

**Pan Eco
Berg am Irchel**

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

Financial statements 2022

Report of the statutory auditor on the limited statutory examination to the foundation board of **Pan Eco** foundation, **Berg am Irchel**

As statutory auditor, we have examined the financial statements of Pan Eco foundation, which comprise the balance sheet, operating statement, statement of changes in capital and appendix, for the year ended December 31, 2022. As permitted by Swiss GAAP FER 21 the information in the performance report is not required to be subject to the statutory auditors examination.

These financial statements prepared in accordance with Swiss GAAP FER, Swiss law and the foundation's deed are the responsibility of the board. 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 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 foundation personnel and analytical procedures as well as detailed tests of foundation documents as considered appropriate in the circumstances. However, the testing of the 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 results of operations and the cash flows in accordance with Swiss GAAP FER. Furthermore, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the foundation's deed.

Winterthur, May 22, 2023

Consultive Revisions AG

Tatjana Widmer
Audit expert
Auditor in charge

Urs Boner
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 2022

Comparison current year / prior year

	2022		2021	
	CHF	%	CHF	%
ASSETS				
Cash	5'362'018.98	71%	5'316'778.05	75%
Trade accounts receivables	86'306.61	1%	14'195.20	0%
Other current receivables	8'547.20	0%	5'196.23	0%
Inventories	3'621.54	0%	3'781.13	0%
Accrued income	35'763.05	1%	33'145.75	1%
Current assets	5'496'257.38	74%	5'373'096.36	76%
Financial assets	1'140'304.00	15%	814'357.25	11%
Tangible fixed assets	864'868.58	12%	949'019.56	13%
Non-current assets	2'005'172.58	27%	1'763'376.81	24%
ASSETS	7'501'429.96	100%	7'136'473.17	100%
LIABILITIES, FUNDS AND CAPITAL				
Trade account payables	45'530.09	0%	90'366.57	1%
Other current liabilities	51'238.45	1%	30'809.10	0%
Accrued liabilities	206'860.85	3%	281'821.02	4%
Short-term liabilities	303'629.39	4%	402'996.69	5%
Loans	200'000.00	3%	200'000.00	3%
Loans from related parties	655'000.00	8%	835'000.00	12%
Long-term liabilities	855'000.00	11%	1'035'000.00	15%
Restricted funds	3'367'577.73	45%	2'929'297.00	41%
Paid-in capital	10'000.00	0%	10'000.00	0%
Restricted capital	2'000'000.00	27%	2'000'000.00	28%
Free capital	965'222.84	13%	759'179.48	11%
Capital of the organisation	2'975'222.84	40%	2'769'179.48	39%
LIABILITIES, FUNDS AND CAPITAL	7'501'429.96	100%	7'136'473.17	100%

Statement of operations for the year ended 31 December 2022

Comparison current year / prior year

	2022		2021	
	CHF	%	CHF	%
INCOME				
Restricted donations	3'725'952.43	73%	4'261'076.71	76%
Free donations	713'544.77	14%	749'300.88	13%
Contributions from public authorities	406'525.79	8%	404'621.47	7%
Revenues from services	247'265.26	5%	210'603.30	4%
OPERATING INCOME	5'093'288.25	100%	5'625'602.36	100%
EXPENDITURE ON SERVICES				
Environmental education in Switzerland	-1'045'303.75	-21%	-902'434.76	-16%
Environmental education in Indonesia	-120'900.00	-2%	-117'400.00	-2%
Environmental education	-1'166'203.75	-23%	-1'019'834.76	-18%
Environmental protection & conservation in Switzerland	-360'805.02	-7%	-390'040.68	-7%
Environmental protection & conservation in Indonesia	-2'211'422.26	-43%	-2'626'455.61	-47%
Environmental protection & conservation	-2'572'227.28	-50%	-3'016'496.29	-54%
Partnerships and other projects	-28'292.54	-1%	-23'992.54	0%
Project expenditure	-3'766'723.57	-74%	-4'060'323.59	-72%
Communication and fund raising	-519'636.08	-10%	-575'234.92	-10%
Administration	-107'261.53	-2%	-166'701.80	-3%
EXPENDITURE ON SERVICES	-4'393'621.18	-86%	-4'802'260.31	-85%
OPERATING RESULT	699'667.07	14%	823'342.05	15%

