

**HIGH ATLAS FOUNDATION**

**INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2023**

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## TO THE BOARD OF DIRECTORS HIGH ATLAS FOUNDATION

### INDEPENDENT AUDITOR'S REPORT YEAR ENDED DECEMBER 31, 2023

#### Opinion

We have audited the accompanying financial statements of High Atlas Foundation (HAF) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of High Atlas Foundation as of December 31, 2023, and the change in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### Basis for opinion

#### Audit framework

We conducted our audit in accordance with professional standards applicable in the United States of America. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under those standards are further described in the « Auditors' Responsibilities for the Audit of the Financial Statements » section of our report.

#### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1<sup>st</sup> 2023, to the date of our report and specifically we did not provide any other services to High Atlas Foundation .

#### Management responsibilities

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Morocco. 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 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 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

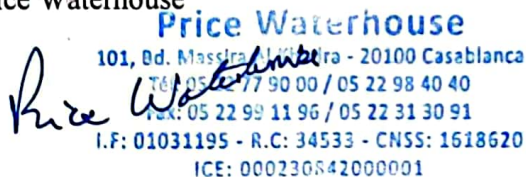
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Report on summarized comparative information**

The prior year summarized comparative information has been derived from the Foundation's 2022 financial statements and in our report dated September 12<sup>th</sup>, 2023, we expressed an unqualified opinion on those financial statements.

Casablanca, November 19<sup>th</sup>, 2024

Price Waterhouse

The logo for Price Waterhouse is displayed in blue. Below it, the address '101, Bd. Massira Al Jadida - 20100 Casablanca' is written. Further down, the telephone number 'Tél: 05 22 77 90 00 / 05 22 98 40 40' and fax number 'Fax: 05 22 99 11 96 / 05 22 31 30 91' are listed. At the bottom, the identification numbers 'I.F: 01031195 - R.C: 34533 - CNSS: 1618620' and 'ICE: 000230642000001' are provided. A handwritten signature in blue ink is overlaid on the left side of the contact information.

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A. Bidah  
Partner

## HIGH ATLAS FOUNDATION

## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

(Expressed in US dollars)

|  | <u>Notes</u> | <u>2023</u>             | <u>2022</u>             |
|--|--------------|-------------------------|-------------------------|
| <b>ASSETS</b>                                  |              |                         |                         |
| <b>Current assets</b>                          |              |                         |                         |
| cash and banks                                 |              | 2 960 595               | 1 960 966               |
| accounts receivable                            | 3            | 17 062                  | 1 187                   |
| inventories                                    | 2.4 & 4      | 688 169                 | 762 544                 |
| Other current assets                           | 5            | <u>15 093</u>           | <u>-</u>                |
|  |              | <b><u>3 680 919</u></b> | <b><u>2 724 697</u></b> |
| <b>Fixed assets</b>                            |              |                         |                         |
| property, plant and equipment                  |              | 74 681                  | 66 513                  |
| less: accumulated depreciation                 |              | <u>(7 048)</u>          | <u>(26 374)</u>         |
|  | 2.3&6        | <b><u>67 633</u></b>    | <b><u>40 139</u></b>    |
| <b>Other assets</b>                            | 7            | <u>30 665</u>           | <u>26 138</u>           |
| <b>Total assets</b>                            |              | <b><u>3 779 217</u></b> | <b><u>2 790 974</u></b> |
| <b>LIABILITIES AND NET ASSETS</b>              |              |                         |                         |
| <b>Current liabilities</b>                     |              |                         |                         |
| accounts payable and other current liabilities | 8            | 748 396                 | 229 108                 |
| deferred income                                | 2.2&9        | <u>-</u>                | <u>1 125 000</u>        |
|  |              | <b><u>748 396</u></b>   | <b><u>1 354 108</u></b> |
| <b>Non-current liabilities</b>                 |              |                         |                         |
| long term loan                                 | 10           | <u>1 334 912</u>        | <u>1 402 001</u>        |
|  |              | <b><u>1 334 912</u></b> | <b><u>1 402 001</u></b> |
| <b>Total liabilities</b>                       |              | <b><u>2 083 308</u></b> | <b><u>2 756 109</u></b> |
| <b>Net Assets – unrestricted -</b>             | 2.7          | <b><u>1 695 909</u></b> | <b><u>34 865</u></b>    |
| <b>Total liabilities and Net Assets</b>        |              | <b><u>3 779 217</u></b> | <b><u>2 790 974</u></b> |

The accompanying notes form part of these financial statements.



