

**Financial Statements**  
**With Independent Auditors' Report**  
**December 31, 2016 and 2015, and**  
**January 1, 2015/December 31, 2014, and**  
**For the Years Ended December 31, 2016 and 2015**

**YAYASAN EKOTURISME INDONESIA**

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**BOARDS OF MANAGEMENT'S STATEMENT  
REGARDING THE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS  
OF YAYASAN EKOTURISME INDONESIA  
AS OF DECEMBER 31, 2016 AND FOR THE YEAR THEN ENDED**

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<http://www.eastbali-povertyproject.org>

We, the undersigned:

Name : I Komang Kurniawan  
Office Address : Jalan Tunjung Sari No. 2YZ Padangsambian,  
Denpasar  
Phone Number : 0361- 410071  
Position : Chairman of Board of Management

Name : David John Booth  
Office Address : Jalan Tunjung Sari No. 2YZ Padangsambian,  
Denpasar  
Phone Number : 0361- 410071  
Position : Founder & Trustee

Declare that:

1. We are responsible for the preparation and presentation of the financial statements;
2. The financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information contained in the financial statements has been disclosed in a complete and truthful manner;  
b. The financial statements do not contain any incorrect information or material facts, nor do they omit information or material facts;
4. We are responsible for Yayasan Ekoturisme Indonesia's internal control system.

This statement is made in all truth.

Denpasar, June 20, 2017

For and on behalf of the Board of Management

**Bank Account Details:**

**Rupiah 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

**US\$ 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**  
Founder & Trustee

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

Established by Notary Public  
Meiyane Hallimatussjadiah SH,  
No 96 dated 25<sup>th</sup> July 1998

## Independent Auditors' Report

Report No. AD17/P.TY4/06.20.01

Boards of Trustees, Management and Supervisor  
**Yayasan Ekoturisme Indonesia**

We have audited the accompanying financial statements of Yayasan Ekoturisme Indonesia (the "Foundation"), which comprise the statement of financial position as of December 31, 2016, and the statements of activities, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

As disclosed in Note 10, the Foundation has not applied the Statement of Financial Accounting Standards No. 24 (Revised 2013), "Employee Benefits" for the purpose of estimating its liability for employee benefits.

# Y. Santosa dan Rekan

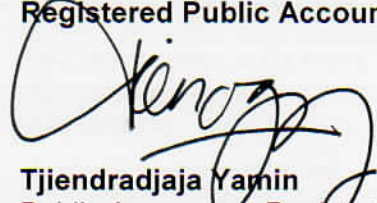
## Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of Yayasan Ekoturisme Indonesia as of December 31, 2016, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

## Other Matter

As discussed in Note 15 to the financial statements, Yayasan Ekoturisme Indonesia received a grant that consists of four (4) water trucks on December 27, 2013 and modified one (1) water truck in 2015. Accordingly, the financial statements as of December 31, 2015 and for the year then ended and the statement of financial position as of January 1, 2015/December 31, 2014 have been restated.

**Y. Santosa dan Rekan**  
Registered Public Accountants



**Tjiendradjaja Yamin**  
Public Accountant Registration No. AP.0384

June 20, 2017

## NOTICE TO READERS

The accompanying financial statements are not intended to present the financial position, results of activities and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices utilized to audit such financial statements may differ from those generally accepted in countries and jurisdictions other than Indonesia. Accordingly, the accompanying financial statements and the auditors' report thereon are not intended for use by those who are not informed about Indonesian accounting principles and auditing standards, and their application in practice.

