

YAYASAN EKOTURISME INDONESIA

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Rupiah, unless otherwise stated)**

ARSYAD & REKAN
Registered Public Accountants.

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REGISTERED PUBLIC ACCOUNTANTS

YAYASAN EKOTURISME INDONESIA

**FINANCIAL STATEMENTS
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FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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INDONESIAN CURRENCY



**STATEMENT LETTER OF CHAIRMAN OF THE FOUNDATION
REGARDING THE RESPONSIBILITY FOR
FINANCIAL STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
YAYASAN EKOTURISME INDONESIA**

P.O. Box 3850 Denpasar,
Bali, Indonesia
Phone: (62) (361) 410071
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E-mail: info@eastbali-povertyproject.org
http://www.eastbali-povertyproject.org

We the undersigned:

1. Name : David John Booth MBE
Office Address : Jl. Tunjung Sari No. 2YZ Padangsambian Kaja, Denpasar
Telephone Number : (62) 0361 410071
Position : Founder & Trustee
2. Name : I Komang Kurniawan
Office Address : Jl. Tunjung Sari No. 2YZ Padangsambian Kaja, Denpasar
Telephone Number : (62) 0361 410071
Position : Chairman

Declare that:

1. Responsible for the preparation and presentation of the financial statements of Yayasan Ekoturisme Indonesia;
2. The financial statements of Yayasan Ekoturisme Indonesia have been prepared and presented in conformity with Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements of Yayasan Ekoturisme Indonesia has been completely and rightly disclosed;
b. The financial statements of Yayasan Ekoturisme Indonesia do not contain any incorrect information or material fact, nor do they omit information or material facts;
4. Responsible for the internal control system of Yayasan Ekoturisme Indonesia.

We certify the accuracy of this statement.

Jakarta, September 12, 2013

Bank Account Details:

Bank Account:
Bank Name: BNI Capem Jl. Kamboja, Denpasar
Address: Jl. Kamboja, No.5, Denpasar, Bali
Acc. Name: Yayasan Ekoturisme Indonesia
Acc. No: 0055 295 647
Swift code: BNI NI DJA RNN

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



I Komang Kurniawan
Chairman

David John Booth MBE
Founder & Trustee

First registered in Indonesia as:
Yayasan Ekoturisme Indonesia
by Indonesian Social Department,
Permits No. 162/BBS/OS/1/1999

Established by Notary Public
Melyane Halimatussjadiah SH,
No. 36 dated 25th July 1998

Arsyad & Rekan

Registered Public Accountant
Licence No. KEP-181/KM.6/2004

INDEPENDENT AUDITORS' REPORT

Report No. ARS-055/13

The Boards of the Foundation
Yayasan Ekoturisme Indonesia

We have audited the statements of financial position of Yayasan Ekoturisme Indonesia (the "Foundation") as of December 31, 2012 and 2011, and the statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's organs. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public 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 the Foundation's organ, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As discussed in Notes 2 and 12, the Foundation has not applied the projected-unit-credit actuarial valuation method as required by Statement of Financial Accounting Standards (SFAS) No. 24 (Revised 2010), "Employee Benefits" for the purpose of estimating its liability for employee benefits as provided under the Labor Law No.13/2003 dated March 25, 2003 (the "Labor Law").

In our opinion, except for the effect of not applying the projected-unit-credit actuarial valuation method as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Yayasan Ekoturisme Indonesia as of December 31, 2012 and 2011, and the results of its activities, and its cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

ARSYAD & REKAN

Business License No. KEP-181/KM.6/2004



Drs. S. Arsyad, CPA
Public Accountant Registration No. AP.0740

September 12, 2013

NOTICE TO READERS

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

YAYASAN EKOTURISME INDONESIA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011
(Expressed in Rupiah, unless otherwise stated)