**HIGH ATLAS FOUNDATION****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023**

(Expressed in US dollars)

|   | <u>2023</u>        | <u>2022</u>      |
|---|--------------------|------------------|
| <b>Cash flows from operating activities:</b>  |                    |                  |
| Change in net assets  | 2 028 220          | (294 037)        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                    |                  |
| Depreciation of the year  | 7 048              | 8 450            |
| Accumulated depreciation of fixed assets disposed   | (26 374)           | -                |
| Equity adjustments  | <u>(367 176)</u>   | <u>-</u>         |
|   | 1 641 718          | (285 587)        |
| <u>Change in:</u>   |                    |                  |
| Inventories   | 74 375             | (502 511)        |
| Receivable  | (15 875)           | (1 187)          |
| Other current assets  | (15 093)           | (26 138)         |
| Other assets  | ( 4 527)           | -                |
| Current liabilities   | 519 288            | 213 901          |
| Deferred income   | <u>(1 125 000)</u> | <u>1 125 000</u> |
|   | <u>1 074 886</u>   | <u>523 478</u>   |
| <b>Cash flows from financing activities</b>   |                    |                  |
| loan repayment  | <u>(67 089)</u>    | <u>(6 099)</u>   |
|   | <u>(67 089)</u>    | <u>(6 099)</u>   |
| <b>Cash flows from investing activities</b>   |                    |                  |
| Capital expenditure   | (74 681)           | (37 962)         |
| Fixed assets disposed   | <u>66 513</u>      | <u>-</u>         |
|   | <u>(8 168)</u>     | <u>(37 962)</u>  |
| <b>increase in cash and cash equivalents</b>  | 999 629            | 479 417          |
| <b>cash and cash equivalents, beginning of the year</b>                                     | <u>1 960 966</u>   | <u>1 481 549</u> |
| <b>cash and cash equivalents, end of the year</b>   | <u>2 960 595</u>   | <u>1 960 966</u> |

The accompanying notes form part of these financial statements

## HIGH ATLAS FOUNDATION

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in US dollars)

|   | <u>Notes</u> | <u>2023</u>             | <u>2022</u>             |
|---|--------------|-------------------------|-------------------------|
| <b>INCOME</b>   |              |                         |                         |
| Grants support and other public contributions           | 2.1 & 11     | 5 329 753               | 2 183 233               |
| Individual donations                                    | 12           | 1 222 214               | 72 534                  |
| Program realization income                              | 13           | 119 967                 | 81 290                  |
| Miscellaneous income                                    |              | <u>12 226</u>           | <u>3 799</u>            |
|   |              | 6 684 160               | 2 340 856               |
| Change in inventories                                   | 15           | <u>-</u>                | <u>502 511</u>          |
| <b>Total income</b>                                     |              | <b><u>6 684 160</u></b> | <b><u>2 843 367</u></b> |
| <b>EXPENSES</b>   |              |                         |                         |
| Program services  |              | 3 605 940               | 2 604 711               |
| Supporting services                                     |              | <u>1 009 861</u>        | <u>455 259</u>          |
| <b>Total expenses</b>                                   |              | <b><u>4 615 801</u></b> | <b><u>3 059 970</u></b> |
| <b>Excess (deficit) of income over expenses</b>         |              | <b><u>2 068 359</u></b> | <b><u>(216 603)</u></b> |
| <b>NON-OPERATING REVENUE, GAIN AND LOSSES</b>           |              |                         |                         |
| Non current losses                                      | 20           | (40 139)                | (126 922)               |
| Other exceptional gains                                 |              | -                       | 47 313                  |
| Miscellaneous   |              | -                       | (87)                    |
| Other exceptional gains                                 |              | <u>-</u>                | <u>2 262</u>            |
|   |              | <b><u>(40 139)</u></b>  | <b><u>(77 434)</u></b>  |
| <b>Change in net assets</b>                             |              | <b>2 028 220</b>        | <b>(294 037)</b>        |
| <b>Net Assets – unrestricted- Beginning of the Year</b> |              | <b>34 865</b>           | <b>328 902</b>          |
| <b>Equity adjustments</b>                               | 21           | <b><u>(367 176)</u></b> | <b><u>-</u></b>         |
| <b>Net Assets unrestricted- -End of the Year</b>        |              | <b><u>1 695 909</u></b> | <b><u>34 865</u></b>    |

