

**Pan Eco
Berg am Irchel**

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

Financial Statements 2020

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, 2020**. In accordance with Swiss GAAP FER 21 the content of the performance report is not subject to the audit.

These financial statements in accordance with Swiss GAAP FER 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 or do not comply with Swiss law and the foundation's articles of incorporation.

Winterthur, April 13, 2021

Consultive Revisions AG

Urs Boner
Licensed audit expert
Auditor in charge

Martin Graf
Licensed audit expert

Enclosures:

- Financial statements (balance sheet, income statement, statement of changes in capital, cash flow statement and notes)

Balance sheet as of 31 December 2020

Comparison current year / prior year

	2020		2019	
	CHF	%	CHF	%
ASSETS				
Cash	4'974'187.12	75%	2'636'405.96	69%
Trade accounts receivables	10'203.00	0%	13'058.10	0%
Other accounts receivables	-	0%	92.62	0%
Inventory	4'419.88	0%	4'851.96	0%
Accrued Income	33'179.50	1%	33'557.55	1%
Current assets	5'021'989.50	76%	2'687'966.19	70%
Financial assets	538'006.70	8%	-	0%
Tangible fixed assets	1'033'170.54	16%	1'117'321.52	30%
Non-current assets	1'571'177.24	24%	1'117'321.52	30%
ASSETS	6'593'166.74	100%	3'805'287.71	100%
LIABILITIES, FUNDS AND CAPITAL				
Liabilities	46'551.74	1%	67'157.45	2%
Accrued liabilities	436'216.13	7%	434'702.05	11%
Short-term Liabilities	482'767.87	8%	501'859.50	13%
Loans	200'000.00	3%	200'000.00	5%
Loans from related parties	1'025'000.00	16%	1'325'000.00	35%
Long-term Liabilities	1'225'000.00	19%	1'525'000.00	40%
Restricted Funds	2'347'865.00	35%	1'307'133.03	35%
Paid-in capital	10'000.00	0%	10'000.00	0%
Tied capital	2'000'000.00	30%	-	0%
Internally generated unrestricted operating funds	527'533.87	8%	461'295.18	12%
Capital of the organisation	2'537'533.87	38%	471'295.18	12%
LIABILITIES, FUNDS AND CAPITAL	6'593'166.74	100%	3'805'287.71	100%

Statement of operations for the year ended 31 December 2020

Comparison current year / prior year

	2020		2019	
	CHF	%	CHF	%
INCOME				
Income from fund raising campaigns	6'394'387.56	93%	4'003'102.06	88%
Income from services rendered	492'609.86	7%	522'226.85	12%
OPERATING INCOME	<u>6'886'997.42</u>	100%	<u>4'525'328.91</u>	100%
EXPENDITURE ON SERVICES				
Environmental education Switzerland	-706'021.79	-10%	-647'364.49	-14%
Environmental education Indonesia	-122'200.00	-2%	-59'050.00	-1%
Environmental education	<u>-828'221.79</u>	-12%	<u>-706'414.49</u>	-15%
Environmental protection in Switzerland	-329'882.77	-5%	-339'505.93	-8%
Environmental protection Indonesia	-2'089'140.60	-30%	-2'342'970.34	-52%
Environmental protection	<u>-2'419'023.37</u>	-35%	<u>-2'682'476.27</u>	-60%
Partnerships and other projects	-24'792.54	-1%	-26'292.54	-1%
Direct project expenditure	<u>-3'272'037.70</u>	-48%	<u>-3'415'183.30</u>	-76%
Communication and fund raising	-263'543.27	-4%	-291'439.59	-6%
Administration	<u>-167'268.92</u>	-2%	<u>-149'287.66</u>	-3%
EXPENDITURE ON SERVICES	<u>-3'702'849.89</u>	-54%	<u>-3'855'910.55</u>	-85%
OPERATING RESULT	<u>3'184'147.53</u>	46%	<u>669'418.36</u>	15%