	Notes	2012	2011
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and banks	2,3,11	Rp 832,348,446	Rp 773,476,989
Receivables from employees	2.4	42,875,040	54,511,466
Prepaid expenses	2.5	210,953,641	88,525,546
Advances paid		5,800,000	300,000
Total Current Assets		1,091,977,127	916,814,001
NON CURRENT ASSETS			
Fixed assets - net of accumulated depreciation	2,6,9,10	772,452,983	961,496,870
TOTAL ASSETS		Rp 1,864,430,110	Rp 1,878,310,871
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Other payable		Rp 28,223,895	Rp 28,223,895
Accrued expenses		4,333,160	5,294,256
Tax payable	2.7	13,759,204	12,036,940
Total Current Liabilities		46,316,259	45,555,091
NON CURRENT LIABILITY			
Liability for post employment benefits	2.12	306,370,564	286,441,556
Total Liabilities		352,686,823	331,996,647
NET ASSETS			
Unrestricted		1,511,743,287	1,546,314,224
TOTAL LIABILITIES AND NET ASSETS		Rp 1,864,430,110	Rp 1,878,310,871

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

YAYASAN EKOTURISME INDONESIA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Rupiah, unless otherwise stated)

	Notes	2012	2011
CHANGE IN UNRESTRICTED NET ASSETS:			
Revenue			
Donations	2,8	Rp 4,090,440,307	Rp 3,528,295,117
Others	2,6,9	25,023,200	49,413,304
Total Revenue		4,115,463,507	3,577,708,421
Program Expenses	2		
Integrated education		1,058,364,009	1,163,853,301
Sustainable community healthy improvement		512,009,206	581,365,095
Vetiver development		390,900,490	379,519,968
Infrastructure		384,278,550	447,056,018
Bamboo development and reforestation		175,622,513	147,047,352
Site transport to facilitate programs		145,539,547	169,713,061
Organic vegetables gardens for food security and sustainable community		101,056,750	101,212,973
Insurance for staff		63,278,749	36,940,160
Solar power system		58,025,372	59,057,822
Community safe water supply		49,114,633	84,307,139
School uniform		29,379,000	3,515,250
Secondary school scholarship and tertiary education training		26,933,260	41,131,496
Independence day celebrations empowering children		19,249,010	22,714,316
Library development		18,053,636	17,658,824
Goat breeding		14,624,000	14,265,000
Educational art story book		-	4,746,694
Total Program Expenses		3,046,428,725	3,274,104,469
General and administrative expenses	6,10,12	1,067,512,747	1,035,322,900
Others		36,092,972	20,614,702
Total Expenses		4,150,034,444	4,330,042,071
DECREASE IN NET ASSETS BEFORE PROVISION FOR INCOME TAX		(34,570,937)	(752,333,650)
PROVISION FOR INCOME TAX	2,7	-	-
DECREASE IN NET ASSETS		(34,570,937)	(752,333,650)
NET ASSETS AT BEGINNING OF YEAR		1,546,314,224	2,298,647,874
NET ASSETS AT END OF YEAR		Rp 1,511,743,287	Rp 1,546,314,224

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

YAYASAN EKOTURISME INDONESIA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Expressed in Rupiah, unless otherwise stated)

	Notes	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from donations	8	Rp 4,090,440,307	Rp 3,528,295,117
Interest received		11,575,781	28,207,703
Miscellaneous received		7,226,313	8,288,934
Cash paid to employees and suppliers	(1,094,069,338)	(950,489,961)
Cash paid to programs	(2,865,074,106)	(3,058,768,756)
Net Cash Provided by (Used in) Operating Activities		150,098,957	(444,466,963)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from sale of fixed assets	6	7,080,000	13,050,000
Purchase of fixed assets	6	(98,307,500)	(146,812,031)
Net Cash Used in Operating Activities	(91,227,500)	(133,762,031)
NET INCREASE (DECREASE) IN CASH AND BANKS		58,871,457	(578,228,994)
CASH AND BANKS AT BEGINNING OF YEAR		773,476,989	1,351,705,983
CASH AND BANKS AT END OF YEAR	3	Rp 832,348,446	Rp 773,476,989

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

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2012 and 2011 and
For The Years Ended December 31, 2012 And 2011
(Expressed in Rupiah, Unless Otherwise Stated)

1. GENERAL

Yayasan Ekoturisme Indonesia (the Foundation) was established based on notarial deed No. 96 of Meiyane Halimatussyariah, 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, the latest of which was notarized under deed No. 3 dated December 15, 2008 of Meiyane Halimatussyariah, S.H.