The accompanying notes form part of these financial statements.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in US Dollars)

December 31, 2022

December 31, 2023  
Supporting services

|                                | <u>Notes</u> | <u>Program<br/>services</u> | <u>Management<br/>and general</u> | <u>Fund<br/>raising</u> | <u>Total<br/>supporting<br/>services</u> | <u>Total<br/>expenses</u> | <u>Total<br/>expenses</u> |
|--------------------------------|--------------|-----------------------------|-----------------------------------|-------------------------|--|---------------------------|---------------------------|
|                                |              | <u>US\$</u>                 | <u>US\$</u>                       | <u>US\$</u>             | <u>US\$</u>                              | <u>US\$</u>               | <u>US\$</u>               |
| Salaries and related expenses  | 14           | 970 931                     | 346 113                           | -                       | 346 113                                  | 1 317 044                 | 1 145 695                 |
| Operations expenses            | 15           | 1 917 283                   | 326 531                           | -                       | 326 531                                  | 2 243 814                 | 1 445 702                 |
| Tree monitoring                |              | -                           | -                                 | -                       | -  | -                         | 20 642                    |
| Travel expenses                | 16           | 545 469                     | 39 992                            | -                       | 39 992                                   | 585 461                   | 206 646                   |
| Professional services          | 17           | 51 745                      | 78 112                            | -                       | 78 112                                   | 129 857                   | 95 655                    |
| Facilities                     |              | 29 697                      | 23 573                            | -                       | 23 573                                   | 53 270                    | 32 882                    |
| Computer and internet expenses | 18           | 4 657                       | 137 469                           | -                       | 137 469                                  | 142 126                   | 10 241                    |
| Telephone and communications   |              | 5 449                       | 6 095                             | -                       | 6 095                                    | 11 544                    | 8 988                     |
| Insurance                      |              | 46                          | 15 687                            | -                       | 15 687                                   | 15 733                    | 10 648                    |
| Postage and mailing services   |              | 131                         | 95                                | -                       | 95                                       | 226                       | 244                       |
| Due and subscriptions          |              | 560                         | 10 078                            | -                       | 10 078                                   | 10 638                    | 14 423                    |
| Depreciation                   |              | -                           | 7 048                             | -                       | 7 048                                    | 7 048                     | 8 450                     |
| Bank fees                      |              | 2 267                       | 4 620                             | -                       | 4 620                                    | 6 887                     | 5 790                     |
| Support for cooperatives       | 19           | 77 705                      | 10 446                            | -                       | 10 446                                   | 88 151                    | 11 823                    |
| Miscellaneous expenses         |              | -                           | 4 002                             | -                       | 4 002                                    | 4 002                     | 42 141                    |
| <b>Total expenses</b>          |              | <b>3 605 940</b>            | <b>1 009 861</b>                  | <b>-</b>                | <b>1 009 861</b>                         | <b>4 615 801</b>          | <b>3 059 970</b>          |



**HIGH ATLAS FOUNDATION****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2023**

(All figures expressed in US Dollars)

**1. Activities**

High Atlas Foundation (HAF) is a U.S. 501 (c) (3) nonprofit organization founded in September 2000 by former Peace Corps Volunteers. In 2008, the HAF Board made the decision that in order to effectively and sustainably carry out its human development mission in Morocco, to create a Moroccan local civil association to manage projects and to operate administratively. HAF has obtained in 2023 a formal registration of a Moroccan legal entity as not for profit Association named "High Atlas Foundation for Sustainable Development" for its operational activities in Morocco.

Its purpose is to assist communities in Morocco with the creation of sustainable human development capabilities, to promote the sustainable and wide use of natural resources and to foster the development of leadership and social capital.

Its revenues are composed of grants and other contributions made by US and other governmental entities or private organizations as well as individual donors.

**2. Summary of significant accounting policies*****Presentation of the 2023 financial statements***

HAF's financial statements for the year as of December 31, 2023 consolidate operations undertaken in USA and in Morocco.

