
ARSYAD & REKAN
REGISTERED PUBLIC ACCOUNTANTS

YAYASAN EKOTURISME INDONESIA

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006
(With Comparative Figures Year 2005)
AND
INDEPENDENT AUDITORS' REPORT**

INDONESIAN CURRENCY



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STATEMENT LETTER OF CHAIRMAN OF THE FOUNDATION
CONCERNING
THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
YAYASAN EKOTURISME INDONESIA

We, undersigned below:

Name : David John Booth MBE
Office Address : Tunjung Sari No. 2YZ Padangsambian
Denpasar
Telephone Number : (62) 0361 410071
Position : Chairman

certify that:

1. We certify that, as members of management, we are responsible for the preparation and presentation of the Foundation's financial statements;
2. The Foundation's financial statements have been prepared and presented in conformity with generally accepted accounting principles;
3. a. All information in the Foundation's financial statements are complete and correct;
b. The Foundation's financial statements do not contain information or material fact which is not true, and do not omit material information or facts;
4. We are responsible for the internal control system in the Foundation.

We declare that the above statements are true.

Denpasar/ September 21st, 2007



David J Booth MBE
Chairman

Bank Account Details:

Rupiah Account:
Bank Name: BNI Capem J. Kampoja, Denpasar
Address: Jl. Kampoja, No.5, Denpasar, Bali
Acc. Name: Yayasan Ekoturisme Indonesia
Acc. No.: 0255 285 647
Swift code: BNI IN DUA RNN

US\$ Account:
Bank Name: ABN AMRO Bank NV, Denpasar, Bali
Address: Jl. Teuku Umar No. 10, Bldk A1-A3,
Denpasar, Bali, Indonesia
Acc. Name: Yayasan Ekoturisme Indonesia or
East Bali Poverty Project
Acc. No.: 3601 034 157 USD
Swift code: ABNAIDJA

First registered in Indonesia as:
Yayasan Ekoturisme Indonesia
by Indonesian Social Department,
Depos No. 162/BBS/OS/11599

Established by Notary Public
Melyane Halimussadish SH,
No 95 dated 25th July 1999



ARSYAD & REKAN

Kantor Akuntan Publik
Izin Usaha No. KEP-181/KM.6/2004

INDEPENDENT AUDITORS' REPORT

Report No. ARS-029/07

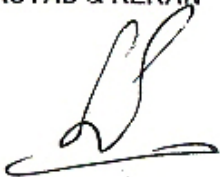
The Organs of Foundation
Yayasan Ekoturisme Indonesia

We have audited the financial position of Yayasan Ekoturisme Indonesia as of December 31, 2006 and the related statement of activities and cash flows for the year then ended. These financial statements are responsibility of the Foundation's executives. The financial statements of Yayasan Ekoturisme Indonesia for the year ended December 31, 2005 were audited by other independent auditor whose report dated July 25, 2006 expressed an unqualified opinion on those statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards established by the Indonesian Instituted of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by executives, as well as evaluating the overall financial position presentations. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respect the financial position of Yayasan Ekoturisme Indonesia as of December 31, 2006 and the results of its activities, and its cash flow for the year then ended in conformity with generally accepted accounting principles.

ARSYAD & REKAN



Drs. S. Arsyad
License No. 99.1.0568

September 21, 2007

NOTICE TO READERS

The accompanying financial statements are intended to present the financial position, result of the activities and cash flows in accordance with accounting principles and practices generally accepted in Indonesia and not those of any other jurisdictions. The standards, procedures and practices applied to audit such financial statements are those generally accepted and applied in Indonesia.

