

**HIGH ATLAS FOUNDATION**

**SINGLE AUDIT REPORT AS OF**  
**DECEMBER 31, 2022**

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**HIGH ATLAS FOUNDATION**

**INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2022**

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**TO THE BOARD OF DIRECTORS  
HIGH ATLAS FOUNDATION**

**INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2022**

**Opinion**

We have audited the accompanying financial statements of High Atlas Foundation which comprise the statement of financial position as of December 31, 2022, 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, 2022, 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**

**Emphasis of Matter in the Financial Statements**

Without changing our opinion above, we draw your attention to the Note 20 to the financial statements, which describes the uncertainty about the impacts of the earthquake that struck the High Atlas region on September 8<sup>th</sup>, 2023, on programs carried out by High Atlas Foundation in this area.

**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>, 2022, 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 2021 financial statements and in our report dated September 5<sup>th</sup>, 2022, we expressed an unqualified opinion on those financial statements.

Casablanca, September 12<sup>th</sup>, 2023

Price Waterhouse

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A. Bidah  
Partner

**HIGH ATLAS FOUNDATION****STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022**

(Expressed in US dollars)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>			
<b>Current assets</b>			
cash and cash equivalents		1 960 966	1 481 549
accounts receivable		1 187	-
inventories	2.4 & 3	<u>762 544</u>	<u>260 033</u>
		<b><u>2 724 697</u></b>	<b><u>1 741 582</u></b>
<b>Fixed assets</b>			
property, plant and equipment		66 513	28 551
less: accumulated depreciation		<u>(26 374)</u>	<u>(17 924)</u>
	2.3&4	<b><u>40 139</u></b>	<b><u>10 627</u></b>
<b>Other assets</b>	5	<u>26 138</u>	<u>-</u>
<b>Total assets</b>		<b><u>2 790 974</u></b>	<b><u>1 752 209</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
accounts payable and other current liabilities	6	229 108	15 207
deferred income	2.2&7	<u>1 125 000</u>	<u>-</u>
		<b><u>1 354 108</u></b>	<b><u>15 207</u></b>
<b>Non-current liabilities</b>			
long term loan	8	<u>1 402 001</u>	<u>1 408 100</u>
		<b><u>1 402 001</u></b>	<b><u>1 408 100</u></b>
<b>Total liabilities</b>		<b><u>2 756 109</u></b>	<b><u>1 423 307</u></b>
<b>Net Assets – unrestricted -</b>	2.7	<u>34 865</u>	<u>328 902</u>
<b>Total liabilities and Net Assets</b>		<b><u>2 790 974</u></b>	<b><u>1 752 209</u></b>

The accompanying notes form part of these financial statements.

## HIGH ATLAS FOUNDATION

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in US dollars)

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	(294 037)	(138 879)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	<u>8 450</u>	<u>4 846</u>
	(285 587)	(134 033)
<u>change in:</u>		
Inventories	(502 511)	67 614
Receivable	(1 187)	-
Other assets	(26 138)	-
Current liabilities	213 901	8 477
Deferred income	<u>1 125 000</u>	<u>-</u>
	<u><b>523 478</b></u>	<u><b>(57 942)</b></u>
<b>Cash flows from financing activities</b>		
loan disbursement	-	1 258 100
loan repayment	<u>(6 099)</u>	<u>-</u>
	<u><b>(6 099)</b></u>	<u><b>1 258 100</b></u>
<b>Cash flows from investing activities</b>		
Capital expenditure	<u>(37 962)</u>	<u>(7 471)</u>
<b>increase in cash and cash equivalents</b>	<b>479 417</b>	<b>1 192 687</b>
<b>cash and cash equivalents, beginning of the year</b>	<u><b>1 481 549</b></u>	<u><b>288 862</b></u>
<b>cash and cash equivalents, end of the year</b>	<u><b>1 960 966</b></u>	<u><b>1 481 549</b></u>