Further to its formal recognition, intervened during this year, as a non-profit organization for its operational activities in Morocco, HAF has to prepare, as required by the Moroccan law, separate financial statements and files correspondent tax returns dedicated to those activities. HAF's financial statements for the year as of December 31, 2023 consolidate thus its operations undertaken in USA through its US bank channel (Citibank) and in Morocco as reflected in the dedicated financial statements.

As mentioned above, the objective of our audit is the expression of an opinion regarding the financial statements of HAF as of December 31, 2023 as a whole. Accordingly, we do not express such opinion on separate financial statements as of December 31, 2023 of the entity "High Atlas Foundation for Sustainable Development" that have been prepared to comply with the Moroccan law and regulations governing non-profit associations.

***Basis of accounting***

The financial statements of the Foundation have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

**2.1 Income**

- Grant and public support revenue represent contributions received by the Foundation. These contributions are recognized as revenue in its statement of activities of the year of their perception,

**HIGH ATLAS FOUNDATION**

- Federal contracts are cost reimbursement grants and therefore conditional upon the incurrence of allowable qualifying expenses. Grant receivable as compensation for expenses already incurred are recognized as income in the period in which it is received when all grant recognition conditions have been achieved,
- Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were no temporarily restricted contributions in the year ending December 31, 2023.

**2.2 *Deferred income***

Income from grantors received in advance is deferred and recognized in period to which the conditions of the correspondent awards have been achieved.

**2.3 *Fixed assets***

Property, plant and equipment are recorded at cost reduced by accumulated depreciation. Depreciation is provided based on estimated related tax lives of the assets.

**2.4 *Inventories***

Inventories consists of fruit tree saplings held for distribution or sale at no or nominal consideration as part of the Foundation charitable activities.

Trees inventories are valued at cost (materials, labor, transportation,) relating to all activities regarding planting, sowing, reforestation and care of fruit trees saplings among the different HAF nurseries.

**2.5 *Income taxes***

The Foundation is exempted in USA from Federal and State income taxes under Internal Revenue Code Section 501 (c) (3) in USA.

The Foundation is also recognized in Morocco as a nonprofit association and as such, has to file annual tax returns relating to its local operational activities. According to the Moroccan regulatory requirements, HAF, as a nonprofit association, is exempted from any income taxes for its operations if fulfilled in compliance with its bylaws in Morocco.

Accordingly, no provision has been made for income taxes in these financial statements.

**2.6 *Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

**2.7 *Net assets released from restrictions***

There were no temporarily restricted contributions received and allocated during 2023.



**HIGH ATLAS FOUNDATION****2.8 Currency translation**

The consolidated financial statements of the Foundation are maintained in US dollars. For the year as of December 31, 2023, a flat rate of DH 9,855 = US\$ 1 has been used to translate all amounts expressed in Moroccan Dirhams in financial statements. This rate corresponds to the average exchange rate between USD Dollar and Moroccan Dirham prevailing during the year 2023.

**2.9 Functional allocation of expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function.

**3. Accounts receivable**

|                     | <u>2023</u>   | <u>2022</u>  |
|---------------------|---------------|--------------|
| Accounts receivable | <u>17 062</u> | <u>1 187</u> |

Balance as of December 31, 2023 represents outstanding amounts to be collected at the year-end in relation with sales of trees undertaken by HAF during the year.

**4. Inventories**

|                       | <u>2023</u>    | <u>2022</u>    |
|-----------------------|----------------|----------------|
| Fruit trees inventory | <u>688 169</u> | <u>762 544</u> |

Inventories consist of fruit tree saplings held for distribution or sale among the HAF nurseries.

**5. Other current assets**

|  | <u>2023</u>   | <u>2022</u> |
|--|---------------|-------------|
|  | <u>15 093</u> | <u>-</u>    |

Analysis of this account as of December 31 , 2023 is as follows :

| <u>Description</u>     | <u>amount</u> |
|------------------------|---------------|
| Loans to staff         | 9 194         |
| Cash advances to staff | 1 946         |
| Others                 | <u>3 953</u>  |
|                        | <u>15 093</u> |

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## 6. Property, plant and equipment

|                       | <u>2023</u>    | <u>2022</u>     |
|-----------------------|----------------|-----------------|
| <b>Cost</b>           |                |                 |
| Computer equipment    | 52 820         | 41 825          |
| Other equipment       | <u>21 861</u>  | <u>24 688</u>   |
|                       | 74 681         | 66 513          |
| <b>Depreciation</b>   | <u>(7 048)</u> | <u>(26 374)</u> |
| <b>Net book value</b> | <u>67 633</u>  | <u>40 139</u>   |

HAF fixed assets as at December 31, 2022 were constituted for a very significant part by equipments acquired within the execution of programs that have been completed during the year 2023 (F2F, EU, NED, TECHCAMP,...) and intended to be distributed free of charge to the local associations and populations implied on those programs upon their completion (see Note 20).

