	3'911'733.25	860'801.53	14'682.70	4'787'217.49

Fire insurance values		2015	2014
Buildings		2'400'000.00	3'515'600.00
Other tangible fixed assets		1'570'800.00	1'564'900.00

## Notes to the financial statements 2015

Comparison current year / prior year

in CHF

### *Liabilities and accrued liabilities*

These balance sheet items are mainly not related directly to operational projects. Liabilities are assessed at nominal value. Accrued liabilities include the objectively and chronologically correction of expense and income positions resulting into liabilities. The valuation is at nominal value.

### *Restricted funds and capital of the organisation*

The detail and the changes in restricted funds and capital of the organisation can be found in the "Statement of changes in capital". Restricted funds include funds with limited possibilities given by the donors with regard to the use as per the statutes of the foundation PanEco.

### 3. Explanations of positions of the statement of operations

#### *Expenditure on services*

The expenditure on services are subdivided according to Swiss GAAP FER 21 in direct project expenditure (projects of the foundation) and administrative project expenditure (communication and fundraising, purchase of goods and administration).

	2015	2014
<u>Direct project expenditure</u>		
Personnel costs	1'678'963.61	1'646'934.98
Travel and representation	39'872.91	39'244.19
Maintenance	36'240.22	51'204.70
Operating expenditure	1'131'928.09	1'428'905.04
Fundraising	356'426.15	332'546.94
Depreciation	418'703.80	450'347.46
	<u>3'662'134.78</u>	<u>3'949'183.31</u>
<u>Administrative project expenditure</u>		
Personnel costs	288'710.37	272'497.54
Travel and representation	11'704.32	14'721.29
Operating expenditure	81'341.85	100'476.46
Fundraising	8'793.55	39'957.25
Maintenance	421.10	2'719.85
Depreciation	6'357.02	7'157.66
	<u>397'328.21</u>	<u>437'530.05</u>
Expenditure on services	<u>4'059'462.99</u>	<u>4'386'713.36</u>

Since the financial year 2011 depreciation charges have been allocated directly to the projects. Other Expenses are charged directly to projects as well whenever possible.

## Notes to the financial statements 2015

Comparison current year / prior year

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in CHF

### *Direct project expenditure*

The foundations' regional, national and international projects descriptions, the targets achieved and the future challenges are outlined in the detailed annual report.

The following transactions (cash transfers) with related parties (legally independent organisations, partnerships) took place in the current year:

	2015	2014
Yayasan Ekosistem Lestari, Medan, Indonesia	563'935.90	626'814.50
Environmental Education Center, Seloliman, Java	21'400.00	30'000.00
Environmental Education Center, Puntondo, Sulawesi	4'100.00	50'000.00

### *Communication and fund raising*

The activities are described in more detail in the annual report.

### *Administration*

Administration expenses include expenditures for management, legal advice, human resources, accounting, information technology and logistics. These divisions render services to the overall foundation PanEco and to the partnerships.

### *Result from restricted funds and capital of the organisation*

The detail and the changes in result from restricted funds and capital of the organisation can be found in the statement of changes in capital in the column "allocation" and "use".

## 4. Explanations to the Statement of changes in capital

### *Allocation and use*

The columns allocation and use outline the positions disclosed in the statement of operations in more detail (by fund). The purpose of this regulation is to prove that the restricted funds received are spent in accordance with the purpose dedicated.

## 5. Off-balance-sheet transactions

Other non-recognised commitments are long-term rental contracts. These are two rental contracts which are cancelable at the earliest at the end of 2023 resp. end of 2029.

## Notes to the financial statements 2015

Comparison current year / prior year

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in CHF

### 6. Other disclosure

#### *Remuneration to Members of the Board of Foundation*

There were no pocket expenses paid to the members of the board of foundation.

#### *Transaction with related parties*

Related parties include the Board of Foundation, advisory board and foreign partner organisations. Other transactions than those outlined in chapter 3 (Explanations of positions of the statement of operations) are payments to organizations in the amount of CHF 2'100.00 (2014: CHF 2'100.00) where Member of the Board of Foundation have interests. These expenses are mainly related to projects.

#### *Volunteer services*

Employees of the foundation and third parties rendered volunteer work to the foundation. The recognition would cause disproportional time and effort. However, the foundation has started to implement a "volunteer services management" for the Nature Reserve Thurauen for instance.

#### *Events occurring after the balance sheet date*

The Board of the foundation has approved the financial statement on 15 March 2016.

There are no events known after the balance sheet date that might have a negative impact on the financial statement 2015.

### 7. Risk assessment

Based on a periodic and systematic risk identification, material risks for the foundation are assessed and evaluated for their probability of occurrence and the extent of the financial impact. With adequate actions decided by the Board of Foundation, these risks are avoided, reduced or transferred. The remaining risks are monitored consequently. The last risk assessment has been performed on 15 March 2016.