

Statement of Financial Position
With
Independent Auditors' Report

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020
With Comparative Figure 2019
(In Rupiah Currency)

**BOARD OF MANAGEMENT'S STATEMENT
NO. 044/Samd.Ind/III/2021
ABOUT RESPONSIBILITY FOR
FINANCIAL STATEMENTS
AS OF
31 DECEMBER 2020
AND FOR THE YEAR ENDED DECEMBER 31, 2020
PERKUMPULAN INSTITUT SAMDHANA**

We, the undersigned:

1. Name : Suraya Abdulwahab Afiff
Office address : Jl. Tampomas No. 33, Bogor, Indonesia
Residential address : Komplek Sinar Kasih B-46, Pondok Gede, Jakarta
Telephone : 0251 7546173
Title : Chairperson of Management Board
2. Name : Anny Andaryati
Office address : Jl. Tampomas No. 33, Bogor, Indonesia
Residential address : Griya Indah Bogor C-5, Bogor
Telephone : 0251 7546173
Title : Chairperson of Supervisory Board

Declare that:

1. We are responsible for the preparation and the presentation of Perkumpulan Institut Samdhana's financial statements;
2. The Association's financial statements have been prepared and presented in accordance with Financial Accounting Standards in Indonesia.
3. a. All information has been fully and correctly in the Associations's financial statements;
b. The Associations's financial statements do not contain any incorrect information or material facts, nor do they omit information or material facts.
4. We are responsible for the Perkumpulan Institut Samdhana internal control system.

The above statement is made truthfully.

Bogor, March 4, 2021



Suraya Abdulwahab Afiff
Chairperson of Management Board

Anny Andaryati
Chairperson of Supervisory Board

The Samdhana Institute

An Asian Center for Social and Environmental Renewal
The Southeast Asia Global Alliance Fund – partner of the Global Greengrants Fund Network
Member of IUCN – The World Conservation Union
Member of IFIP – International Funders for Indigenous People

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INDEPENDENT AUDITOR'S REPORT

No : 00024/2.0641/AU.1/11/1491-1/1/III/2021

The Executive Board and Executive Director
PERKUMPULAN INSTITUT SAMDHANA

We have audited the accompanying financial statements of Perkumpulan Institut Samdhana, which comprise statement of financial position as of December 31, 2020, and the statement of comprehensive income, changes in net assets 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 these financial statements in accordance with Financial Accounting Standards in Indonesia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 the 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 auditor's judgement, including the assesment of the risks of material misstatement of the financial statements, wheter due to fraud or error. In making those risk assessments, the auditor considers 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 reasonable 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 audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of Perkumpulan Institut Samdhana as of December 31, 2020, and its financial performance and cash flows for the year then ended, in accordance with Financial Accounting Standards in Indonesia.

Emphasis of matter

As disclosed in Note 18 to the financial statements there is an indication of an undetermined future effect on the Company's operations as a result of significant events that occur after the reporting period. This financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other matters

The financial statements of Perkumpulan Institut Samdhana as of December 31, 2019 and for the year then ended which are presented as corresponding figures to the financial statements as of December 31, 2020 and for the year then ended were audited by other independent auditors who expressed unmodified opinion on such financial statements on April 15, 2020.

RAMA WENDRA

Registered Public Accountant



S. Hasiholan Hutabarat, CPA, CIA
Public Accountant License No. AP. 1491

Jakarta, March 4, 2021

NOTICE TO READERS

The accompanying financial statements are intended to present the financial positions, results of operations, changes in equity, and cash flows in accordance with financial accounting standards in Indonesia and not those of any other jurisdiction. The standards, procedures and practices to audit such financial statements are those established by the Indonesian Institute of Certified Public Accountants.