As of December 31, 2023, fixed assets book value and the related depreciation of the year relate consequently only on fixed assets acquired during 2023.

## 7. Other assets

|              | <u>2023</u>   | <u>2022</u>   |
|--------------|---------------|---------------|
| Other assets | <u>30 665</u> | <u>26 138</u> |

Balance as of December 31, 2023, includes US\$ 26 138 relating to security deposits made by HAF in 2022 when submitting to call for tenders launched by some local public administration for the use of lands within their jurisdiction.

## 8. Accounts payable and other current liabilities

|                 | <u>2023</u>    | <u>2022</u>    |
|-----------------|----------------|----------------|
| Account payable | <u>748 396</u> | <u>229 108</u> |

Breakdown of this account is as follows for the year as of December 31, 2023:

| <u>Description</u>        |     | <u>amount</u>  |
|---------------------------|-----|----------------|
| Suppliers                 | (a) | 152 533        |
| Social bodies ( CNSS )    | (b) | 14 448         |
| State                     | (c) | 99 267         |
| Customer advances         | (d) | 470 448        |
| Other current liabilities |     | <u>11 700</u>  |
|                           |     | <u>748 396</u> |

- (a) a significant part of this balance is constituted by outstanding amounts payable to suppliers that HAF resorted to for relief operations on behalf affected population of the earthquake that struck the High Atlas region in September 2023 ; the most important outstanding amounts at the year end on that purpose are :

| <u>Supplier</u>                | <u>amount</u> |
|--------------------------------|---------------|
| Atlas power (solar energy)     | 21 663        |
| Acces bureau (furniture)       | 13 569        |
| Trans Youness (transportation) | 12 238        |

- (b) Related to the contributions to the CNSS subsequently paid in January 2024.
- (c) This account represents the payroll tax as of December 31, 2023, that has been paid in January 2024.
- (d) Represents notably portion of the "Berge Bulk Blue Solution" (BBBS) financial support received as at December 31, 2023 remaining not yet expensed at the year end (see Note 9 below).

#### 9. Deferred income

|                 | <u>2023</u> | <u>2022</u>      |
|-----------------|-------------|------------------|
| Deferred income | <u>-</u>    | <u>1 125 000</u> |

HAF has concluded in 2022 a collaboration agreement for a forestry project in Morocco with the organization "Berge Bulk Blue Solution" (BBBS).

By virtue of this agreement, "Berge Bulk Blue Solution" (BBBS) will provide a financial support of US\$ 1 500 000 for the period from 2022 to 2027 to HAF for planting at least 8 500 000 trees at eight new communities managed tree nurseries in order to achieve the result of 354 167 carbon credit by the end of December 31, 2027.

Agreed schedule of payment is as follows:

| 2022      | 2023   | 2024   | 2025   | 2026   | 2027   | total     |
|-----------|--------|--------|--------|--------|--------|-----------|
| 1 125 000 | 75 000 | 75 000 | 75 000 | 75 000 | 75 000 | 1 500 000 |

2022 financial support of US\$ 1 125 000 is a cash advance that has been released on behalf HAF on June 2022 and recognized as revenue for the year ending december 31, 2023 after validation from "Berge Bulk Blue Solution" (BBBS) of the HAF supporting documents required by the agreement's provisions). 2023 financial support of US\$ 75 000 has been also duly released on behalf HAF during 2023 and recognized as revenue for this year (see Note 11).