**YAYASAN EKOTURISME INDONESIA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015, AND JANUARY 1, 2015/DECEMBER 31, 2014**  
**(Expressed in Rupiah, unless otherwise stated)**

	<u>Notes</u>	<u>December 31,</u>		<u>January 1,</u>
		<u>2016</u>	<u>2015</u>	<u>2015/ December 31, 2014*)</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	4	616,132,146	1,093,641,276	706,511,452
Other receivables	5	1,346,543	11,976,029	10,858,289
Advances and prepaid expenses	6	<u>162,804,187</u>	<u>223,140,775</u>	<u>137,919,551</u>
Total Current Assets		780,282,876	1,328,758,080	855,289,292
<b>NON-CURRENT ASSET</b>				
Fixed assets - net	7	<u>419,676,452</u>	<u>588,063,883</u>	<u>608,473,192</u>
<b>TOTAL ASSETS</b>		<b><u>1,199,959,328</u></b>	<b><u>1,916,821,963</u></b>	<b><u>1,463,762,484</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>SHORT-TERM LIABILITIES</b>				
Accrued expenses	8	237,601,296	139,501,070	87,102,488
Tax payable	9	<u>1,346,543</u>	<u>11,976,029</u>	<u>10,858,289</u>
Total Short-term Liabilities		238,947,839	151,477,099	97,960,777
<b>LONG-TERM LIABILITY</b>				
Employee benefits liability	10	<u>526,529,077</u>	<u>502,776,209</u>	<u>467,900,690</u>
Total Liabilities		765,476,916	654,253,308	565,861,467
<b>NET ASSETS</b>				
Unrestricted		(128,264,534)	133,082,010	270,428,331
Restricted		<u>562,746,946</u>	<u>1,129,486,645</u>	<u>627,472,686</u>
Total Net Assets		<u>434,482,412</u>	<u>1,262,568,655</u>	<u>897,901,017</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<b><u>1,199,959,328</u></b>	<b><u>1,916,821,963</u></b>	<b><u>1,463,762,484</u></b>

\*) As restated (Note 15).

**YAYASAN EKOTURISME INDONESIA**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	Notes	2016	2015*)
<b>CHANGE IN UNRESTRICTED NET ASSETS:</b>			
Revenues	11		
Head Office operational and overhead		968,890,698	957,794,029
Others		<u>40,894,218</u>	<u>47,671,668</u>
Total Unrestricted Revenue		<u>1,009,784,916</u>	<u>1,005,465,697</u>
Expenses			
General and administrative	12	1,268,336,628	1,139,315,886
Others		<u>2,794,833</u>	<u>3,496,131</u>
Total Unrestricted Expenses		<u>1,271,131,461</u>	<u>1,142,812,017</u>
Decrease in Unrestricted Net Assets		<u>(261,346,545)</u>	<u>(137,346,320)</u>
<b>CHANGE IN RESTRICTED NET ASSETS:</b>			
Revenue from donations	11	<u>2,686,224,650</u>	<u>3,883,949,693</u>
Program Expenses			
Integrated education		992,995,855	1,297,719,821
Sustainable community health improvement		774,530,199	803,922,301
Infrastructure		323,300,000	230,981,336
Empowering ban village youth		272,727,695	118,572,348
Bamboo development and reforestation		247,010,752	198,607,822
Vetiver development		222,796,750	197,503,122
Site transport to facilitate all programs		136,756,083	179,850,420
Community safe water supply		118,050,900	211,166,775
Insurance for staffs		66,425,886	50,754,681
Building Disaster Resilience in 5 Balinese Villages		51,182,656	-
Solar power system		38,036,322	40,467,622
Organic vegetables gardens for food security and sustainable community development		9,151,250	50,451,188
Others		-	1,938,299
Total Program Expenses		<u>3,252,964,348</u>	<u>3,381,935,735</u>
Increase (Decrease) in Restricted Net Assets		<u>(566,739,698)</u>	<u>502,013,958</u>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE INCOME TAX EXPENSE</b>		(828,086,243)	364,667,638
<b>INCOME TAX EXPENSE</b>	14	<u>-</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>		(828,086,243)	364,667,638
<b>NET ASSETS AT BEGINNING OF YEAR</b>		<u>1,262,568,655</u>	<u>897,901,017</u>
<b>NET ASSETS AT END OF YEAR</b>		<u><b>434,482,412</b></u>	<u><b>1,262,568,655</b></u>

\*) As restated (Note 15).