Statement of operations for the year ended 31 December 2022

Comparison current year / prior year

	2022		2021	
	CHF	%	CHF	%
OPERATING RESULT	<u>699'667.07</u>		<u>823'342.05</u>	
Financial income	15'848.65		140'636.80	
Financial expenses	-80'473.08		-133'706.99	
Financial result	<u>-64'624.43</u>		<u>6'929.81</u>	
Extraordinary income	9'281.45		318.85	
Extraordinary expenses	0.00		-17'513.10	
Extraordinary result	<u>9'281.45</u>		<u>-17'194.25</u>	
ANNUAL RESULT BEFORE ALLOCATION AND USE OF FUNDS	<u>644'324.09</u>		<u>813'077.61</u>	
Allocation	-4'267'002.07		-4'763'740.58	
Use	<u>3'828'721.34</u>		<u>4'182'308.58</u>	
ANNUAL RESULT BEFORE ALLOCATION TO CAPITAL OF THE ORGANISATION	<u>206'043.36</u>		<u>231'645.61</u>	
Allocation to free capital	-206'043.36		-231'645.61	
	<u>0.00</u>		<u>0.00</u>	

Statement of changes in capital 2022

Comparison current year / prior year

in CHF

	Balance 1 Jan 2022	Allocation	Use	Balance 31 Dec 2022
RESTRICTED FUNDS				
Environmental education Switzerland	218'075.93	753'109.94	-914'185.87	57'000.00
Environmental protection & conservation Switzerland	497'421.05	409'985.18	-409'985.37	497'420.86
Environmental education Indonesia	180'000.00	180'900.00	-120'900.00	240'000.00
Environmental protection & conservation Indonesia	2'033'500.02	2'922'006.95	-2'382'350.10	2'573'156.87
Other projects	300.00	1'000.00	-1'300.00	0.00
	2'929'297.00	4'267'002.07	-3'828'721.34	3'367'577.73

CAPITAL OF THE ORGANISATION

Paid-in capital	10'000.00	0.00	0.00	10'000.00
Restricted capital	2'000'000.00	0.00	0.00	2'000'000.00
Free capital	759'179.48	206'043.36	0.00	965'222.84
	2'769'179.48	206'043.36	0.00	2'975'222.84

	Balance 1 Jan 2021	Allocation	Use	Balance 31 Dec 2021
RESTRICTED FUNDS				
Environmental education Switzerland	47'338.73	953'679.17	-782'941.97	218'075.93
Environmental protection & conservation Switzerland	451'172.73	518'782.15	-472'533.83	497'421.05
Environmental education Indonesia	120'000.00	177'400.00	-117'400.00	180'000.00
Environmental protection & conservation Indonesia	1'729'053.54	3'113'879.26	-2'809'432.78	2'033'500.02
Other projects	300.00	0.00	0.00	300.00
	2'347'865.00	4'763'740.58	-4'182'308.58	2'929'297.00

CAPITAL OF THE ORGANISATION

Paid-in capital	10'000.00	0.00	0.00	10'000.00
Restricted capital	2'000'000.00	0.00	0.00	2'000'000.00
Free capital	527'533.87	231'645.61	0.00	759'179.48
	2'537'533.87	231'645.61	0.00	2'769'179.48

Cash flow statement for the year ended 31 December 2022

Comparison current year / prior year

	2022	2021
	CHF	CHF
Annual Result before allocation to capital of the organisation	206'043.36	231'645.61
Change of restricted funds	438'280.73	581'432.00
Depreciation	84'150.98	84'150.98
Other non-restrictive expenses/income	65'683.55	-7'223.30
(Increase) Decrease accounts receivables	-75'462.38	-8'857.53
(Increase) Decrease inventories	159.59	638.75
(Increase) Decrease accrued income	-2'617.30	33.75
Increase (Decrease) liabilities	-24'407.13	58'752.38
Increase (Decrease) accrued liabilities	-74'960.17	-138'854.46
Cash flow from operating activities	616'871.23	801'718.18
(Investments) in financial assets	-505'940.60	-367'309.65
Disinvestments in financial assets	114'310.30	98'182.40
Cash flow from investing activities	-391'630.30	-269'127.25
Increase (Decrease) loans related parties	-180'000.00	-190'000.00
Cash flow from financing activities	-180'000.00	-190'000.00
Changes in cash	45'240.93	342'590.93
Cash as of 1 January	5'316'778.05	4'974'187.12
Cash as of 31 December	5'362'018.98	5'316'778.05
Evidence of changes in cash	45'240.93	342'590.93

Notes to the financial statements 2022

Comparison current year / prior year

in CHF

1. Accounting principles

The financial statements of PanEco have been prepared in accordance with Swiss GAAP FER 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 ZEWOF 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 applied market rates 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 receivables