**HIGH ATLAS FOUNDATION****10. Long term loan**

|                                    | <u>2023</u>      | <u>2022</u>      |
|------------------------------------|------------------|------------------|
| Small Business Administration loan | <u>1 334 912</u> | <u>1 402 001</u> |

On June 2020, the US Small Business Administration (SBA) authorized a loan amounting US\$ 150 000. This initial amount of loan has been updated to US\$ 500 000 by August 2021. The final update of the loan to \$1,408,100 occurred on October 27, 2021. The loan supports prior planned activities in community-based fruit tree agriculture and monitoring trees for carbon offset credits.

Interests will accrue at the rate of 2,75% per annum and will accrue only on funds actually advanced from the date (s) of each advance.

**11. Grants support and other contributions**

|                     |     | <u>2023</u>      | <u>2022</u>      |
|---------------------|-----|------------------|------------------|
| Grants support      | (a) | 3 296 468        | 2 108 072        |
| Other contributions | (b) | <u>2 033 285</u> | <u>75 161</u>    |
|                     |     | <u>5 329 753</u> | <u>2 183 233</u> |

Increase in grants support received in comparison with the previous year is explained by:

- The significant impact on the level of contributions on behalf HAF for the relief needs of victims of the earthquake that struck the High Atlas region in September 2023,
- The recognition as income of the first payment of US\$ 1 125 000 received in 2022 within the execution of the agreement with "Berge Bulk Blue Solution" (BBBS) and accounted for at that time as differed income (see Note 9 above).

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HIGH ATLAS FOUNDATION

Breakdown by main donors of grants and other contributions received in 2023 is detailed below:

|                                   |     |                         |
|-----------------------------------|-----|-------------------------|
| <b>(a) Grants support</b>         |     | <b><u>Amount</u></b>    |
| <i>US Federal awards</i>          |     |                         |
| Asor                              |     | 31 767                  |
| Dakira Project - US AID           |     | 610 028                 |
| Farmer to farmer project - US AID |     | 343 934                 |
| Mepi                              |     | 103 577                 |
| Ned                               |     | 29 166                  |
| Techcamp project                  |     | <u>46 453</u>           |
|                                   |     | <u>1 164 925</u>        |
| <i>Other awards</i>               |     |                         |
| Ecologia                          |     | 94 211                  |
| Ecosia Gmbh                       |     | 37 737                  |
| Indh                              |     | 76 104                  |
| UE                                |     | 170 426                 |
| Planetaria                        |     | 43 216                  |
| Earth day                         |     | 58 000                  |
| SIEMENS                           |     | 73 588                  |
| Korean Buddish for social welfare |     | 77 925                  |
| Prestige collections              |     | 55 066                  |
| Reforest action                   |     | 43 533                  |
| YSL Foundation                    |     | 61 545                  |
| Berge Bulk Blue Solution (BBBS)   |     |                         |
| (see Note 9)                      |     | 1 200 000               |
| Others                            |     | <u>140 192</u>          |
|                                   |     | <u>2 131 543</u>        |
|                                   |     | <b><u>3 296 468</u></b> |
| <b>(b) Other contributions</b>    |     |                         |
| Apple                             |     | 200 000                 |
| American Jewish Committee         |     | 20 000                  |
| Cargill International             |     | 65 000                  |
| JDC International                 |     | 270 000                 |
| GlobalGiving Income               | (a) | 708 075                 |
| Mastercard                        | (b) | 624 074                 |
| Other contributions               |     | <u>145 935</u>          |
|                                   |     | <b><u>2 033 285</u></b> |

- (a) GlobalGiving income relate to contributions collected during 2023 through the global crowd funding platform of GlobalGiving organization.
- (b) Mastercard relates to payments done through this system payment channel.

**12. Individual donations**

| <u>2023</u>      | <u>2022</u>   |
|------------------|---------------|
| <u>1 222 214</u> | <u>72 534</u> |

Total amount, for the year as of December 31, 2023, is composed of numerous individual donations.

Increase in individual donations level compared to the previous year also enters into the framework of contributions received to support HAF actions on behalf victims of the earthquake that struck High Atlas region in September 2023.

**13. Program realization income**

| <u>2023</u>    | <u>2022</u>   |
|----------------|---------------|
| <u>119 967</u> | <u>81 290</u> |

Total amount, for the year as of December 31, 2023, relates to income from sales of trees significantly made as part of the implementation of the Tree Planting programs.