YAYASAN EKOTURISME INDONESIA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006
(With Comparative Figures For 2005)

	Notes	2006	2005
ASSETS			
CURRENT ASSETS			
Cash and banks	2,3,10	Rp 573,859,157	Rp 301,421,587
Other current assets	2,4	324,435,917	301,561,326
Total Current Assets		898,295,074	602,982,913
NON CURRENT ASSETS			
Due from related parties	2,5	2,032,050	1,128,011
Deferred tax assets	2,7	33,815,413	27,611,822
Property and equipment - net of accumulated depreciation	2,6,9	509,327,039	460,943,184
Total Non Current Assets		545,174,502	489,683,017
TOTAL ASSETS		Rp 1,443,469,576	Rp 1,092,665,930
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued expenses		Rp 10,293,410	Rp 5,355,668
Tax payable	2,7	2,032,050	1,128,011
Total Liabilities		12,325,460	6,483,679
NON CURRENT LIABILITY			
Provision for retirement and employee benefits	2,11	112,718,043	92,039,405
NET ASSETS			
Unrestricted		(900,648,257)	(723,031,457)
Restricted - temporary		2,219,074,330	1,717,174,303
Total Net Assets		1,318,426,073	994,142,846
TOTAL LIABILITIES AND NET ASSETS		Rp 1,443,469,576	Rp 1,092,665,930

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

YAYASAN EKOTURISME INDONESIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006
(With Comparative Figures For 2005)

	Notes	2006	2005
CHANGE IN UNRESTRICTED NET ASSETS:			
Revenue			
Donations	2,8	Rp 459,851,449	Rp 141,485,404
Others		17,221,470	81,948,125
Total Unrestricted Revenue		477,072,919	223,433,529
Expenses	2		
General and administrative	6,9	630,880,672	576,835,992
Others		30,012,638	9,172,108
Total Unrestricted Expenses		660,893,310	586,008,100
Decrease in Unrestricted Net Assets		(183,820,391)	(362,574,571)
CHANGE IN TEMPORARY RESTRICTED NET ASSETS:			
Revenue from donations	2,8	1,878,533,675	1,412,388,489
Program Expenses	2		
Integrated education program		506,539,303	431,213,183
Health program		209,796,548	84,444,689
Infrastructure program		188,133,186	67,461,802
Vetiver program		136,196,040	75,699,660
Community safe water supply program		113,651,351	161,005,075
Educational art story book program		73,971,000	153,798,450
Agriculture program		71,235,736	79,700,611
Further education program		24,074,200	21,836,597
School uniform program		18,497,100	16,615,200
Independence day celebrations empowering children		13,076,904	10,289,855
Library development program		11,507,380	6,186,950
Bamboo development and reforestation program		3,750,275	8,809,050
Goat breeding program		2,344,625	3,193,300
Secretariat building repair and maintenance		3,860,000	46,339,300
Total Program Expenses		1,376,633,648	1,166,593,722
Increase in Temporary Restricted Net Assets		501,900,027	245,794,767
INCREASE (DECREASE) IN NET ASSETS BEFORE PROVISION FOR INCOME TAX		318,079,636	(116,779,804)
PROVISION FOR INCOME TAX - DEFERRED	7	6,203,591	-
INCREASE (DECREASE) IN NET ASSETS		324,283,227	(116,779,804)
NET ASSETS AT BEGINNING OF YEAR		994,142,846	1,110,922,650
NET ASSETS AT END OF YEAR		Rp 1,318,426,073	Rp 994,142,846

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

1. GENERAL

Yayasan Ekoturisme Indonesia (the Foundation) was established based on notarial deed No. 96 of Meiyane Halimatussyadiah, S.H. dated July 25, 1998. The deed of establishment was registered at the Denpasar Public Court in its Report List No. 26 dated August 11, 1998. The Foundation's Articles of Association have been amended several times, most recently by notarial deed No. 6 dated October 4, 2005 of Meiyane Halimatussyadiah, S.H., to conform with Law No. 16 year 2001 regarding Foundation. The deed of amendment was approved by the Minister of Justice and Human Right of the Republic of Indonesia in his decision letter No. C-HT.01.09-250 dated October 19, 2005.