The Foundation is a non-profit organization with objectives as follows:

- provide integrated and relevant education for children as a foundation for future empowerment;
- improve nutrition through a nutritious school meal and education for future growth;
- ensure better health through health education, improved nutrition and hygiene;
- eliminate iodine deficiency among children and reproductive-age women; and
- improve farmland organically for long term food security and eventual self-reliance.

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, 2012 and 2011, the members of the organs of the Foundation are as follows:

Board of Advisors

Chairman	:	Ketut Arthana
Member	:	David John Booth (Founder of the Foundation) Endang Husnaeni

Board of Management

Chairman	:	I Komang Kurniawan
Vice Chairman	:	Tri Budiyo
Secretary	:	Gede Ngurah Indraguna Pinatih
Treasurer	:	I Gusti Ngurah Adi Suputra

<u>Supervisor</u>	:	John Scott Younger
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The Foundation had 105 and 111 employees in 2012 and 2011, respectively (unaudited).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation of the Financial Statements

The financial statements of the Foundation have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 45 (Revised 2011), "Financial Reporting for Non Profit Organizations", and other relevant SFASs in conformity with Indonesian Financial Accounting Standards. The financial statements include statements of financial position, activities and cash flows. The amount for each class of net assets (restricted and unrestricted) is reported based on the existence or absence of donor-imposed restrictions.

The financial statements have been prepared on the historical cost basis of accounting. The basic assumption for financial statements preparation is accrual basis. The statements 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 preparation of the financial statements is the rupiah, which is the functional currency of the Foundation.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
As of December 31, 2012 and 2011, and
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Transactions and Balances

Effective January 1, 2012, the Foundation has adopted SFAS No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates". This revised SFAS principally establishes functional currency determination, account translation in foreign currency to functional currency and the use of a reporting currency which is different with the functional currency.

As of January 1, 2012, the Foundation determined that its functional currency is the Rupiah and, therefore, the initial adoption of the revised SFAS has no impact on the Foundation's financial reporting.

Transactions involving foreign currencies are recorded in Rupiah at the middle rates of exchange prevailing at the time the transactions are made.

At financial position date, assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing rates of exchange on that date and any resulting gains and losses are credited or charged to current operations.

Exchange rates used to represent assets and liabilities denominated in foreign currencies were the closing middle rate published by Bank Indonesia for current year. As of December 31, 2012 and 2011, the rate of exchange used were Rp9,086 and Rp9,670, respectively.

Transactions with Related Parties

Effective January 1, 2011, the Foundation applied SFAS No. 7 (Revised 2010) regarding "Related Party Disclosures". The revised SFAS requires disclosure of related party relationships, transactions and outstanding balances, including commitments. There is no significant impact of the adoption of the revised SFAS on the financial statements.

A party is considered to be related to the Foundation if:

- a. Directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Foundation; (ii) has an interest in the Foundation that gives it significant influence over the Foundation; (iii) has joint control over the Foundation;
- b. The party is an associate of the Foundation;
- c. The party is a joint venture in which the Foundation is a venturer;
- d. The party is a member of the key management personnel of the Foundation;
- e. The party is a close member of the family of any individual referred to in (a) or (d);
- f. party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or;
- g. The party is a post-employment benefit plan for the benefit of employees of the Foundation, or of any entity that is a related party of the Foundation.

All major transactions with related parties are disclosed in the notes to the financial statements.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

The Foundation has applied SFAS No. 50 (Revised 2010), "Financial Instruments: Presentation", and SFAS No. 55 (Revised 2011), "Financial Instrument: Recognition and Measurement" and SFAS No. 60, "Financial Instrument: Disclosures".

The SFAS No. 50 (Revised 2010) contains the requirements for the presentation of financial instruments and identifies the information that should be disclosed. The presentation requirements apply to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

This SFAS requires the disclosure of, among others, information about factors that affect the amount, timing and certainty of an entity's future cash flows relating to financial instruments and the accounting policies applied to those instruments.