Statement of Financial Position

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
ASSET			
CURRENT ASSETS			
Cash and cash equivalent	3b,3g,4	29,104,721,010	33,151,944,595
Advances	5	10,706,074,055	12,424,107,776
Receivables	3g,6	2,081,515,418	9,453,326,370
Prepaid expenses	7	75,000,008	583,333,336
Total Current Assets		<u>41,967,310,491</u>	<u>55,612,712,077</u>
NON CURRENT ASSETS			
Right-of-use asset	3h,8	350,000,000	-
Fixed assets - net of accumulated depreciation as of IDR 16,275,000 as of December 31, 2020 and 2019	3c,9	3,427,141,792	3,427,141,792
Total Non Current Assets		<u>3,777,141,792</u>	<u>3,427,141,792</u>
TOTAL ASSETS		<u>45,744,452,283</u>	<u>59,039,853,869</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Tax payable	3f,10	102,099,984	96,697,519
Payables to partners, donors and others	11	4,863,658,497	4,529,630,935
Deferred support	12	34,903,452,739	49,062,291,513
Total Current Liabilities		<u>39,869,211,220</u>	<u>53,688,619,968</u>
NON - CURRENT LIABILITIES			
Employee benefits	3i,13	1,302,078,364	1,205,485,952
Total Non - Current Liabilities		<u>1,302,078,364</u>	<u>1,205,485,952</u>
TOTAL LIABILITIES		<u>41,171,289,584</u>	<u>54,894,105,920</u>
NET - ASSETS			
Unrestricted		4,448,170,613	4.145.747.949
Temporarily restricted		124,992,086	-
Total Non - Current Liabilities		<u>4,573,162,699</u>	<u>4.145.747.949</u>
TOTAL LIABILITIES AND NET ASSETS		<u>45,744,452,283</u>	<u>59,039,853,869</u>

See accompanying notes to financial statements which are an integral part of financial statements.

Statement of Comprehensive Income

PERKUMPULAN INSTITUT SAMDHANA

For the Years Ended December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

	Notes	2020			2019		
		Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES							
Grants	3i,14	1,281,053,699	34,054,789,037	35,335,842,736	3,145,105,161	33,006,753,261	36,151,858,422
Other income	3i,15	415,493,648	124,992,086	540,485,734	562,449,766	91,660,460	654,110,226
Total Revenues		1,696,547,347	34,179,781,123	35,876,328,470	3,707,554,927	33,098,413,721	36,805,968,648
EXPENDITURES							
Programme expenses	3i	(1,231,435,407)	(33,379,916,646)	(34,611,352,053)	(3,382,818,498)	(32,462,788,403)	(35,845,606,901)
General and administrative expenses	3i,16	(162,689,277)	(674,872,391)	(837,561,668)	(200,403,100)	(635,625,318)	(836,028,418)
Total Expenditures		(1,394,124,684)	(34,054,789,037)	(35,448,913,721)	(3,583,221,598)	(33,098,413,721)	(36,681,635,319)
SURPLUS		302,422,663	124,992,086	427,414,749	124,333,329	-	124,333,329
Other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		302,422,663	124,992,086	427,414,749	124,333,329	-	124,333,329

See accompanying notes to financial statements which are an integral part of financial statements.

Statement of Changes in Net Assets

PERKUMPULAN INSTITUT SAMDHANA

For the Years Ended December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

	<u>2020</u>	<u>2019</u>
RESTRICTED NET ASSET		
Beginning balance	-	-
Surplus (deficit) for the year	-	-
Net assets released from restriction	-	-
Ending balance	-	-
Other comprehensive income		
Beginning balance	-	-
Comprehensive income for the year	-	-
Ending balance	-	-
RESTRICTED NET ASSET AT THE END OF YEAR	-	-
UNRESTRICTED NET ASSET		
Beginning balance	4,145,747,950	4.021.414.621
Surplus for the year	302,422,663	124.333.329
Net assets released from restriction	-	-
Ending balance	4,448,170,613	4.145.747.950
Other comprehensive income		
Beginning balance	-	-
Comprehensive income for the year	-	-
Ending balance	-	-
UNRESTRICTED NET ASSET AT THE END OF YEAR	4,448,170,613	4.145.747.950
TEMPORARILY RESTRICTED NET ASSET		
Beginning balance	-	-
Surplus for the year	124,992,086	-
Net assets released from restriction	-	-
Ending balance	124,992,086	-
Other comprehensive income		
Beginning balance	-	-
Comprehensive income for the year	-	-
Ending balance	-	-
TEMPORARILY RESTRICTED NET ASSET AT THE END OF YEAR	124,992,086	-

See accompanying notes to financial statements which are an integral part of financial statements.