The accompanying notes form part of these financial statements



**HIGH ATLAS FOUNDATION****STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022**

(Expressed in US dollars)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
<b>INCOME</b>			
Grants support and other public contributions	2.1 & 9	2 183 233	1 080 998
Individual donations	10	72 534	259 903
Program realization income	11	81 290	120 455
Miscellaneous income		<u>3 799</u>	<u>1 438</u>
		2 340 856	1 462 794
Change in inventories		<u>502 511</u>	<u>(67 614)</u>
<b>Total income</b>		<b><u>2 843 367</u></b>	<b><u>1 395 180</u></b>
<b>EXPENSES</b>			
Program services		2 604 711	1 044 097
Supporting services		<u>455 259</u>	<u>417 918</u>
<b>Total expenses</b>		<b><u>3 059 970</u></b>	<b><u>1 462 015</u></b>
<b>Excess of expenses over income</b>		<b><u>(216 603)</u></b>	<b><u>(66 835)</u></b>
<b>NON-OPERATING REVENUE, GAIN AND LOSSES</b>			
Other exceptional losses	17	(126 922)	(39 647)
Exchange gains / (losses)	18	47 313	(39 052)
Miscellaneous losses		(87)	(74)
Other exceptional gains		<u>2 262</u>	<u>6 729</u>
		<b><u>(77 434)</u></b>	<b><u>(72 044)</u></b>
<b>Change in net assets</b>		<b>(294 037)</b>	<b>(138 879)</b>
<b>Net Assets – unrestricted- Beginning of the Year</b>		<b><u>328 902</u></b>	<b><u>467 781</u></b>
<b>Net Assets unrestricted- -End of the Year</b>		<b><u>34 865</u></b>	<b><u>328 902</u></b>

The accompanying notes form part of these financial statements.

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(Expressed in US Dollars)

		<u>December 31, 2022</u>				<u>December 31, 2021</u>	
		<u>Supporting services</u>					
		<u>Program</u> <u>services</u>	<u>Management</u> <u>and general</u>	<u>Fund</u> <u>raising</u>	<u>Total</u> <u>supporting</u> <u>services</u>	<u>Total</u> <u>expenses</u>	<u>Total</u> <u>expenses</u>
	<u>Notes</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Salaries and related expenses	12	872 286	273 409	-	273 409	1 145 695	629 597
Operations expenses	13	1 403 053	42 649	-	42 649	1 445 702	590 476
Tree monitoring		20 642	-	-	-	20 642	-
Travel expenses	14	195 547	11 099	-	11 099	206 646	93 632
Professional services	15	70 626	25 029	-	25 029	95 655	76 947
Facilities		13 244	19 638	-	19 638	32 882	16 750
Computer and internet expenses		8 642	1 599	-	1 599	10 241	2 541
Telephone and communications		4 513	4 475	-	4 475	8 988	7 782
Insurance		1 636	9 012	-	9 012	10 648	11 929
Postage and mailing services		35	209	-	209	244	245
Due and subscriptions		92	14 331	-	14 331	14 423	9 304
Depreciation		-	8 450	-	8 450	8 450	4 846
Interest expenses		-	38 723	-	38 723	38 723	8 027
Bank fees		2 247	3 543	-	3 543	5 790	4 861
Support for cooperatives	16	8 855	2 968	-	2 968	11 823	5 030
Miscellaneous expenses		<u>3 293</u>	<u>125</u>	<u>-</u>	<u>125</u>	<u>3 418</u>	<u>48</u>
Total expenses		<u>2 604 711</u>	<u>455 259</u>	<u>-</u>	<u>455 259</u>	<u>3 059 970</u>	<u>1 462 015</u>

**HIGH ATLAS FOUNDATION****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
DECEMBER 31, 2022**

(All figures expressed in US Dollars)

**1. Activities**

High Atlas Foundation 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.

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*****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.
- 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, 2022.

**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.

**HIGH ATLAS FOUNDATION****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 is tax exempted for any tax.

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 2022.

**2.8 *Currency translation***

The financial statements of the Foundation are maintained in US dollars.