SFAS No. 55 (Revised 2011) establishes the principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This SFAS provides the definitions and characteristics of derivatives, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

SFAS No. 60 requires disclosures of significance of financial instruments for financial position and performance; and the nature and extent of risks arising from financial instruments to which the Foundation is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

i. Financial Assets

Initial recognition

Financial assets within the scope of the SFAS No. 55 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Foundation determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the buyers or sellers commit to purchase or sell the assets.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative assets are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statements of financial position at fair value with gains or losses recognized in the statements of activities.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the statements of activities. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the statements of activities when the loans and receivables are derecognized or impaired, as well as through the amortization process.

- Held-to-maturity (HTM) investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Foundation has the positive intention and ability to hold them to maturity. After initial measurement, HTM investments are measured at amortized cost using the effective interest rate method.

This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the statements of activities when the investments are derecognized or impaired, as well as through the amortization process.

- Available-for-sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized in the unrestricted net assets until the investment is derecognized. At that time, the cumulative gain or loss previously recognized in the unrestricted net assets shall be reclassified to profit or loss as a reclassification adjustment.

The investments classified as AFS are as follows:

- Investments in shares of stock that do not have readily determinable fair value in which the equity interest is less than 20% and other long-term investments are carried at cost.
- Investments in equity shares that have readily determinable fair value in which the equity interest is less than 20% are recorded at fair value.

ii. Financial Liabilities

Initial recognition

Financial liabilities within the scope of the SFAS No. 55 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Foundation determines the classification of their financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

YAYASAN EKOTURISME INDONESIA
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

- Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative liabilities are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statements of activities.

- Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the statements of activities when the liabilities are derecognized as well as through the amortization process.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iv. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Foundation adjusts the price in the observable market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Foundation's own credit risk associated with the instrument is taken into account.

v. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi. Impairment of financial assets

The Foundation assesses at each statements of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Foundation first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Foundation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in the statements of activities. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Foundation.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account.

If a future write-off is later recovered, the recovery is recognized in profit or loss.

- Available-for-sale (AFS) financial assets

In the case of equity investment classified as an AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is reclassified from unrestricted net assets to profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in unrestricted net assets.

In the case of a debt instrument classified as an AFS financial asset, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of the "Interest Income" account in the statement of activities. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

YAYASAN EKOTURISME INDONESIA
NOTES TO FINANCIAL STATEMENTS (Continued)
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vii. Derecognition of financial assets and liabilities

Financial Assets

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Foundation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Foundation has transferred substantially all the risks and rewards of the asset, or (b) the Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Prepaid expenses

Prepaid expenses which still have useful life, are amortized over the periods benefited using straight-line method.

Fixed Assets

Effective January 1, 2012, the Foundation has adopted SFAS No. 16 (Revised 2011), “Fixed Assets”.

The adoption of SFAS No. 16 (Revised 2011) has no significant impact on the financial reporting and disclosures of the Foundation.

The Foundation uses the cost model for fixed assets (except for land) are stated at cost less accumulated depreciation and amortization and impairment loss, if any. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in the statements of activities as incurred.

Depreciation is calculated on a straight-line method over the estimated useful lives of the assets as follows:

	Years
Solar power system	10
Vehicles	4 and 8
Office equipment	4 and 8

The carrying value of fixed assets is removed from the accounts at the time the fixed assets are released or when no future economic benefits expected from the use or release. Gains or losses arising from the termination of the assets (calculated as the difference between the net result of the release and the carrying value of the assets) included in the statements of activities in the year when the assets are stop recognized.

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NOTES TO FINANCIAL STATEMENTS (Continued)
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the end of each fiscal year, the residual value, useful life and depreciation method is reviewed and if it is not in accordance with the state, will be adjusted prospectively.

Impairment of Non-Financial Assets

At statement of financial position date, the Foundation undertakes a review to determine whether there is any indication of asset impairment.

Non financial assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price or value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Reversal of a provision for impairment is recorded as income in the period when the reversal occurs.

Employee Benefit

The Foundation recognizes its liability for employee benefits in accordance with Labor Law No. 13 year 2003 dated March 25, 2003 (the "Labor Law") The Foundation has not applied SFAS No. 24 (Revised 2004), "Employee Benefits" for the purpose of estimating such liability, which requires the use of the projected-unit-credit actuarial valuation method. Instead, the Foundation uses an internally developed valuation method which is considered more practicable considering the Foundation's specific conditions.