Statement of Cash Flows

PERKUMPULAN INSTITUT SAMDHANA

For the Years Ended December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	427,414,749	124,333,329
Adjustments to Reconcile Excess of Revenues over Costs Incurred to Net Cash (Used in) Provided by Operating Activities:		
Correction	-	-
Depreciation	-	-
Decrease (Increase) in:		
Advances	1,718,033,721	(6,491,532,718)
Receivables	7,371,810,952	(459,190,911)
Prepaid Expenses	158,333,328	(467,833,336)
Increase (Decrease) in:		
Taxes Payable	5,402,465	16,300,206
Payables to Partners, Donors and Others	334,027,561	(522,218,672)
Deferred Support	(14,158,838,773)	(4,034,519,711)
Estimated Post-Employment Benefits	96,592,412	356,414,216
Net Cash Used in Operating Activities	<u>(4,047,223,585)</u>	<u>(11,478,247,597)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,047,223,585)	(11,478,247,597)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>33,151,944,595</u>	<u>44,630,192,192</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>29,104,721,010</u></u>	<u><u>33,151,944,595</u></u>

See accompanying notes to financial statements which are an integral part of financial statements.

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

1. GENERAL

Perkumpulan Institut Samdhana (the Association) is a non-profit organization established on June 16, 2005 based on Notarial Deed No. 10 of Public Notary Husna Darwis, SH, Notary in Bogor. Its Articles of Association have been amended several times, most recently by Notarial Deed No. 18 of Public Notary Marlisa, SH., MK.n, Notary in Bogor, dated February 25, 2018 regarding the changes in the Management Board and Supervisory Board. Its work encompasses insular and mainland Southeast Asia, and it operates from its offices in Indonesia and the Philippines. It was first formed in 2003 by a small community of practitioners, which included conservationists, development practitioners and human rights activists, known as the first Samdhana Fellows, who shared a commitment to bring together skills, knowledge and experience and to “give back” what they have learned to the succeeding generations through extensive local and global networks

The vision of the Association is to have a region where natural, cultural and spiritual diversities are valued and where environmental conflicts are resolved peacefully, with justice and equality.

The Association has social missions whose purposes and goals are achieved by implementing and/or providing:

1. Support for research, development and utilization strategy in the management of natural resources;
2. Support for efforts to understand potential conflicts over access and management of natural resources and to help mediate conflicts;
3. Support for policy analysis and development of law, aimed at strengthening community-based ownership rights over natural resources;
4. Support or logistics and technical assistance for individuals and groups to exchange ideas and experiences;
5. Technical capacity building for partners in the management of natural resources.

The Association’s Management Board, Supervisory Board and Executive Director are as follows:

Management Board:

Chairperson	: Suraya Abdulwahab Afiff
Secretary	: Ahmad Kusworo
Treasurer	: Damayanti Buchori

Supervisory Board:

Chairperson	: Anny Andaryati
Executive Director	: Cristi Marie Capati Nozawa

The Association had 23 permanent employees in 2020 and 2019, respectively. The Association is domiciled at Jl. Tampomas No. 33, Bogor, Indonesia.

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

2. SOURCES OF REVENUES

The Association receives funds from several donors, such as:

- Climate and Land Use Alliance (CLUA)
- Ford Foundation
- Millenium Challenge Account Indonesia
- World Bank - DGM
- Norwegian Agency for Development Cooperation (NORAD)
- Unical Roots
- Packard Foundation
- Rights Resources Group
- United Nation Development Program (UNDP)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Association prepares its Financial Statements in accordance with Indonesian Financial Accounting Standards as follows:

a. Basis of the Financial Statement Preparation

The Financial Statements have been prepared in accordance with Indonesian Financial Accounting Standards, which comprise the Statements and Interpretation issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The Financial Statements are prepared under the Accrual basis of accounting. The reporting currency used in the preparation of the Financial Statements is Indonesian Rupiah which is the functional currency of the Association.

The accompanying Financial Statements are prepared on the Historical Cost basis of accounting.

The Statements of Cash Flows present cash receipts and disbursements classified into operating and investing activities using the Indirect method.