The purposes and objectives of the Foundation are to be active in the social sector, particularly improving the welfare of village communities through information that can improve knowledge and awareness of these communities, of their village potential or the community potential, in a voluntary and non-profit manner.

The Foundation has two Secretariats: one is located in Jalan Tunjung Sari No. 2YZ Padangsambian, Denpasar, and the other in Dusun Ban, Ban Village, Kecamatan Kubu, Karangasem, Bali Province, Indonesia.

As of December 31, 2006 and 2005, the members of the organs of the Foundation are as follows:

Patrons

Chairman : Ketut Arthana
Member : Endang Husnaeni

Executives

Chairman : David John Booth
Secretary : Gede Ngurah Indraguna Pinatih
Treasurer : I Gusti Ngurah Adi Suputra

Supervisor : John Scott Younger

The Foundation had 103 and 52 employees in 2006 and 2005, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statements

The Foundation adopted the accounting policies and presented the financial statements based on the Statement of Financial Accounting Standards (SFAS) No. 45, "Financial Reporting for Non Profit Organizations", and the principles and practices generally accepted in Indonesia.

The financial statements have been prepared on the historical cost basis of accounting. The basic assumption for financial statements preparation is accrual basis. The statement of cash flows present cash received and payments classified into operating, investing and financing activities. The cash flows from operating activities are presented using the direct method.

The reporting currency used in the financial statements is the Indonesian Rupiah.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions with Related Parties

The Foundation has transactions with certain parties, which are regarded as having special relationship, as defined under SFAS No. 7, "Related Parties Disclosures".

All significant transactions with related parties, whether or not conducted under similar price, term and conditions as those with third parties, are disclosed in the notes to financial statements.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on a review of the collectibility of the receivable accounts at the end of the year.

Prepaid Expenses

Prepaid expenses (presented in as part of "Other Current Assets") are amortized over periods benefited using the straight-line method.

Property and Equipment

Property and equipment are stated at cost, except for property and equipment from donations, which is stated at estimated cost, less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Years</u>
Office equipment	4 and 8
Vehicles	4 and 8

The cost of maintenance and repairs is charged in the statements of activities as incurred; significant renewals and betterments, which extend their useful lives or result in an increase in the future economic benefits are capitalized. When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Impairment of assets

Assets is reviewed for impairment losses whenever events or charges. In circumstances indicate that the carrying amount may not be recoverable An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use.

Revenue and Expense Recognition

Revenue from donations is recognized when received from donors. Expenses are recognized as incurred (accrual basis).

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, assets and liabilities denominated in foreign currencies are adjusted to reflect the average buying and selling rates prevailing at such date as published by Bank Indonesia and any resulting gains or losses are credited or charged to current operations.

As of December 31, 2006 and 2005, the exchange rate using for US\$ 1 are Rp 9,020, and Rp 9,830, respectively.

Provision for Income Tax

The Foundation uses the deferred income tax method in accounting for income tax, in accordance with SFAS No. 46, "Accounting for Income Taxes", which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between tax bases and financial reporting bases of assets and liabilities and for the carry forward of fiscal losses. The tax effects of temporary differences and fiscal loss carry forwards, which individually are either assets or liabilities, are shown at the applicable net amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires executives to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could be different from these estimates.

3. CASH AND BANKS

This account consists of the following:

	2006	2005
Cash on hand	Rp 15,653,441	Rp 4,995,497
Cash in bank:		
PT Bank Negara Indonesia (Persero) Tbk	540,111,686	295,611,871
ABN - AMRO Bank, N.V. (US\$ 2,005.99 in 2006 and US\$ 82.83 in 2005)	18,094,030	814,219
Total	Rp 573,859,157	Rp 301,421,587

There was no restriction on the usage of the Foundation's funds or either in banks.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

4. OTHER CURRENT ASSETS

This account mainly represents prepaid rent for office building and land, prepaid insurance, and other expense.

5. DUE FROM RELATED PARTIES

This account represents receivables from employees which bears no interest, with no collateral and no payment schedule.