Net Assets

Net assets report present the change of unrestricted net assets, temporary restricted, and permanent restricted. If there any restrict from the donor, which has unvalid, at the end of time of restriction or restriction have fulfilled, temporary restricted net assets classified as an unrestricted net assets and reflected in the statement of activity as a net assets freed from restriction.

Revenue and Expense Recognition

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

Taxation

The tax expense for the current year and deferred tax. Tax is recognised in the statements of activities.

Current tax expenses are determined based on the provision taxable income for the current year computed using prevailing tax rates. Deferred tax assets and liabilities are recognized on timing difference between assets and liabilities for commercial and taxation purpose each date of reporting. Tax benefit in the future as unused fiscal loss balance, is recognized at the possible realization of its tax benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the assets are realized or the liabilities are settled, based on applicable tax rates that have been enacted or substantively enacted at the statements of financial position date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates is charged to current year operations, except to the extent that it relates to items previously charged or credited to net assets.

Changes in tax obligation are recognized when Tax Assessment Letter is received or, if appealed against by the Foundation, when the result of the appeal is determined.

Most of the Foundation's revenues in form of donations, which are not subjected to income tax.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of other revised accounting standards

Other than the revised accounting standards previously mentioned, the Foundation also adopted the revised accounting standards effective on January 1, 2012 but did not have significant impact.

The Statements of Financial Accounting Standards (SFAS) and Interpretation of SFAS issued by the Indonesian Financial Accounting Standards Board (FASB) and effective on or after January 1, 2012 are as follows:

- SFAS No. 13 (Revised 2011) : Investment Property
- SFAS No. 18 (Revised 2010) : Accounting and Reporting by Retirement Benefit Plans
- SFAS No. 26 (Revised 2011) : Borrowing Costs
- SFAS No. 28 (Revised 2011) : Accounting for Loss Insurance
- SFAS No. 30 (Revised 2011) : Leases
- SFAS No. 33 (Revised 2011) : Strippig Activities and Environmental Management in General Mining
- SFAS No. 34 (Revised 2010) : Construction Contract
- SFAS No. 36 (Revised 2011) : Accounting for Life Insurance
- SFAS No. 45 (Revised 2011) : Financial Reporting for Non-Profit Organizations
- SFAS No. 53 (Revised 2010) : Share-based Payment
- SFAS No. 56 (Revised 2011) : Earnings per Share
- SFAS No. 61 : Accounting for Government Grants and Disclosure of Government Assistance
- SFAS No. 62 : Insurance Contracts
- SFAS No. 63 : Financial Reporting in Hyperinflationary Economies
- SFAS No. 64 : Exploration and Evaluation of Mineral Resources
- Interpretation of SFAS No. 13 : Hedges of a Net Investment in a Foreign Operation
- Interpretation of SFAS No. 15 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Interpretation of SFAS No. 16 : Service Concession Arrangements
- Interpretation of SFAS No. 18 : Government Assistance – No Specific Relation to Operating Activities
- Interpretation of SFAS No. 19 : Applying the Restatement Approach under SFAS 63: Financial Reporting in Hyperinflationary Economies
- Interpretation of SFAS No. 20 : Changes in the Tax Status of an Entity or its Shareholders
- Interpretation of SFAS No. 22 : Service Concession Arrangements: Disclosure
- Interpretation of SFAS No. 23 : Operating Leases – Incentives
- Interpretation of SFAS No. 24 : Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- Interpretation of SFAS No. 26 : Reassessment of Embedded Derivatives

SFAS and IFAS issued by the Indonesian Financial Accounting Standards Board (FASB) and effective on or after January 1, 2013 are as follows:

- SFAS No. 38 (Revised 2012) : Business Combination under Common Control
- IFAS No. 21 : Construction Agreement for Real Estate

The Foundation is presently evaluating and has not yet determined the effects of these revised and new standards on the financial statements.

3. SOURCE OF ESTIMATION UNCERTAINTY

The preparation of the financial statements, in conformity with Indonesian Financial Accounting Standards, requires management to make estimations and assumptions that affect amounts reported therein. Due to inherent uncertainty in making estimates, actual results reported in future periods may differ from those estimates.