Changes to Statement of Financial Accounting Standards

Effective on January 1, 2020, the Association adopted Interpretation of Financial Accounting Standards 35 (ISAK 35). "Presentation of Nor-for-Profit Oriented Entity Financial Statement" issued by the Indonesian Institute of Accountants.

The standards and interpretations issued and effective in 2020 but did not result in a significant effect on the Association's financial statement are as follow:

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of the Financial Statement Preparation (Continued)

- PSAK 71 : Financial Instruments
- PSAK 72 : Revenue from Contracts with Customers
- PSAK 73 : Leases

Standard and interpretation which will be effective in 2021.

- PSAK 22 (Amendment) : Definition of Business

b. Foreign Currency Transactions and Balances

Transactions during the year involving foreign currencies are recorded in Indonesian Rupiah based on the rates of exchange prevailing at the time the transactions are made.

At Statement of Financial Position dates, monetary assets and liabilities denominated in foreign currencies are translated into Indonesian Rupiah. The conversion rates used are based on the Bank Indonesia buying rates on such dates. The resulting gains or losses are credited or charged to current operations.

As of December 31, the Association used the following exchange rates:

	<u>2020</u>	<u>2019</u>
US Dollar	14,034.48	13,831.50

Since 2017, the Association has used the Bank Indonesia rates consistently.

For the purpose of reporting to Donors, the Association translates revenues and expenditures using the average exchange rates (BNI minimum bid rates) when the funds are received.

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is calculated using the Straight-line method based on their estimated useful lives as follows:

Vehicles	4 Years
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The cost of ordinary repairs or maintenance is charged to income as incurred. Significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the carrying value and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the Statement of Activities and Changes in Net Assets for the year.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit.

d. Temporarily Restricted Funds

Temporarily restricted funds represent funds received which are subject to a limitation on time limit or use of fund.

Fund receipts for specific usage as required by the grantors/contributors are presented as "Temporarily Restricted Funds" in the Net Assets.

e. Unrestricted Funds

Fund receipts that may be utilized at the discretion the Association are presented as "Unrestricted Funds".

f. Provision for Income Tax

Provision for Income Tax is determined based on the estimated taxable income for the year.

Based on Law No. 17 of 2000 as amended by Law No. 36 of 2008 concerning the estimated income tax for Associations or similar organizations, donations received from grantors or donors are excluded from taxable objects provided that they are not related to the business, employment, ownership or control between the parties concerned.

g. Financial Instrument

PSAK 71: Financial Instruments was issued in July 2017 and has an effective date of January 1, 2020 with earlier application permitted. The Association implements PSAK 71 started on January 1, 2020.

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instrument (Continued)

The Association implements PSAK 71: Financial Instruments retrospectively with the cumulative effect of initial application recognized and has not restated comparative information.

The main changes in regard to PSAK 71: Financial Instruments and impact of financial statements are as follows:

Financial assets classification and measurement

In PSAK 71, financial assets are classified to amortized cost, fair value through other comprehensive income, and fair value through profit and loss. The classification is determined based on two criteria:

- The Association's business Model to achieve a particular business objective in managing the financial assets; and
- The characteristics of The contractual cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Principal represents the fair value of the instrument at the time of initial recognition. Interest represents compensation for the time value of money and associated credit risks together with compensation for other risks and costs consistent with a basic lending arrangement and a profit margin. This requires an assessment at initial recognition of the contractual terms to determine whether it contains a term that could change the timing or amount of cash flows in a way that is inconsistent with the SPPI criteria.

In assessing whether the contractual cash flows have SPPI characteristics, the Association's considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cashflow such that it would not meet this condition.

Based on the Association's review using both criteria, there is no significant impact on the classification and measurement of the Association's Financial Assets. The Association's Financial Assets that were classified as loans and receivables in PSAK 55: Financial Instruments Recognition and Measurement are now classified as amortized costs in PSAK 71: Financial Instruments. These financial assets are already recorded as amortized costs, hence no need adjustments is required for those financial asset measurements.