No allowance for doubtful account was provided on due from related parties, as the executives believe that all such receivables are collectible.

6. PROPERTY AND EQUIPMENT

The details of property and equipment are as follows:

	2006			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
Vehicles	Rp 565,540,950	Rp 176,015,000	Rp 77,500,000	Rp 664,055,950
Office equipment	255,248,917	97,238,094	-	352,487,011
Total Carrying Value	820,789,867	273,253,094	77,500,000	1,016,542,961
<u>Accumulated Depreciation</u>				
Vehicles	203,266,992	114,189,542	20,989,584	296,466,950
Office equipment	156,579,691	54,169,281	-	210,748,972
Total Accumulated Depreciation	359,846,683	168,358,823	20,989,584	507,215,922
Net Book Value	Rp 460,943,184			Rp 509,327,039
	2005			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Carrying Value</u>				
Vehicles	Rp 638,840,950	Rp 76,700,000	Rp 150,000,000	Rp 565,540,950
Office equipment	218,653,652	47,585,265	10,990,000	255,248,917
Total Carrying Value	857,494,602	124,285,265	160,990,000	820,789,867
<u>Accumulated Depreciation</u>				
Vehicles	204,344,535	130,172,457	131,250,000	203,266,992
Office equipment	114,221,068	45,971,748	3,613,125	156,579,691
Total Accumulated Depreciation	318,565,603	176,144,205	134,863,125	359,846,683
Net Book Value	Rp 538,928,999			Rp 460,943,184

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

6. PROPERTY AND EQUIPMENT (Continued)

Depreciation for the years ended December 31, 2006 and 2005 has been charged to the following:

	<u>2006</u>	<u>2005</u>
General and administrative (see Note 9)	Rp 134,922,189	Rp 176,144,205
Program expenses	33,436,634	-
Total	Rp 168,358,823	Rp 176,144,205

Deduction of property and equipment for the years 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Net book value	Rp 56,510,416	Rp 26,126,875
Sales price	28,000,000	81,900,000
Loss (gain) on sale of property and equipment	Rp 28,510,416	(Rp 55,773,125)

In 2006 and 2005, vehicles are covered by insurance against losses by accident amounting to Rp 353,500,000 and Rp 250,000,000. The executives believes the insurance is sufficient to cover possible losses arising from such risk.

Based on the executives' assessment, there are no events or changes in circumstances, which may indicate impairment in value of property and equipment as of December 31, 2006 and 2005.

7. TAX PAYABLE

This account represents Income Tax payable article 21.

The reconciliation between net increase (decrease) in net assets before provision for Income Tax, as shown in the statement of activities, and the estimated fiscal loss for the years ended December 31, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Net increase (decrease) in net assets before Provision for Income Tax	Rp 318,079,636	(Rp 116,779,804)
Timing differences:		
Salaries and employee benefit	20,678,638	-
Permanent differences:		
Rental	53,735,674	38,540,000
Salaries and employee benefit	41,416,020	27,718,223
Loss on write-off of property and equipment	-	4,751,042
Donations received	(2,338,385,124)	(1,553,873,893)
Interest income already subjected to final tax	(17,220,470)	(16,671,148)
Estimated fiscal loss before fiscal loss carry-forward	(Rp 1,921,695,626)	(Rp 1,616,315,580)

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

7. TAX PAYABLE (Continued)

	2006	2005
Fiscal loss carry-forward		
- 2001	(Rp 588,198,546)	(Rp 588,198,546)
- 2002	(942,920,319)	(942,920,319)
- 2003	(940,455,840)	(940,455,840)
- 2004	(1,465,720,354)	(1,465,720,354)
- 2005	(1,616,315,580)	-
Estimated fiscal loss	(Rp 7,475,306,265)	(Rp 5,553,610,639)

In accordance to Law No. 17 Year 2000, donations to recipient parties are not tax objects as long as the donations are not received under relations of business, ownership or controlling relations between relevant parties.