Transactions expressed in Moroccan Dirhams are translated into US dollars at the rate prevailing at the date of the transaction. Exchange differences arising on translation are charged to the income statement.

**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.

**HIGH ATLAS FOUNDATION****3. Inventories**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Fruit trees inventory	<u><b>762 544</b></u>	<u><b>260 033</b></u>

Inventories consist of fruit tree saplings held for distribution or sale among the HAF nurseries. Variation in tree inventories, in comparison with 2021 year end, is mainly due to increase in number of planted trees held as of December 31, 2022, as a result of the pursuit in 2022 of important trees plantations 'programs (ECOSIA notably) and the starting in implementation of additional significant trees plantation programs (BBBS notably - see Note 7).

**4. Property, plant and equipment**

	<u><b>2022</b></u>	<u><b>2021</b></u>
<b>Cost</b>		
Computer equipment	41 825	11 243
Other equipment	<u>24 688</u>	<u>17 308</u>
	66 513	28 551
<b>Depreciation</b>	<u>(26 374)</u>	<u>(17 924)</u>
<b>Net book value</b>	<u><b>40 139</b></u>	<u><b>10 627</b></u>

**5. Other assets**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Other assets	<u><b>26 138</b></u>	<u><b>-</b></u>

Balance as of December 31, 2022, relates to security deposits made by HAF when submitting to call for tenders launched by some local public administration for the use of lands within their jurisdiction.

**6. Accounts payable and other current liabilities**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Account payable	<u><b>229 108</b></u>	<u><b>15 207</b></u>

Breakdown of this account is as follows for the year as of December 31, 2022:

<u><b>Description</b></u>	<u><b>amount</b></u>
SBA loan accrued interest (a)	46 750
Contributions to social bodies (b)	13 777
Tax on payroll liabilities (c)	162 391
Other current liabilities	<u>6 190</u>
	<u><b>229 108</b></u>

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- (a) Includes interests for the year amounting to US \$ 38 722 (see Note 8).
- (b) The correspondent amount relates to the Moroccan Social Security body 'contributions relating to December 2022 and subsequently paid in January 2023.
- (c) A provision for tax on payroll amounting to US\$ 162 391 has been constituted as of December 31, 2022. This provision corresponds to potential tax adjustments in case of an audit of the tax returns of the Foundation, under the individual tax on salaries (IR) from the Moroccan tax administration, regarding non prescribed years open to a tax control.

**7. Deferred income**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Deferred income	<u><b>1 125 000</b></u>	<u><b>-</b></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, BBBS will provide a financial support of 1 500 000 US\$ 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. This achievement should be certified by an external independent agency.

Agreed schedule of payment is as follows:

<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>total</b>
1 125 000	75 000	75 000	75 000	75 000	75 000	1 500 000

2022 financial support of US\$ 1 125 000 has been released on behalf HAF on June 2022.

**8. Long term loan**

	<u><b>2022</b></u>	<u><b>2021</b></u>
Small Business Administration loan	<u><b>1 402 001</b></u>	<u><b>1 408 100</b></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. Interest for the year 2022 amounts to US\$ 38 722 (2021: US\$ 8 027).

Installment payments, including principal and interest will begin Twelve (12) months from the date of the promissory Note ( December 2021). The balance of principal and interest will be payable over Thirty (30) years from the date of the promissory Note. A first payment of US\$ 6 000 has been made on December 2022.

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**9. Grants support and other contributions**

		<u><b>2022</b></u>	<u><b>2021</b></u>
Grants support	(a)	2 108 072	1 078 433
Global Giving income	(b)	<u>75 161</u>	<u>2 565</u>
		<u><b>2 183 233</b></u>	<u><b>1 080 998</b></u>

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

- the increase in the level of contributions received as part of the pursuit in implementation of important projects launched during previous years (REMA [Dakira] and F2F),
- grant support received from new donors (ECOLOGIA and YSL Foundation notably).