Financial Assets impairment

The implementation of PSAK 71: Financial Instruments changes the approach of financial asset impairment modeling from incurred loss in PSAK 55: Financial Instruments Recognition and Measurement to Expected Credit Loss (ECL) in PSAK 71: Financial Instruments. Based on the new standard, The Association is required to calculate an allowance for credit losses by considering any information related to the past events, current events, and future economic conditions. This method transformation on the calculation of financial assets impairment has no significant impact on the carrying amount of the Association's financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Accounting for Leases

Effective on January 1, 2020, the Association applied PSAK No.73, "Lease".

At the inception of a contract, the Association assesses whether the contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Association shall assesses whether:

- The Association has the right to obtain substantially all the economic benefits from use of an identified asset throughout the period of use; and;
- The Association has the right to direct the use of the asset. The Association has this right when it has the decision-making rights that are the most relevant to changing how and for what purpose the asset is used are predetermined and;
 - o The Association has designed the asset in a way that predetermined how and for what purpose it will be used.
 - o The Association has designed the asset in a way that predetermined how and for what purpose it will be used.

The Association recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. are not reclassified to profit or loss in the subsequent periods.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using incremental borrowing rate. Generally, the Association uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable;

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Accounting for Leases (Continued)

Lease payments included in the measurement of the lease liability comprise the following: (Continued)

- fixed payments, including in-substance fixed payments less any lease incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Association is reasonably certain to exercise; and;
- penalties for early termination of a lease unless the Association is reasonably certain not to terminate early.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Association presents right-of-use assets as part of "Right-of-use assets" and "Lease liabilities" in the statement of financial position.

If the lease transfers the ownership of the underlying asset to the Association by the end of the lease term or if the cost of the right-of-use asset reflects that the Association will exercise a purchase option, the Association depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Association depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Short-term leases

The Association has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The Association recognizes the leases payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and;
- the consideration for the lease increases by an amount commensurate with the standalone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Accounting for Leases (Continued)

Lease modification (Continued)

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification, the Association:

- remeasure and allocate the consideration in the modified contract;
- determine the lease term of the modified lease;
- remeasure the lease liability by discounting the revised lease payments using a revised discount rate on the basis of the remaining lease term and the remaining lease payment with a corresponding adjustment to the right-of-use assets. The revised discount rate is determined as the Group's incremental borrowing rate at the effective date of the modification;
- decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease; and
- make a corresponding adjustment to the right-of-use asset for all other lease modifications.

i. Revenue and Expense Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Associate and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- Revenue from temporarily restricted fund is recognized upon fulfillment of the donor-imposed conditions attached to the support and/or to the extent that expenses are incurred. Revenue from unrestricted fund is recognized upon receipt of the support and expenses are reported when incurred.
- Temporarily restricted funds for which restrictions and conditions have not yet been met are classified as "Deferred Support".
- At the project closing date, any excess fund is returned to the donors unless there is another agreement between both parties that the excess fund can be used by the organization, recorded in "Unrestricted Funds".

In the previous years, the management costs were recognized immediately one hundred percent in the statements of revenues, expenses and changes in fund balance. Since 2019 Perkumpulan Institut Samdhana recognizes management costs when they are incurred, i.e., when goods or services are received.

Expenditures are recognized when incurred.

PERKUMPULAN INSTITUT SAMDHANA

As of December 31, 2020 With Comparative Figures Year 2019

(Presented in Rupiah, unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**j. Fund Balance**

The net balance of revenues (fund received) against expenditures during the year is accumulated as "Fund Balance".

k. Transactions with Related Parties

In the ordinary course of operations, the Association has entered into transactions with entities which are regarded as having a special relationship as defined in SFAS No. 7, "Related Party Disclosures".

All transactions with related parties, which have been made at normal terms and conditions as those given to third parties or otherwise, are properly disclosed in the Financial Statements.

l. Use of Estimates

The preparation of the Financial Statements in accordance with Indonesian Financial Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

The Association calculates estimated liabilities for employee benefits (severance pay) based on the Association's policy which has been approved by both parties, i.e the Association and staff. Pension is determined at a one-month salary per year, maximum at a three-month salary.

4. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	<u>2020</u>	<u>2019</u>
Cash in Banks		
Rupiah		
PT Bank Negara Indonesia (Persero), Tbk	11,031,918,286	12,644,282,455
US Dollar		
PT Bank Negara Indonesia (Persero), Tbk (2020: USD 213,966.59; 2019: USD 252,774.88)	3,002,942,724	3,496,382,140
Total Cash in Banks	<u>14,034,861,010</u>	<u>16,140,664,595</u>
Time Deposits		
Rupiah		
PT Bank Negara Indonesia (Persero), Tbk	11,000,000,000	13,000,000,000

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4. CASH AND CASH EQUIVALENTS (Continued)

	<u>2020</u>	<u>2019</u>
Time Deposits		
US Dollar		
PT Bank Negara Indonesia (Persero), Tbk (2020 and 2019: USD 290,000.00)	4,069,860,000	4,011,280,000
Total Time Deposits	15,069,860,000	17,011,280,000
Total Cash and Cash Equivalents	29,104,721,010	33,151,944,595

The time deposits were placed with a maturity of one month to one year. The time deposits earned interest at 0,3% - 3,5% in 2020 and 4,8% - 5,5% in 2019.

There was a time deposit (ARO) under the name of the Association belonging to Yayasan Mama Aleta amounting to IDR 1,000,000,000 as of December 31, 2020 and 2019.

5. ADVANCES

The details of advances, are as follows:

	<u>2020</u>	<u>2019</u>
Community partners and others	10,513,845,306	11,963,347,791
Project advances	119,024,712	274,834,008
Consultants	73,204,037	185,925,977
Total	10,706,074,055	12,424,107,776

6. RECEIVABLES

The details of receivables, are as follows:

	<u>2020</u>	<u>2019</u>
Donors	1,669,717,148	9,079,389,405
Prana Dewi	21,700,000	21,700,000
Non donors	4,483,900	168,066,370
Other	385,614,370	184,170,595
Total	2,081,515,418	9,453,326,370

Other receivable represents receivable from Philippine Office.

7. PREPAID EXPENSES

This account represents prepaid expenses for Perkumpulan Institut Samdhana's rental for director house with the maximum period of one year in Indonesia amounting to IDR 75,000,008 for 2020 and in 2019 amounting to IDR 583,333,336 represents prepaid expense for Samdhana's office lease.

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8. RIGHT-OF-USE ASSET

Right of use assets in 2020 amounting to IDR 350,000,000 represents office rental at Jl. Tampomas No. 33, Bogor for the period July 1, 2019 to June 30, 2022.

	2020			
	Beginning Balance	Addition	Disposal	Ending Balance
Building	-	583,333,328	-	583,333,328
Total	-	583,333,328	-	583,333,328
	Accumulated Amortization			
	Beginning Balance	Addition	Disposal	Ending Balance
Building	-	233,333,328	-	233,333,328
Total	-	233,333,328	-	233,333,328
Book Value	-			350,000,000

9. FIXED ASSETS

The details fixed assets, are as follows:

	2020 and 2019			
	Beginning Balance	Addition	Disposal/ Reclassification	Ending Balance
At Cost				
Land	3,427,141,792	-	-	3,427,141,792
Vehicle	16,275,000	-	-	16,275,000
Total	3,443,416,792	-	-	3,443,416,792
Accumulated Depreciation				
Vehicle	16,275,000	-	-	16,275,000
Net Book Value	3,427,141,792			3,427,141,792

The details of Land amounting to IDR 3,427,141,792 are as follows:

Certificate No.	Land Area	Amount
SHGB 2218/Tegal Gundil	821 m ²	1,720,691,773
SHGB 2219/Tegal Gundil	694 m ²	1,706,450,019
Total		3,427,141,792

10. TAXES PAYABLE

The details of taxes payable, are as follows:

	2020	2019
Article 21	94,575,727	69,407,676
Article 23/26	7,524,257	24,512,065
Article 4 (2)	-	2,777,778
Total	102,099,984	96,697,519

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10. TAXES PAYABLE (Continued)**Current Tax**

The reconciliation between commercial income before provision for income tax and estimated taxable income for the years ended December 31, is as follows :