**YAYASAN EKOTURISME INDONESIA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

	<u>2016</u>	<u>2015*)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase (decrease) in unrestricted net assets	(828,086,243)	364,667,638
Adjustments for:		
Depreciation	222,888,852	240,974,859
Employee benefits expense	23,752,868	34,875,519
Decrease (increase) in operating assets:		
Other receivables	10,629,486	(1,117,740)
Advances and prepaid expenses	60,336,588	(85,221,224)
Increase (decrease) in operating liabilities:		
Accrued expenses	98,100,226	52,398,582
Tax payable	(10,629,486)	1,117,740
Net Cash Flows Provided by (Used in) Operating Activities	<u>(423,007,709)</u>	<u>607,695,374</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	9,346,579	-
Acquisition of fixed assets	(63,848,000)	(220,565,550)
Net Cash Flows Used in Investing Activities	<u>(54,501,421)</u>	<u>(220,565,550)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(477,509,130)	387,129,824
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,093,641,276</u>	<u>706,511,452</u>
<b>CASH AT END OF YEAR</b>	<u><u>616,132,146</u></u>	<u><u>1,093,641,276</u></u>

\*) As restated (Note 15).



**1. GENERAL**

**a. Foundation's Establishment**

Yayasan Ekoturisme Indonesia (the "Foundation") or The East Bali Poverty Project (EBPP) was established on July 25, 1998, domiciled in Kuta, based on Notarial Deed No. 96 dated July 25, 1998 of Ny Meiyane Halimatussyadiah, S.H., Notary in Jakarta and registered at the Denpasar Public Court, Report List No. 26, dated August 11, 1998. The Foundation's Articles of Association have been amended several times, the most recent being based on Notarial Deed No. 1 dated July 1, 2005 of Ny Meiyane Halimatussyadiah, S.H., Notary in Jakarta, concerning the changes of all the Foundation's Articles of Association to comply with Law No. 16 year 2001.

The objectives and activities of the Foundation are in the social field, in particular to:

- a. improve the welfare of village communities through information that can improve the knowledge and awareness of communities of both their village and the community potential, in a voluntary and non-profit manner;
- b. aid communities particularly in the least developed villages by motivating them to find, develop or improve the potential of the village, whether its social, economic, cultural or human resources potential;
- c. provide training on the know-how or instruction in the framework of improving the potential of villagers;
- d. disseminate information or instruction on issues relating to the environment (nature conservation) and culture or tradition;
- e. cooperate with government institutions or other country, social institutions, associations, foundations, organizations and/or other individuals inside or outside Indonesia in relation to the aforementioned activities; and
- f. use any other efforts to promote the above activities.

The Foundation has two (2) secretariats: one is located in Jalan Tunjung Sari No. 2YZ Padangsambian, Denpasar, Bali and the other in Ban Hamlet, Ban Village, Kubu District, Karangasem Regency, Bali. Since 2002, the Foundation's registered office has been in Ban Hamlet, Ban Village, Kubu District, Karangasem Regency, Bali.

**b. Board Members and Employees**

The board members of the Foundation as of December 31, 2016 and 2015 were as follows:

**Board of Trustees**

Chairman : Mr. Ketut Arthana  
Members : Mr. David John Booth (Founder of the Foundation)  
          : Mr. Endang Husnaeni

**Board of Management**

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

**Board of Supervisor** : Mr. John Scott Younger

The composition of the board members of the Foundation as of December 31, 2016 and 2015 was based on the Board of Trustees Meeting dated February 7, 2007, as stated in the Minutes of Board of Trustees Meeting Deed No. 3 dated December 15, 2008 of Ny Meiyane Halimatussyadiah, S.H., Notary in Jakarta, and registered at Ministry of Law and Human Rights under number AHU-AH.1.08-396 dated 23 June 2009.

As of December 31, 2016 and 2015, the Foundation had 66 and 77 employees, respectively (unaudited).