Breakdown by main donors of grants and other contributions received in 2022 is detailed below:

<b>(a) Grants support</b>	<u><b>Amount</b></u>
<i><b>Federal awards</b></i>	
ASOR	28 985
Be Green	8 922
Dakira Project- US AID-	786 118
Farmer to farmer project – US AID-	235 956
MEPI	21 382
NED	50 001
TEHCAMP project	44 451
USFS	<u>38 852</u>
	<u>1 214 667</u>
<i><b>Other awards</b></i>	
ECOLOGIA	114 376
ECOSIA Gmbh	72 317
German Watch	73 811
PUR	71 211
UNDP	26 112
UVA	68 761
YSL Foundation	235 563
Others	<u>231 254</u>
	<u>893 405</u>
<b>Total</b>	<u><b>2 108 072</b></u>

**(b) Global Giving income**

Global Giving income relates to donations collected during 2022 through the global crowd funding platform of Global Giving organization.

**10. Individual donations**

<u>2022</u>	<u>2021</u>
<u>72 534</u>	<u>259 903</u>

Total amount, for the year as of December 31, 2022, is composed of numerous individual donations

**11. Program realization income**

<u>2022</u>	<u>2021</u>
<u>81 290</u>	<u>120 455</u>

Total amount, for the year as of December 31, 2022, relates to income from sales of trees made as part of the implementation of the agreement concluded with ECOSIA GmbH in November 2019.

**12. Salaries and related charges**

<u>2022</u>	<u>2021</u>
<u>1 145 695</u>	<u>629 597</u>

This account is detailed as follows:

	<u>2022</u>	<u>2021</u>
Moroccan salary expenses	605 520	341 077
Moroccan employment tax and employee benefit expenses	126 846	64 897
Moroccan salary income tax (a)	168 965	-
US salary expenses	189 490	203 176
US payroll expenses	18 363	20 447
Specific salaries expenses (b)	<u>36 511</u>	<u>-</u>
	<u>1 145 695</u>	<u>629 597</u>

Increase in salaries and related charges expenses in 2022 is explained by:

- the strengthening of the HAF management structure through recruitment during the year of high-level executives (Chief operations officer, Chief Finances officer, Deputy project director,...),



- the development in implementation of important transplantation and reforestation programs needing to resort to additional local nursery supervisors,
  - the accrual of Moroccan salaries' income tax for years still open to a tax audit (see Note 6).
- (a) Including US\$ 162 391 relating to the provision accounted for Moroccan salaries 'income tax for years still open to a tax audit.
- (b) Salaries of occasional staff recruited for needs of the activities' implementation of some specific projects (the EEC project notably).

### 13. Operations expenses

<u>2022</u>	<u>2021</u>
<u>1 445 702</u>	<u>590 476</u>

Increase in operations expenses in 2022 in comparison with 2021 is explained by the progress during the year in implementation of some significant programs.

This account is detailed for the years as of December 31, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Nursery and trees supplies (a)	479 604	260 033
subcontractors (b)	430 905	109 543
Water project supplies	101 971	27 702
Office supplies	69 506	12 191
Activities (c)	88 468	-
special programs (d)	27 074	-
Training and workshop expenses (e)	101 237	55 479
Report translation fees	13 541	8 790
Nursery care takers seasonal (f)	86 215	80 656
Operations - other-	<u>47 181</u>	<u>36 082</u>
	<u>1 445 702</u>	<u>590 476</u>

- (a) breakdown of costs incurred in 2022 by program is as follows:

<b>Program</b>	<b><u>Amount</u></b>
ECOSIA (*)	322 889
German watch	40 510
BBBS	35 283
Reforest Project	32 903
Other programs	<u>48 019</u>
	<u>479 604</u>

- (\*) Costs incurred under agreement concluded in November 2019 with ECOSIA GmbH and related to activities regarding planting, sowing, reforestation and care of trees in various HAF nurseries.