	<u>2020</u>	<u>2019</u>
Changes in Net Assets	427,414,749	124,333,329
Fiscal Corrections		
Permanent Differences:		
Temporary Restricted Grants	(34,054,789,037)	(33,006,753,261)
Interest	(12,072,555)	(12,118,771)
Other Donation	-	(8,177,001)
Deposit	(529,646,035)	(600,539,777)
Foreign Exchange Gain/Loss	(20,870,363)	(71,364,688)
Grant Expense	34,054,789,037	33,027,049,032
Total Permanent	<u>(562,588,953)</u>	<u>(671,904,466)</u>
Fiscal Loss	<u>(135,174,204)</u>	<u>(547,571,137)</u>

11. PAYABLES TO PARTNERS, DONORS, AND OTHERS

The details of payables to partners, donors and others, are as follows:

	<u>2020</u>	<u>2019</u>
Accrued expenses	2,039,717,370	1,667,834,289
Mama Aleta Fund	1,251,153,650	1,211,526,258
Donors	916,766,215	983,948,015
Community partners	656,021,262	656,890,993
Others	-	9,431,380
Total	<u>4,863,658,497</u>	<u>4,529,630,935</u>

Accrued expenses represent accrual for consultant and audit fees, and other accruals.

12. DEFERRED SUPPORT

Deferred support represents support received applicable to succeeding years. The funds are to be used only for the specific projects and in compliance with terms and conditions of support. In general, unused funds at the end of the project are returned to the Donors unless otherwise agreed.

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12. DEFERRED SUPPORT (Continued)

The details of deferred support, are as follows:

	<u>2020</u>	<u>2019</u>
Temporarily Restricted		
World Bank – DGM		
TFOA4242	17,522,668,058	24,599,518,218
Climate and Land Use Alliance (CLUA)		
G-1902-56148	1,608,048,635	(565,787)
G-1812-55970	730,949,746	1,395,330,230
Norwegian Agency for Development		
Cooperation (NORAD)		
INS16/0001	1,652,573,637	4,516,027,704
INS-2118 QRB-13/0004	600,002	22,390,740
FORD		
#013-2692	1,572,119,792	-
#012-7837	(3,401,533)	6,025,950
Schwab Charitable	288,180,000	288,180,000
Rights Resources Group		
18 SAMD 01	184,764,152	184,764,152
17 SAMD 01	26,976,153	26,976,153
Packard		
2017-66039	88,130,474	519,271,782
2017-66464 (OD)	75,408,023	75,408,024
2018-68065	-	4,777,145,549
2019-69257	(322,322)	655,186,351
The Centre for Asian Philanthropy		
Society	69,400,277	69,400,277
Pivot Point	66,345	66,345
Goldman Environmental Foundation	180	180
Millenium Challenge Account Indonesia		
(MCAI)		
K 0452603775	-	96,687,046
United Nation Development		
Programmee 2019	-	1,030,657,436
Unical Roots	(9,082,470)	118,493,921
Mama Aleta Fund	(52,450,000)	-
Total Temporarily Restricted	23,754,629,149	38,380,964,271
Unrestricted	11,148,823,590	10,681,327,242
Total	34,903,452,739	49,062,291,513

13. EMPLOYEE BENEFITS

This account represents estimated post-employment benefits recorded in the Statements of Financial Position amounting to IDR 1,302,078,364 and IDR 1,205,485,952 for 2020 and 2019, respectively.

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14. GRANTS

This account represents project expenses recognized as revenues.

Temporarily Restricted

The details are as follows:

	2020	2019
World Bank – DGM TF0A4242	19,047,906,368	14,797,307,391
Norwegian Agency for Development Cooperation (NORAD) INS16/0001	5,756,438,603	5,466,772,568
Packard 2018-68065	4,477,552,146	3,399,685,653
2019-69257	546,223,783	54,413,649
2017-66464	391,894,600	340,063,412
Climate and Land Use Alliance (CLUA) G-1902-56148	1,540,017,344	565,787
G-1812-55970	646,369,653	69,770
G-1801-5619	-	4,738,683,992
G-1706-55522	-	395,299,005
FORD #013-2692	1,333,864,741	-
#012-7837	8,077,730	3,180,063,773
Millenium Challenge Account Indonesia (MCAI) K 0452603775	127,870,369	-
Unical Roots	126,123,700	230,756,136
Mama Aleta Fund	52,450,000	-
The Centre for Asian Philanthropy Society	-	29,701,000
Rights Resources Group 18 SAMD 01	-	279,548,561
United Nation Development Programmee 2019	-	93,822,564
Temporarily Restricted	34,054,789,037	33,006,753,261
Unrestricted	1,281,053,699	3,145,105,161
Total	35,335,842,736	36,151,858,422

Unrestricted Program Expenses represents expenses for supporting Samdhana's strategic planning.