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3. SOURCE OF ESTIMATION UNCERTAINTY (Continued)

Judgements

The following judgements are made by management in the process of applying the Foundation's accounting policies that have the most significant effects on the amounts recognized in the financial statements.

Classification of Financial Assets and Liabilities

The Foundation determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in SFAS No. 55 (Revised 2011). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Foundation's accounting policies.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period are disclosed below. The Foundation based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, may change due to market changes or circumstances arising beyond the control of the Foundation. Such changes are reflected in the assumptions as they occur.

Depreciation of Fixed Assets

The cost of fixed assets are depreciated on a straight-line-basis over their estimated useful lives. Management property estimates the useful lives of these fixed assets to be within 4 – 10 years. These are common life expectancies applied in the industries where the Company and Subsidiaries conducts its businesses. Change in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of the Foundation fixed assets as of December 31, 2012 and 2011 are amounting to Rp772,452,983 and Rp961,496,870, respectively. Further details are disclosed in Note 6.

Income Tax

Significant judgement is invoiced in determining provision for corporate Income Tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Foundation recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

3. CASH AND BANKS

This account consists of the following:

	2012	2011
Cash on hand	Rp 40,850,334	Rp 9,476,088
Cash in banks:		
PT Bank Negara Indonesia (Persero) Tbk	789,519,630	761,520,168
The Royal Bank of Scotland Group plc.	1,978,482	2,480,733
Total	Rp 832,348,446	Rp 773,476,989

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6. FIXED ASSETS (Continued)

	2011			
	Beginning Balance	Additions	Deductions	Ending Balance
<u>Accumulated Depreciation</u>				
Solar power system	Rp 102,153,235	Rp 36,761,322	Rp -	Rp 138,914,557
Vehicles	843,397,097	186,631,458	44,000,000	986,028,555
Office equipment	551,519,068	103,387,116	7,791,667	647,114,517
Total Accumulated Depreciation	1,497,069,400	326,779,896	51,791,667	1,772,057,629
Net Book Value	Rp 1,145,903,868			Rp 961,496,870

Depreciation for the years ended December 31, 2012 and 2011 has been charged to the following:

	2012	2011
Program expenses	Rp 181,354,619	Rp 215,335,713
General and administrative (see Note 10)	105,137,874	111,444,183
Total	Rp 286,492,493	Rp 326,779,896

Details of gain on sale of fixed assets for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Sales price	Rp 7,080,000	Rp 13,050,000
Net book value	858,894	133,333
Gain on sale of fixed assets (see Note 9)	Rp 6,221,106	Rp 12,916,667

In 2012 and 2011, vehicles are covered by insurance against losses by accident amounting to Rp610,000,000 and Rp750,000,000. The managements believed the insurance is sufficient to cover possible losses arising from such risk.

Management believes that there is no indication of material impairment of fixed assets as of December 31, 2012 and 2011.

7. TAX PAYABLE

Tax payable represents income tax article 21 payable to the Tax Office.

8. DONATIONS

This account consists of the following:

	2012	2011
Education program	Rp 1,469,429,123	Rp 1,303,729,998
Health program	785,145,631	926,165,548
Infrastructure program	619,875,295	387,827,646
Vetiver development program	454,617,061	244,657,505
Head Office operational and overhead cost	337,805,658	106,165,308

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8. DONATIONS (Continued)

	2012		2011
Agriculture program	Rp 184,448,628	Rp	124,578,790
Transportation	113,419,530		179,766,711
Bamboo development and reforestation program	60,792,000		167,561,508
Provide school uniform for children program	37,608,918		4,700,000
Educational art story book program	15,856,101		38,052,971
Sponsored tertiary education for local children	11,442,362		31,330,132
Development for comprehensive library program	-		8,745,000
Solar power system program	-		5,014,000
	<u>4,090,440,307</u>		<u>3,528,295,117</u>

9. OTHER INCOME

This account consists of the following:

	2012		2011
Interest income	Rp 11,575,781	Rp	28,207,703
Gain from sale of fixed assets (see Note 6)	6,221,106		12,916,667
Others	7,226,313		8,288,934
Total	<u>Rp 25,023,200</u>	Rp	<u>49,413,304</u>