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- (b) Breakdown of payments to the organizations that have benefited from HAF financial support in 2022 as part of HAF projects' implementation is as follows:

	<u><b>Amount</b></u>
Association Mimouna	283 000
Association Sama	31 890
Foundation "Memories for the Future"	79 815
Archeveche de Rabat	24 998
Others	<u>11 202</u>
	<u><b>430 905</b></u>

- (c) Activities' account relates to expenses incurred for specific events organized by HAF, as part of implantation of some of its programs, including expenses relating to Dakira and EEC programs amount respectively to about US\$ 22 000 and US\$ 20 000.
- (d) Relates to a specific training program undertaken on behalf the Al Akhawayne University in Morocco.
- (e) Increase in the related payments in comparison with 2021 is due to the correspondent development of such activities as part of the implementation of various programs during this year, the most important is the program REMA (Dakira).

Breakdown of this account as of December 31, 2022, is as follows:

<b>Program / project</b>	<u><b>Amount</b></u>
Dakira	23 877
ASOR	5 354
GERMAN WATCH	12 363
NED	4 521
MEPI	14 082
EEC	16 907
TECH CAMP	5 860
Others	<u>18 273</u>
	<u><b>101 237</b></u>

- (f) Relates to payments done to seasonal workers that HAF resorted during the year for nursery care needs. Total amount includes payments made within the implementation of ECOSIA's program for US\$ 68 114.

**14. Travel expenses**

<u><b>2022</b></u>	<u><b>2021</b></u>
<u><b>206 646</b></u>	<u><b>93 632</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 ...).

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**HIGH ATLAS FOUNDATION**

Variation in 2022 in comparison with 2021 is mainly due to the increase of ground travel's activities for the purpose of supervising important programs that were in their growing phase during 2022.

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

<b>Program</b>	<b><u>Amount</u></b>
Dakira	47 240
Ecosia	14 107
Tech camp	13 702
USAID (farmer to farmer)	55 507
EEC	14 091
Others	<u>61 999</u>
<b>Total</b>	<b><u>206 646</u></b>

**15. Professional services**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Accounting and audit fees	34 494	22 782
Contractor / consultant services	50 330	39 688
Other professional services	<u>10 831</u>	<u>14 477</u>
	<b><u>95 655</u></b>	<b><u>76 947</u></b>

**16. Support for cooperatives**

<b><u>2022</u></b>	<b><u>2021</u></b>
<b><u>11 823</u></b>	<b><u>5 030</u></b>

This account relates to expenses done on behalf a few cooperatives within the execution of some specific projects.

Breakdown of this amount for the year as of December 31, 2022, is as follows:

	<b><u>Amount</u></b>
Training and workshops expenses	8 856
Other support to cooperatives	<u>2 967</u>
	<b><u>11 823</u></b>

**17. Exceptional losses**

<u>2022</u>	<u>2021</u>
<u>126 922</u>	<u>39 647</u>

Exceptional losses for the year as of December 31, 2022, relate to payments of US\$ 126 922 on behalf the company Demetter Consulting LLC as a result of an arrangement intervened regarding repayment of the balance of a former loan granted in 2015 by Demeter Consulting LLC to HA3 a U.S. company entirely controlled and operated by HAF at that date - and on which HAF was contractually a guarantor to repay in case of failure of HA3.

By virtue of this agreement, the remaining balance due to from HAF to Demetter Consulting LLC is USD 126 922 entirely paid in 2022 by four quarterly payments. This agreement stipulates on that purpose that these payments represent a full repayment of all liabilities due to Demetter Consulting LLC.

**18. Exchange gains / (losses)**

<u>2022</u>	<u>2021</u>
<u>47 313</u>	<u>(39 052)</u>

Foreign currency exchange gains have been incurred in 2022 as a result of transferring funds from the Foundation's bank account in USA (City Bank) to its local banks 'accounts in Morocco.