**14. Salaries and related charges**

| <u>2023</u>      | <u>2022</u>      |
|------------------|------------------|
| <u>1 317 044</u> | <u>1 145 695</u> |

This account is detailed as follows:

|   | <u>2023</u>      | <u>2022</u>      |
|---|------------------|------------------|
| Moroccan salary expenses                              | 699 650          | 605 520          |
| Moroccan employment tax and employee benefit expenses | 125 333          | 126 846          |
| Moroccan salary income tax                            | 186 587          | 168 965          |
| US salary expenses                                    | 234 919          | 189 490          |
| US payroll expenses                                   | 34 011           | 18 363           |
| Specific salaries expenses                            | 36 544           | 36 511           |
|   | <u>1 317 044</u> | <u>1 145 695</u> |

Increase in salaries and related charges expenses in 2023 is notably explained by:

- The recruitment of new staff members in Morocco for the purpose of relief operations on behalf of population affected by the 2023 earthquake that struck the High Atlas region,
- the implementation of new carbon offset programs transplantation and reforestation needing to resort to additional local nursery supervisors.

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15. Operations expenses

| <u>2023</u>      | <u>2022</u>      |
|------------------|------------------|
| <u>2 243 814</u> | <u>1 445 702</u> |

Increase in operations expenses in 2023 in comparison with 2022 is significantly explained by expenses made within important actions undertaken by HAF to meet the needs of the population affected by the earthquake that has stricken High Atlas region in September 2023; those expenses amounted about US\$ 920 000 (see below).

This account is detailed for the year s as of December 31, 2023 as follows:

|   | <u>2023</u>      |
|---|------------------|
| Cost of good sold (a)                       | 796 815          |
| subcontractors (b)                          | 305 000          |
| Special Activities - relief operations- (c) | 919 627          |
| Training and workshop expenses              | 103 369          |
| Transportation fees                         | 69 182           |
| Office supplies-                            | 37 094           |
| Other expenses                              | 12 727           |
|   | <u>2 243 814</u> |

- (a) Represents costs related to activities regarding planting, sowing, reforestation and care of trees among the different HAF nurseries.

Change in inventories between 2023 and 2022, amounting US\$ 74 375, has constituted in 2023 an integral part of the cost of good sold of the year.

Breakdown of cost of good sold as of December 31, 2023 is as follows:

| <u>Description</u>                   | <u>Amount</u>  |
|--------------------------------------|----------------|
| Purchase of trees                    | 110 489        |
| Plantation                           | 171 705        |
| Solar system installations           | 60 415         |
| Technical studies and surveys        | 89 227         |
| Nursery care takers – seasonals-     | 93 350         |
| Roads and digs                       | 80 677         |
| Irrigation system and drinking water | 79 961         |
| Others                               | 110 991        |
|                                      | <u>796 815</u> |

- (b) Breakdown of payments to the organizations that have benefited from HAF financial support in 2023 as part of HAF projects' implementation is as follows:

|                                      | <u>Amount</u>         |
|--------------------------------------|-----------------------|
| Association Mimouna                  | 155 000               |
| Association Mogador                  | 30 000                |
| Foundation "Memories for the Future" | <u>120 000</u>        |
|                                      | <u><b>305 000</b></u> |

- (c) This amount relates in its entirety to expenses made within the different relief operations undertaken by the Foundation on behalf the population affected by the important earthquake that struck the High Atlas region on September 8<sup>th</sup>, 2023.

Its analysis is as follows:

| <u>Description</u>                 | <u>Amount</u>         |
|------------------------------------|-----------------------|
| Purchase of foods for distribution | 479 613               |
| Purchase of tents                  | 265 449               |
| Blankets                           | 89 628                |
| Solar projectors                   | 13 394                |
| School supplies                    | 45 971                |
| Babies milk                        | 10 175                |
| Other expenses                     | <u>15 397</u>         |
|                                    | <u><b>919 627</b></u> |

#### 16. Travel expenses

| <u>2023</u>           | <u>2022</u>           |
|-----------------------|-----------------------|
| <u><b>585 461</b></u> | <u><b>206 646</b></u> |

This section record expenses incurred by the Foundation's staff as part of supervision and monitoring of the different projects and for general purposes (travel for grants negotiations, trainings ...).

Variation in 2023 in comparison with 2022 is mainly due to:

- the increase of travel's activities for the purpose of supervising important previous programs that were in their ending phase in 2023 (Dakira, Farmer to Farmer, EU...),
- the launch of numerous new programs activities requiring an additional supervising effort (Akvo, Berge Bulk Blue Solution "BBBS").