**1. GENERAL** *(Continued)*

**c. Completion of the Financial Statements**

The management of the Foundation is responsible for the preparation of these financial statements, which have been authorized for issue by the Board of Management of the Foundation on June 20, 2017.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of the Preparation of the Financial Statements and Statement of Compliance**

The financial statements have been prepared in accordance with Financial Accounting Standards ("SAK"), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The accounting policies adopted in the preparation of these financial statements are consistent with those used in the preparation of the Foundation's financial statements for the year ended December 31, 2015, except for the adoption of amendments to statements and effective January 1, 2016 as described in the related accounting policies.

The financial statements, except for the statements of cash flows, have been prepared on an accrual basis of accounting using the historical cost concept, except for certain accounts that are measured on the bases described in the related accounting policies.

The statements of cash flows present receipts and payments of cash classified into operating, investing and financing activities. The cash flows from operating activities are presented using the indirect method.

**b. Cash**

Cash consists of cash on hand and in banks that is not pledged as collateral or restricted in use.

**c. Prepaid Expenses**

Prepaid expenses are amortized over the periods benefited using the straight line method.

**d. Fixed Assets**

Effective January 1, 2016, the Foundation applied Amendment to PSAK No. 16, "Fixed Assets," on Clarification of the Accepted Method for Depreciation and Amortization, as well as PSAK No. 16 (Improvement 2015), "Fixed Assets." The amendment and improvement provide:

- a) additional explanation of the approximate indication of the technical or commercial obsolescence of an asset
- b) clarification that use of the depreciation method based on revenue is not appropriate
- c) clarification of the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is restated at revalued amount.

The adoption of these amendment and improvement had no impact on the Foundation's financial statements.

The Foundation has chosen the cost model as the accounting policy for its fixed assets measurement.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Depreciation is calculated on a straight line basis over the useful lives of the assets. Estimated useful lives of the assets are as follows:

	<u>Years</u>
Solar power system	10
Vehicles	4 - 8
Office equipment	4 - 8

The assets' useful lives and methods of depreciation are reviewed and adjusted if appropriate, at each reporting period.

The cost of repairs and maintenance is charged to profit or loss as incurred; replacement or major inspection costs are capitalized when incurred if it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be reliably measured. An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

**e. Impairment of Non-financial Assets**

The Foundation evaluates at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Foundation estimates the recoverable amount of the asset. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

**f. Financial Instruments**

**1. Financial assets**

Initial recognition

The Foundation classifies all of its financial assets under the loans and receivables category, which are recognized initially at fair value plus transaction costs.

Subsequent measurement

Loans and receivables are carried at amortized cost using the effective interest method, less any impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Impairment of financial assets

The Foundation evaluates at each reporting date whether any of its financial assets are impaired. If there is objective evidence of impairment, the amount of loss, which 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 been incurred) discounted at the effective interest rate computed at initial recognition of the asset, is recognized in profit or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Derecognition of financial assets

The Foundation derecognizes financial assets if, and only if, the contractual rights to the cash flows from the financial asset expires, the contractual rights to receive the cash flows of the financial asset are transferred to another entity, or the contractual rights to receive the cash flows of the financial asset are retained but a contractual obligation is assumed to pay the cash flows to one or more recipients in an arrangement that meets certain conditions. When the Foundation transfers a financial asset, it evaluates the extent to which it retains the risks and rewards of ownership of the financial asset.

**2. Financial liabilities**

Initial recognition

The Foundation classifies all of its financial liabilities under financial liabilities measured at amortized cost, which are recognized initially at fair value and inclusive of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities in this category are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

Derecognition of financial liabilities

The Foundation derecognizes financial liabilities if, and only if, the Foundation's obligations are discharged, cancelled or expire.

**3. 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.

**4. Financial instruments measured at amortized cost**

Amortized cost is computed using the effective interest method less any allowance for impairment. 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.

**5. Fair value measurement**

Effective January 1, 2016, the Foundation applied PSAK No. 68 (Improvement 2015), "Fair Value Measurement," which clarifies that the portfolio exception, which permits an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, includes all contracts (including non-financial contracts) within the scope of PSAK No. 55.

The adoption of this improvement had no impact on the Foundation's financial statements.