10. GENERAL AND ADMINISTRATIVE

This account consists of the following:

	2012		2011
Salaries and employee benefit (see Note 12)	Rp 428,389,301	Rp	415,813,618
Office supplies	105,270,835		71,935,372
Depreciation (see Note 6)	105,137,874		111,444,183
Public relation, marketing and fundraising	92,372,005		107,315,306
Media and communication	64,318,129		63,678,755
Transportation	58,829,439		66,923,009
Rental	58,483,728		49,688,400
Electricity and water	34,298,532		32,606,705
Insurance	10,693,933		43,519,959
Others	109,718,971		72,397,593
Total	<u>Rp 1,067,512,747</u>	Rp	<u>1,035,322,900</u>

11. ASSET IN FOREIGN CURRENCY

As of December 31, 2012 and 2011, the Foundation has cash in banks denominated in foreign currency amounting to US\$ 204.60 and US\$ 273.57, which is equivalent Rp1,978,482 and Rp2,480,733, respectively.

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12. LIABILITY FOR EMPLOYEE BENEFITS

The mutation of liability for employee benefits is as follows:

	2012	2011
Beginning balance	Rp 286,441,556	Rp 247,210,438
Provision during the year	19,929,008	39,231,118
Ending balance	Rp 306,370,564	Rp 286,441,556

Such benefits were presented as salaries and employee benefit account in general and administrative expenses in statements of activities and liability for post employment benefits account in statements of financial position.

The valuation of liability for employee benefits is done internally by management based on the requirements of Labor Law No.13/2003 dated March 25, 2003.

Since the Foundation has not used the projected-unit-credit actuarial valuation method, the Foundation is unable to fulfill the disclosure requirements under PSAK No. 24 (Revised 2004).

13. PROVISION FOR INCOME TAX

A reconciliation between decrease in net assets before provision for income tax, as shown in the statements of activities, and taxable income for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Decrease in net assets before provision for income tax as per statements of activities	(Rp 39,570,937)	(Rp 752,333,650)
Permanent differences:		
Revenue which are not subjected to income tax	(4,115,463,507)	(3,577,708,421)
Non deductible expenses	4,150,034,444	4,330,042,071
Taxable income	Rp -	Rp -

Under the taxation laws of Indonesia, the Company calculates, assess and submit tax return on the basis of self assessment. The Directorate General of Taxation may assess or amend taxes within ten years from the date the tax becomes due or up to 2013 whichever is earlier (based on the taxation laws of Indonesia which will be effective since 2008, the Directorate General of Taxation may assess or amend taxes within five years from the date become due).

14. FINANCIAL INSTRUMENT

The following table is comparison by class of the carrying amounts and fair value of the Foundation's financial instrument that are carried in the financial statements:

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14. FINANCIAL INSTRUMENT (Continued)

	2012	
	Carrying value	Fair value
<u>Financial Assets</u>		
<u>Loans and receivables</u>		
Cash and banks	Rp 832,348,446	Rp 832,348,446
Receivables from employees	42,875,040	42,875,040
Total financial assets	Rp 875,223,486	Rp 875,223,486
<u>Financial Liabilities</u>		
<u>Amortized cost</u>		
Other payables	Rp 28,223,895	Rp 28,223,895
Accrued expenses	4,333,160	4,333,160
Total	Rp 32,557,055	Rp 32,557,055
2011		
	Carrying value	Fair value
<u>Financial Assets</u>		
<u>Loans and receivables</u>		
Cash and banks	Rp 773,476,989	Rp 773,476,989
Receivables from employees	54,511,466	54,511,466
Total financial assets	Rp 827,988,455	Rp 827,988,455
<u>Financial Liabilities</u>		
<u>Amortized cost</u>		
Other payables	Rp 28,223,895	Rp 28,223,895
Accrued expenses	5,294,256	5,294,256
Total	Rp 33,518,151	Rp 33,518,151

The Foundation's organs determined that the carrying value of cash and banks, receivables from employees, other payables and accrued expenses, reasonably approximate their fair value because they are mostly short-term maturities.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements are the responsibility of the Foundation's organs and have been approved for issued at September 12, 2013.