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

Accrued income

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

	2022	2021
Acquisition costs	1'331'086.20	814'357.25
Market value at year end	1'140'304.00	939'456.00
Fluctuation reserves	-	125'098.75

Notes to the financial statements 2022

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 1.1.2022	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60
Additions	0.00	0.00	0.00	0.00
Closing balance 31.12.2022	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60
<u>Accumulated depreciation</u>				
Opening balance 1.1.2022	-3'302'046.49	-2'180'118.75	-129'739.80	-5'611'905.04
Depreciation	-53'992.54	-30'158.44	0.00	-84'150.98
Closing balance 31.12.2022	-3'356'039.03	-2'210'277.19	-129'739.80	-5'696'056.02
Net carrying amount 2022	683'917.99	180'950.59	0.00	864'868.58
<u>Accumulated gross values of cost</u>				
Opening balance 1.1.2021	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60
Decreases	0.00	0.00	0.00	0.00
Closing balance 31.12.2021	4'039'957.02	2'391'227.78	129'739.80	6'560'924.60
<u>Accumulated depreciation</u>				
Opening balance 1.1.2021	-3'248'053.95	-2'149'960.31	-129'739.80	-5'527'754.06
Depreciation	-53'992.54	-30'158.44	0.00	-84'150.98
Closing 31.12.2021	-3'302'046.49	-2'180'118.75	-129'739.80	-5'611'905.04
Net carrying amount 2021	737'910.53	211'109.03	0.00	949'019.56
Fire insurance values			2022	2021
Buildings			2'400'000	2'400'000
Other tangible fixed assets			1'790'900	1'695'000

Notes to the financial statements 2022

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. Environmental Education Switzerland: This includes mainly the nature centre Thurauen and the ranger service. Environmental protection & conservation Switzerland: This includes the bird of prey sanctuary. Environmental Education Indonesia: We support three environmental education centres namely PPLH Seloliman in Java, PPLH Puntondo in Sulawesi and PPLH Bohorok in Sumatra. Environmental & Education in Indonesia: This finances the SOCP, especially the quarantine station, the release station, research stations, habitat protection, the Batang Toru conservation programm as well as investments into the orangutan haven. Restricted capital are funds from legacies, 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 project expenditure (projects of the foundation) and administrative project expenditure (communication and fundraising, purchase of goods and administration).

	2022	2021
<u>Direct project expenditure</u>		
Personnel costs	1'429'139.88	1'205'293.85
Travel and representation	36'555.91	6'037.34
Maintenance	54'399.75	43'625.78
Operating expenditure	2'162'477.05	2'721'215.64
Depreciation	84'150.98	84'150.98
	<u>3'766'723.57</u>	<u>4'060'323.59</u>
<u>Administrative project expenditure</u>		
Personnel costs	246'061.76	306'475.31
Travel and representation	11'231.56	6'726.04
Operating expenditure	123'599.41	131'854.44
Fundraising	245'877.38	296'880.93
Maintenance	127.50	0.00
	<u>626'897.61</u>	<u>741'936.72</u>

Notes to the financial statements 2022

Comparison current year / prior year

in CHF

Expenditure on services	4'393'621.18	4'802'260.31
thereof fundraising/marketing incl. personnel	519'636.08	575'234.92
thereof administration incl. personnel	107'261.53	166'701.80

The total personnel costs are CHF 1'675'201.64 (2021: CHF 1'511'769.16) and include 18.90 full-time equivalents. Fundraising and marketing as well as administration are calculated based on the public ZEW0 methodology.

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:

	2022	2021
Yayasan Ekosistem Lestari, Medan, Indonesia	1'371'236.94	1'780'403.99
Environmental Education Center, Seloliman, Java	48'500.00	47'900.00
Environmental Education Center, Puntondo, Sulawesi	42'400.00	39'500.00

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.

Notes to the financial statements 2022

Comparison current year / prior year

in CHF

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 29'460.00.

6. Other disclosure

Remuneration

The members of the board of foundation work pro bono.

The total of remuneration for the executive management was CHF 259'000.

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 16'953.60 (2021: CHF 6'588.40) where Members of the Board of Foundation have interests. These expenses are mainly related to projects.

Donations from	2022	2021
Stiftung Regenwald	0	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 centre Thurauen which means that in 2022 a total amount of 458 hours by 11 volunteers (2021: 434 hours by 9 volunteers) were contributed.

Events occurring after the balance sheet date

There are no events known after the balance sheet date that might have a negative impact on the financial statements 2022.