Statement of operations for the year ended 31 December 2020

Comparison current year / prior year

	2020		2019	
	CHF	%	CHF	%
OPERATING RESULT	3'184'147.53		669'418.36	
Financial income	8'417.40		842.50	
Financial expenses incl. Forex differences	-40'743.58		-17'267.16	
Financial result	-32'326.18		-16'424.66	
Extraordinary non-operating income	565.00		175'560.20	
Extraordinary non-operating expenses	-45'415.69		-21'147.40	
Extraordinary non-operating expenses/income	-44'850.69		154'412.80	
RESULT BEFORE ALLOCATION AND USE OF FUNDS	3'106'970.66		807'406.50	
Allocation	-4'185'734.41		-3'886'171.26	
Use	3'145'002.44		3'344'833.96	
Result from restricted funds	-1'040'731.97		-541'337.30	
RESULT BEFORE ALLOCATION TO CAPITAL OF ORGANISATION	2'066'238.69		266'069.20	
Allocation	-2'000'000.00		-	
Use	-		-	
Result from tied capital	-2'000'000.00		-	
YEAR RESULT	66'238.69		266'069.20	
Use	-		-	
Allocation	-66'238.69		-266'069.20	
Result from capital of the organisation	-66'238.69		-266'069.20	
RESULT AFTER ALLOCATION AND USE OF FUNDS	0.00		0.00	

Statement of changes in capital 2020

Comparison current year / prior year

in CHF

	Opening balance 1 Jan 2020	Allocation	Use	Closing balance 31 Dec 2020
RESTRICTED FUNDS				
Environmental education Switzerland	48'181.73	602'136.07	-602'979.07	47'338.73
Environmental protection & conservation Switzerland	179'653.73	601'401.77	-329'882.77	451'172.73
Environmental education Indonesia	60'000.00	182'200.00	-122'200.00	120'000.00
Environmental protection & conservation Indonesia	1'019'297.57	2'798'896.57	-2'089'140.60	1'729'053.54
Other projects	-	1'100.00	-800.00	300.00
	1'307'133.03	4'185'734.41	-3'145'002.44	2'347'865.00
CAPITAL OF THE ORGANISATION				
Paid-in capital	10'000.00	-	-	10'000.00
Tied capital	-	2'000'000.00	-	2'000'000.00
Internally generated unrestricted operating funds	461'295.18	66'238.69	-	527'533.87
	471'295.18	2'066'238.69	-	2'537'533.87

Cash flow statement for the year ended 31 December 2020

Comparison current year / prior year

	2020	2019
	CHF	CHF
Result before allocation and use of funds	3'106'970.66	807'406.50
Reversal of non-current items		
Depreciation of non-current assets	84'150.98	84'150.98
Change in net current assets items		
(Increase) Decrease trade accounts receivables	2'855.10	48'255.35
(Increase) Decrease other accounts receivables	92.62	1.00
(Increase) Decrease inventory	432.08	1'441.21
(Increase) Decrease accrued income	378.05	-1'098.10
Increase (Decrease) liabilities	-20'605.71	-23'410.09
Increase (Decrease) accrued liabilities	1'514.08	-147'643.76
Cash flow from operating activities	3'175'787.86	769'103.09
(Investments) Disinvestments in financial assets	-538'006.70	
(Investments) Disinvestments in fixed assets	-	-301'584.35
Cash flow used for investing activities	-538'006.70	-301'584.35
Increase (Decrease) loans		
third parties	-	-
related parties	-300'000.00	225'000.00
Cash flow used for financing activities	-300'000.00	225'000.00
Increase (Decrease) Cash and cash equivalents	2'337'781.16	692'518.74
Cash and cash equivalents as of 1 January	2'636'405.96	1'943'887.22
Increase (Decrease) Cash and cash equivalents	2'337'781.16	692'518.74
Cash and cash equivalents as of 31 December	4'974'187.12	2'636'405.96

Notes to the financial statements 2020

Comparison current year / prior year

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 ZEWÖ 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 at market rates respectively 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 objective and chronological correction of expense and income items resulting into accrued income. The valuation is at nominal value.