The fair value of financial instruments that are traded on active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long position and price demand for short position), excluding any deduction for transaction costs.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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 transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

**g. Revenues and Expenses Recognition**

Revenue is recognized, in the year in which the grants are pledged, to the extent that collection is probable and when the donor imposed conditions are met.

Revenues from projects and services are recognized when the projects are undertaken and services are rendered.

Interest income is recognized when earned.

Expenses are recognized when incurred (accrual basis).

**h. Income Taxes**

The Foundation's revenues are mostly donations that are not subject to income tax.

**i. Foreign Currency Transactions and Balances**

Transactions in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the time the transactions were made. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted into the functional currency by using the middle exchange rate published by Bank Indonesia at the last banking transaction date of the period. Gains or losses resulted from such adjustment or settlement of each monetary asset and liability denominated in foreign currencies are credited or charged current year profit or loss.

**j. Employee Benefits**

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 PSAK No. 24 (Revised 2013), "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 that is considered more practicable considering the Foundation's specific conditions.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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

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.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS** *(Continued)*

The following judgments, estimates and assumptions made by management in the process of applying the Foundation's accounting policies are those most likely to have significant effects on the amounts recognized in the financial statements:

#### Determining functional currency

The factors considered in determining the functional currency of the Foundation include, among others, the currency:

- that mainly influences labor, material and other costs of providing services;
- in which funds from financing activities are generated; and
- in which receipts from operating activities are usually retained.

#### Determining classification of financial assets and financial 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 PSAK No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Foundation's accounting policies.

#### Determining fair value and calculation of cost amortization of financial instruments

The Foundation records certain financial assets and liabilities at fair values and at amortized costs, which requires the use of accounting estimates. While significant components of fair value measurement and assumptions used in the calculation of cost amortization were determined using verifiable objective evidence, the fair value or amortization amount would differ if the Foundation utilized different valuation methodology or assumptions. Such changes would directly affect the Foundation's profit or loss.

#### Assessing recoverable amounts of non-financial assets

The recoverable amount of fixed assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets. Estimated future cash flows include estimates of future revenues. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the provision of impairment already booked.

#### Determining depreciation method and estimated useful lives of fixed assets

The costs of fixed assets are depreciated on a straight line basis over their estimated useful lives. Management properly estimates the useful lives of these fixed assets to be within 4 to 10 years. These are common life expectancies applied in the areas in which the Foundation conducts its operations. Changes in the expected level of usage and technological development could impact on the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

#### Evaluating provisions and contingencies

The management exercises its judgment to distinguish between provisions and contingencies mainly through consultation with the Foundation's legal counsel handling those proceedings. The Foundation sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and takes the relevant risks and uncertainty into account.

**YAYASAN EKOTURISME INDONESIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(Expressed in Rupiah, unless otherwise stated)**

**4. CASH**

	<u>2016</u>	<u>2015</u>
<b>Cash on hand</b>	40,241,096	47,221,030
<b>Cash in banks</b>		
PT Bank Negara Indonesia (Persero) Tbk	575,891,004	1,046,250,000
PT Bank Pembangunan Daerah Bali	46	170,246
Subtotal	<u>575,891,050</u>	<u>1,046,420,246</u>
<b>Total</b>	<u><b>616,132,146</b></u>	<u><b>1,093,641,276</b></u>

**5. OTHER RECEIVABLES**

Other receivables represent receivables from employees amounting to Rp1,346,543 and Rp11,976,029 as of December 31, 2016 and 2015, respectively.

**6. ADVANCES AND PREPAID EXPENSES**

	<u>2016</u>	<u>2015</u>
Prepaid expenses	162,804,187	215,314,775
Advances to employees	-	7,826,000
<b>Total</b>	<u><b>162,804,187</b></u>	<u><b>223,140,775</b></u>