Under the taxation laws of Indonesia, the Foundation submits tax return on the basis of self-assessment. The tax authorities may assess or amend taxes within ten years from the date the tax becomes due.

Deferred

The computations of deferred income (expense) tax for the years ended December 31, 2006 dan 2005 using the maximum tax rate of 30% is as follows:

	2006	2005
Employee benefit	Rp 6,203,591	Rp -

The deferred tax assets as of December 31, 2006 and 2005 are as follows:

	2006	2005
Employee benefit	Rp 33,815,413	Rp 27,611,822

In 2006 and 2005, the Foundation did not recognize deferred tax assets on fiscal losses amounting to Rp 2,066,132,316 and Rp 1,666,083,192, respectively, because the fiscal losses are considered unrecoverable.

8. DONATIONS

This account represents unrestricted and temporary restricted donations received from donor. The details of this account are as follows:

	2006	2005
Unrestricted:		
Regional Institutions	Rp 252,256,351	Rp 10,962,500
Private	195,219,289	123,246,403
Others	12,375,809	7,276,501
	459,851,449	141,485,404

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

8. DONATIONS (Continued)

	2006		2005	
Temporary Restricted:				
Education program	Rp	765,573,562	Rp	510,879,123
Health program		320,691,902		180,152,500
Vetiver development program		198,168,712		34,703,785
Site transport to all programs		154,960,022		167,397,500
Agriculture program		123,268,500		49,629,607
Educational art story book program		114,472,027		172,166,500
Infrastructure program		101,490,000		20,880,012
Water supply program		70,975,000		-
School uniform program		17,426,250		5,604,585
Independence day		11,507,700		12,545,001
EBPP centre		-		258,429,876
		1,878,533,675		1,412,388,489
Total	Rp	2,338,385,124	Rp	1,553,873,893

9. GENERAL AND ADMINISTRATIVE

This account consists of the following:

	2006		2005	
Salaries and employee benefit	Rp	237,189,686	Rp	149,049,036
Depreciation (see Note 6)		134,922,189		176,144,205
Transportation		48,039,440		44,824,045
Office supplies		47,557,036		31,142,640
Rental		47,335,674		31,510,500
Media and communication		44,233,859		48,931,304
Public relation, marketing and fundraising		41,926,973		55,612,248
Electricity and water		23,106,331		19,509,825
Others		10,429,484		20,112,189
Total	Rp	634,740,672	Rp	576,835,992

The amounts above include the expenses of field site office operational costs to service all the programmes amounting to Rp 125,435,715 in 2006 and Rp 95,304,586 in 2005 which was not provided in specific budgets or allocated to programmes expenses.

10. ASSETS IN FOREIGN CURRENCY

As of December 31, 2006 and 2005, the Foundation has cash in bank denominated in foreign currency amounting to US\$ 2,005.99 and US\$ 82.83, which is equivalent Rp 18,094,030 and Rp 814,219, respectively.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continue)
For The Year Ended December 31, 2006
(With Comparative Figures 2005)

11. EMPLOYEE BENEFITS

In December 2006 and 2005, the Foundation recorded an accrual for employee termination, gratuity and compensation amounting to Rp 112,718,043 and Rp 92,039,405, respectively, as provided under the Labor Law No. 13/2003 dated March 25, 2003. The accrual has been determined based on the following assumptions:

Annual discount rate	:	10% pa in 2006 and 9% pa in 2005
Annual salary increase	:	10% pa
Retirement age	:	55 years

Such benefits were presented as salaries and employee benefit account in general and administrative expenses in statement of activities and provision for retirement and employee benefits account in statement of financial position.

The Foundation's executives believe that the amount of accrual made is adequate to cover the related liabilities arising from this decree.

12. RECLASSIFICATION ACCOUNT

Accounts in 2005 financial statements have been reclassified to conform with the presentation of accounts in 2006 financial statements.

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are the responsibility of the foundation's executives and have been approved for issued on September 21, 2007.