Financial assets

	Total
Acquisition costs	538'006.70
Market value at year end	545'230.00
Fluctuation reserves	7'223.30

Notes to the financial statements 2020

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 years

	Land and buildings	Machines and equipment	Other tangible fixed assets	Total
<u>Accumulated gross values of cost</u>				
Opening balance 1.1.2020	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60
Additions	-	-	-	-
Closing balance 31.12.2020	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60
<u>Accumulated depreciation</u>				
Opening balance 1.1.2020	-3'194'061.41	-2'119'801.87	-129'739.80	-5'443'603.08
Depreciation	-53'992.54	-30'158.44	-	-84'150.98
Closing balance 31.12.2020	-3'248'053.95	-2'149'960.31	-129'739.80	-5'527'754.06
Net carrying amounts 2020	791'903.07	241'267.47	0.00	1'033'170.54

<u>Accumulated gross values of cost</u>				
Opening balance 1.1.2019	4'039'957.02	2'089'643.43	129'739.80	6'259'340.25
Decreases	-	301'584.35	-	301'584.35
Closing balance 31.12.2019	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60

<u>Accumulated depreciation</u>				
Opening balance 1.1.2019	-3'140'068.90	-2'089'643.43	-129'739.80	-5'359'452.10
Depreciation	-53'992.54	-30'158.44	-	-84'150.98
Closing 31.12.2019	-3'194'061.44	-2'119'801.88	-129'739.80	-5'443'603.08
Net carrying amounts 2019	845'895.61	271'425.91	0.00	1'117'321.52

Fire insurance values	2020	2019
Buildings	2'400'000	2'400'000
Other tangible fixed assets	1'695'000	1'695'000

Notes to the financial statements 2020

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 objective and chronological 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. Tied capital are funds from legates, which are available to the foundation in order to achieve the foundations objectives.

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).

	2020	2019
<u>Direct project expenditure</u>		
Personnel costs	1'143'928.05	1'206'481.90
Travel and representation	6'646.84	32'460.31
Maintenance	49'663.66	15'147.15
Operating expenditure	1'740'101.29	1'664'042.58
Fundraising	247'546.88	412'900.38
Depreciation	84'150.98	84'150.98
	<u>3'272'037.70</u>	<u>3'415'183.30</u>
<u>Administrative project expenditure</u>		
Personnel costs	308'569.85	314'334.52
Travel and representation	3'604.48	9'899.77
Operating expenditure	100'167.64	91'447.91
Fundraising	18'470.22	24'833.25
Maintenance	-	211.80
Depreciation	-	-
	<u>430'812.19</u>	<u>440'727.25</u>
Expenditure on services	<u>3'702'849.89</u>	<u>3'855'910.55</u>
thereof fundraising/marketing incl. personnel	511'090.15	704'339.97
thereof administration incl. personnel	167'268.92	149'287.66

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 2020

Comparison current year / prior year

in CHF

Direct project expenditure

The foundation's regional, national and international project 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:

	2020	2019
Yayasan Ekosistem Lestari, Medan, Indonesia	1'379'315.69	1'356'041.75
Environmental Education Center, Seloliman, Java	47'800.00	26'900.00
Environmental Education Center, Puntondo, Sulawesi	38'400.00	17'100.00

Communication and fundraising

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. The future obligations amount to a total of CHF 57'708.00.

Notes to the financial statements 2020

Comparison current year / prior year

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 organisations in the amount of CHF 0.00 (2019: CHF 0.00) where Members of the Board of Foundation have interests. These expenses are mainly related to projects.

Donations from	2020	2019
Stiftung Regenwald	50'000	50'000

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 which means that in 2020 a total amount of 916 hours by 9 volunteers (2019: 470 hours by 9 volunteers) were contributed.

Events occurring after the balance sheet date

The Board of the foundation has approved the financial statement on 30 March 2021.

There are no events known after the balance sheet date that might have a negative impact on the financial statement 2020.

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 30 March 2021.