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15. OTHER INCOME

	<u>2020</u>	<u>2019</u>
Unrestricted		
Interest income	545,643,014	617,383,156
Gain (loss) on foreign exchange	(130,149,366)	(171,130,634)
Other	-	116,197,244
Total Unrestricted	415,493,648	562,449,766
Temporarily Restricted		
Interest income	12,072,555	20,295,772
Gain (loss) on foreign exchange	-	71,364,688
Other	112,919,531	-
Total Restricted	124,992,086	91,660,460

16. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	<u>2020</u>	<u>2019</u>
Temporarily Restricted		
Office rentals	347,854,161	253,168,131
Office supplies	177,068,992	220,186,421
Telephone expenses	115,793,383	119,556,934
Website and maintenance	20,567,581	25,394,710
Bank charges	13,588,274	17,319,122
Total Restricted	674,872,391	635,625,318
Unrestricted		
Office rentals	133,440,000	152,150,975
Land tax expense	19,067,097	-
Bank charges	9,445,880	13,132,461
Office supplies	736,300	32,134,255
Telephone expenses	-	2,985,409
Total Unrestricted	162,689,277	200,403,100
Total General and Administrative Expenses	837,561,668	836,028,418

17. FINANCIAL ASSETS AND LIABILITIES**Financial Risk Management**

The financial risks that might be faced by the Association are price risk, liquidity risk and foreign exchange rate risk. Attention to managing these risks has significantly increased in light of the considerable change and volatility in Indonesian and international markets.

i. Price Risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Association monitors the price movements and ensures that the funds still have gains that can be used for operational support.

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17. FINANCIAL ASSETS AND LIABILITIES (Continued)

Financial Risk Management (Continued)

ii. Liquidity Risk

The management has established an appropriate liquidity risk management framework for the management of the Association's short, medium and long-term funding and liquidity management requirements. The Association manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The management also monitors and maintains the amount of cash deemed adequate to finance the Association's operations and to mitigate the effects of fluctuations in cash flows.

iii. Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Association's financial instruments potentially exposed to foreign exchange rate risk are cash and cash equivalents.

18. SUBSEQUENT EVENTS

Non-Cost Extension for NORAD Project

Based on corresponding email on December 18, 2020, the Norwegian Agency for Development Cooperation (NORAD) approved the Association's request for No-Cost Extension of the project period until February 28, 2021, including the updated implementation plan and the estimated amount (NOK 952,688) for expenses in the period January – February 2021.

Global Pandemic

On December 31, 2019 the World Health Organization (WHO) received information related to a respiratory invading virus that was currently identified as Covid-19 and WHO announced a global emergency status on January 30, 2020. On March 2, 2020 the first case in Indonesia was announced by the President Republic of Indonesia.

The effects of Covid-19 virus to the global and Indonesian economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation.

The Association's operation has and may continue to be impacted by the outbreak of Covid-19 virus and the Association has taken all necessary and controllable actions to protect the Association's business from severe impact.

The future effects of the outbreak of Covid-19 virus to Indonesia and the Association are unclear at this time. A significant rise in the number of Covid-19 virus infections or prolongation of the outbreak may affect Indonesia and the Association.

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18. SUBSEQUENT EVENTS (Continued)

As of the date of completion of these financial statements, there has been decline in the Indonesian Stock Exchange Composite Index (IHSG), Indonesian Composite Bond Index (ICBI) and Rupiah foreign currency exchange rates which partially due to impact of Covid-19 virus, and the related impact on the Association's financial statements could not be reasonably estimated due to the dynamic nature of the circumstances.

19. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Association is responsible for the preparation of the Financial Statements which were completed on March 4, 2021.