**7. FIXED ASSETS**

	<u>2016</u>			<u>Ending Balance</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	
<b>Acquisition Costs</b>				
Vehicles	1,933,845,950	-	131,563,850	1,802,282,100
Office equipment	1,123,936,467	63,848,000	289,673,316	898,111,151
Solar power system	367,613,216	-	-	367,613,216
Total Acquisition Costs	<u>3,425,395,633</u>	<u>63,848,000</u>	<u>421,237,166</u>	<u>3,068,006,467</u>
<b>Accumulated Depreciation</b>				
Vehicles	1,606,874,076	106,653,125	131,563,850	1,581,963,351
Office equipment	944,497,830	79,474,406	280,326,737	743,645,499
Solar power system	285,959,844	36,761,321	-	322,721,165
Total Accumulated Depreciation	<u>2,837,331,750</u>	<u>222,888,852</u>	<u>411,890,587</u>	<u>2,648,330,015</u>
<b>Carrying Amounts</b>	<u><b>588,063,883</b></u>			<u><b>419,676,452</b></u>

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**7. FIXED ASSETS (Continued)**

	2015			Ending Balance
	Beginning Balance	Additions	Disposals	
<b>Acquisition Costs</b>				
Vehicles	1,810,295,950	123,550,000	-	1,933,845,950
Office equipment	1,026,920,917	97,015,550	-	1,123,936,467
Solar power system	367,613,216	-	-	367,613,216
<b>Total Acquisition Costs</b>	<b>3,204,830,083</b>	<b>220,565,550</b>	-	<b>3,425,395,633</b>
<b>Accumulated Depreciation</b>				
Vehicles	1,479,889,909	126,984,167	-	1,606,874,076
Office equipment	867,268,460	77,229,370	-	944,497,830
Solar power system	249,198,522	36,761,322	-	285,959,844
<b>Total Accumulated Depreciation</b>	<b>2,596,356,891</b>	<b>240,974,859</b>	-	<b>2,837,331,750</b>
<b>Carrying Amounts</b>	<b>608,473,192</b>			<b>588,063,883</b>

Depreciation expenses charged to statements of activities were as follows:

	2016	2015
Program expenses	97,454,690	113,745,489
General and administrative expenses (Note 12)	125,434,162	127,229,370
<b>Total</b>	<b>222,888,852</b>	<b>240,974,859</b>

As of December 31, 2016 and 2015, vehicles were covered by insurance against losses due to accident amounting to Rp750,000,000. The management believes that the amount of insurance was adequate to cover possible losses.

Based on an evaluation by the management, there were no events or changes in circumstances that indicated any impairment in the value of the Foundation's fixed assets.

**8. ACCRUED EXPENSES**

Accrued expenses mainly represent charges related to ongoing projects and regular activities amounting to Rp237,601,296 and Rp139,501,070 as of December 31, 2016 and 2015, respectively.

**9. TAX PAYABLE**

Tax payable represents income tax payable Article 21 amounting to Rp1,346,543 and Rp11,976,029 as of December 31, 2016 and 2015, respectively.

**10. EMPLOYEE BENEFITS LIABILITY**

The movements of employee benefits liability in the statements of financial position were as follows:

	2016	2015
Beginning balance	502,776,209	467,900,690
Employee benefits expense	23,752,868	34,875,519
<b>Ending Balance</b>	<b>526,529,077</b>	<b>502,776,209</b>



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**10. EMPLOYEE BENEFITS LIABILITY** *(Continued)*

The Foundation did not use the "projected-unit-credit" actuarial valuation method to determine employee benefits liability. The Foundation is unable to fulfill the disclosure requirements under PSAK No. 24 (Revised 2013).

**11. REVENUES**

	<u>2016</u>	<u>2015</u>
<b>Unrestricted</b>		
Head office operational and overhead	968,890,698	957,794,029
Others		
Interest income	11,004,118	14,393,068
Others	29,890,100	33,278,600
Subtotal	40,894,218	47,671,668
<b>Total</b>	<b><u>1,009,784,916</u></b>	<b><u>1,005,465,697</u></b>
<b>Restricted</b>		
Revenue from Donations		
Integrated education	841,619,996	1,411,551,253
Sustainable community health improvement	730,645,333	965,588,351
Empowering ban village youth	551,545,217	463,304,348
Infrastructure	210,461,673	356,366,442
Bamboo development and reforestation	153,157,662	314,862,174
Disaster Relief Resilience	106,787,826	-
Community safe water supply	90,909,000	217,754,023
Site transport to facilitate all programs	-	138,782,609
Others	1,097,943	15,740,493
<b>Total</b>	<b><u>2,686,224,650</u></b>	<b><u>3,883,949,693</u></b>

Revenue (unrestricted) – head office operational and overhead mainly represents donations from private, corporation and other institution for general programs that are unrestricted.