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Breakdown of travel expenses incurred during the year is herewith disclosed by program:

| <u>Description</u>              | <u>Amount</u>         |
|---------------------------------|-----------------------|
| <b>Programs</b>                 |                       |
| Dakira                          | 93 314                |
| AKVO                            | 25 648                |
| YCC                             | 25 511                |
| USAID (farmer to farmer)        | 138 751               |
| EU                              | 49 340                |
| MEPI                            | 19 420                |
| NED                             | 10 922                |
| Berge Bulk Blue Solution (BBBS) | 40 010                |
| Princeton                       | 20 541                |
| Reforest action                 | 14 546                |
| UVA                             | 28 917                |
| Hope                            | 9 080                 |
| Other programs                  | <u>69 469</u>         |
|                                 | <b>545 469</b>        |
| <b>Management and general</b>   | <u><b>39 992</b></u>  |
|                                 | <b><u>585 461</u></b> |

**17. Professional services**

|                                  | <u>2023</u>           | <u>2022</u>          |
|----------------------------------|-----------------------|----------------------|
| Accounting and audit fees        | 65 883                | 34 494               |
| Contractor / consultant services | 63 974                | 50 330               |
| Other professional services      | <u>-</u>              | <u>10 831</u>        |
|                                  | <b><u>129 857</u></b> | <b><u>95 655</u></b> |

Increase in accounting and audit fees expenses is due to the single audit fees undertaken in 2023 as well as fees relating to procedure and compliance services HAF resorted to during the year.

**18. Computer and internet expenses**

| <u>2023</u>           | <u>2022</u>          |
|-----------------------|----------------------|
| <b><u>142 126</u></b> | <b><u>10 241</u></b> |

Balance as of December 31, 2023 includes USD 130 776 relating to the redesign of the Foundation website (supplier US Design by Cosmic).

19. Support for cooperatives

| <u>2023</u>   | <u>2022</u>   |
|---------------|---------------|
| <u>88 151</u> | <u>11 823</u> |

This account relates to expenses done on behalf a few cooperatives as part as the execution of some specific programs activities. Increased expenses in comparison with the previous year are explained by the need of increased support from those cooperatives that operate in the region affected by the September 2023 earthquake.

Breakdown of this amount for the year as of December 31, 2023, is as follows:

|                 | <u>Amount</u> |
|-----------------|---------------|
| Dakira (US AID) | 38 005        |
| Techcamp        | 15 520        |
| Bright Funds    | 11 841        |
| Others          | <u>22 785</u> |
|                 | <u>88 151</u> |

20. Non current losses

| <u>2023</u>   | <u>2022</u> |
|---------------|-------------|
| <u>40 139</u> | <u>-</u>    |

This amount represents the net book value of fixed assets distributed free to associations and populations upon completion of programs under which they have been acquired and used (see Note 6).

21. Equity adjustments

| <u>2023</u>    | <u>2022</u> |
|----------------|-------------|
| <u>367 176</u> | <u>-</u>    |

HAF financial statements consolidate operations undertaken in USA and in Morocco.

As described in Note 2 above, the Foundation in Morocco has obtained in 2023 its formal registration as not for profit Association and has therefore, to be compliant with the regulatory requirements, to produce, starting the year as of December 31, 2023, separate annual financial statements dedicated to its operations in Morocco and to file correspondent tax returns. Assets and liabilities 'balances relating to those operations as shown in the Foundation financial statements as of December 31, 2022 have been therefore reversed to its equity account (net assets) for the purpose of establishing the opening balances of the Moroccan separate financial statements for the year as of December 31, 2023.

**22. Contingencies**

- The Foundation participates in a number of US federally funded grant programs, which are subject to financial and compliance audits by federal agencies or their representatives. Management does not anticipate any significant adjustments as a result of such audits,
- As described in Note 21 above, HAF has filed for the first time in 2023, its tax return. Such tax return under the Income Tax (IS) as well the Individual Tax on Salaries (IR) for the fiscal non prescribed year 2023 and those established for the Social Security Body (CNSS) could be therefore subject to an audit from the concerned Moroccan administrations.

**23. Reclassifications**

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 financial statements presentation.

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