**12. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2016</u>	<u>2015</u>
Salaries and employee benefits	489,677,976	490,920,668
Depreciation (Note 7)	125,434,162	127,229,370
Head Office operational and overhead costs	134,912,193	88,470,619
Rental	128,750,000	46,000,000
Office supplies	117,773,140	111,790,778
Professional fee	66,000,000	60,500,000
Public relation, marketing and fundraising	45,602,727	1,071,800
Media and communication	44,849,394	67,682,419
Transportation	39,478,810	76,519,911
Electricity and water	38,364,347	40,458,598
Field project office running costs	19,180,050	25,823,196
Others	18,313,829	2,848,527
<b>Total</b>	<b><u>1,268,336,628</u></b>	<b><u>1,139,315,886</u></b>

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**13. FINANCIAL INSTRUMENTS**

The following table presents the carrying amounts of the Foundation's financial instruments that were carried on the statements of financial position and estimated fair values:

	2016		2015	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets</b>				
Cash on hand	40,241,096	40,241,096	47,221,030	47,221,030
Loans and receivables				
Cash in banks	575,891,050	575,891,050	1,046,250,000	1,046,250,000
Other receivables	1,346,543	1,346,543	11,976,029	11,976,029
<b>Total Financial Assets</b>	<b>617,478,689</b>	<b>617,478,689</b>	<b>1,105,447,059</b>	<b>1,105,447,059</b>
<b>Financial Liability</b>				
<u>Measured at amortized cost</u>				
Accrued expenses	237,601,296	237,601,296	139,501,070	139,501,070
<b>Total Financial Liability</b>	<b>237,601,296</b>	<b>237,601,296</b>	<b>139,501,070</b>	<b>139,501,070</b>

The carrying values of cash, other receivables and accrued expenses approximate to their fair values largely due to the short-term maturities of these financial instruments.

**14. INCOME TAX EXPENSE**

The Foundation's revenues are mostly donations that are not subject to income tax. Therefore, income tax expense in 2016 and 2015 was nil.

**15. RESTATEMENT**

The Foundation restated its financial statements as at December 31, 2015 and January 1, 2015/December 31, 2014, and for the year ended December 31, 2015, in relation to the receipt a grant that consists of four (4) water trucks on December 27, 2013 and modification of one (1) water truck in 2015.

The impact of the restatement was as follows:

	December 31, 2015		
	As Previously Reported	Restatement Adjustments	As Restated
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>NON-CURRENT ASSET</b>			
Fixed assets - net	364,513,883	223,550,000	588,063,883
<b>NET ASSETS</b>			
Net assets	(1,039,018,655)	(223,550,000)	(1,262,568,655)
<b>STATEMENT OF ACTIVITIES</b>			
Program expenses	3,505,485,735	(123,550,000)	3,381,935,735
General and administrative expenses	1,089,315,886	50,000,000	1,139,315,886

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15. RESTATEMENT (Continued)

	December 31, 2015		
	As Previously Reported	Restatement Adjustments	As Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net increase in unrestricted net assets	291,117,638	73,550,000	364,667,638
Adjustments for depreciation	190,974,859	50,000,000	240,974,859
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Acquisition of fixed assets	(97,015,550)	(123,550,000)	(220,565,550)
	January 1, 2015/December 31, 2014		
	As Previously Reported	Restatement Adjustments	As Restated
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>NON-CURRENT ASSET</b>			
Fixed assets - net	458,473,192	150,000,000	608,473,192
<b>NET ASSETS</b>			
Net assets	(747,901,017)	(150,000,000)	(897,901,017)