**19. Contingencies**

- The Foundation participates in a number of 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.
- The Foundation in Morocco has obtained its formal registration as not for profit Association from the local Administration and has therefore, since that date, its own local tax I.D .Tax returns of the Foundation under the Individual Tax on Salaries (IR) for the fiscal non prescribed years 2022, 2021, 2020 and 2019 and those established for the Social Security Body (CNSS) could be therefore subject to an audit. Such audit, in case of its occurrence, may give rise to possible adjustments.

As described in Note 6, the Foundation has accrued in its books as of December 31, 2022, US\$ 162 391 relating to a provision for a potential tax adjustment, in case of a tax audit on Moroccan salaries income tax, for years still open to a tax audit at that date.

**20. Subsequent events**

On September 8<sup>th</sup>, 2023, an important earthquake struck the High Atlas region, causing significant damages. Impacts of this situation on HAF programs implemented in this region are currently being analyzed.

**21. Reclassifications**

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statements presentation.

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**HIGH ATLAS FOUNDATION**

**SUPPLEMENTARY REPORTS ON THE  
FEDERALAWARDS PROGRAMS REQUIRED  
BY THE UNIFORM GUIDANCE FOR THE  
YEAR ENDED DECEMBER 31, 2022  
AND COST CERTIFICATE**

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HIGH ATLAS FOUNDATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Entity/ Federal Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT – DIRECT PROGRAMS:</b>			
Religious and ethnic minorities activities (DAKIRA)	98.007		\$ 474,415
Farmer to farmer volunteer opportunity project/ Cooperatives leading sustainable agriculture	98.008		214,856
Total U.S. Agency for International Development – Direct Programs			<u>\$ 689,271</u>
<b>U.S. DEPARTMENT OF STATE</b>			
Passed through the partners of Americas	19.500	SG-2019-2	\$ 69,389
US Middle East partners initiative (MEPI) FES	19.500	SG-2019-2	18,149
US Middle East partners initiative (MEPI) DAKHLA	19.415	SG-2019-2	82,094
Inter-cultural techcamp	19.441	SG-2019-2	22,623
DAR America “Be green”	19.345	SG-2019-2	29,697
ASOR	19.345	SG-2019-2	39,565
NED	10.684	SG-2019-2	28,259
Total U.S Department of State			<u>\$ 289,776</u>
<b>COVID-19 RELIEF FUNDS</b>			
SBA – Economic injury disaster loan	59.075		<u>\$ 1,258,567</u>
Total expenditures of federal awards			<u>\$ 2,237,614</u>

See accompanying notes to the schedule of expenditures of federal awards.



## HIGH ATLAS FOUNDATION

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022

#### NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (“the Schedule”) includes the federal award activity of High Atlas Foundation (“HAF”) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of HAF, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HAF.

#### NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

#### NOTE C: INDIRECT COST RATE

HAF has elected not to use the 10% *de minimis* indirect cost rate as allowed under the Uniform Guidance.

#### NOTE D: SUBRECIPIENTS

Of the federal expenditures presented on the Schedule, the Organization provided no federal awards to subrecipients.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE

To the Board of Directors of  
High Atlas Foundation

**Report on Compliance for Each Major Federal Program**

We have audited Services Now for Adult Persons, Inc.'s ("SNAP") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SNAP's major federal programs for the year ended June 30, 2021. SNAP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Opinion on Each Major Federal Program***

We have audited High Atlas Foundation ("the Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards) and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## ***Auditors' Responsibility***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during audit.



## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose other than the said purpose.

*Bezzina & Company, CPAs LLP*

Syosset, New York  
December 4, 2023



HIGH ATLAS FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022

**I. Summary of Auditors' Results:**

*Financial Statements*

A. Type of audit report issued on the financial statements: Unmodified

Internal control over financial report:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(es) identified? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

*Federal Awards*

Internal control over major Federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(es) identified? ☐ Yes ☒ No

Types of auditor's report issued on compliance for major Federal programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR. 200.516(a) ☐ Yes ☒ No

B. Identification of major programs:

<u>Federal Programs</u>	<u>Assistance Listing Number</u>
1. Religious and Ethnic minorities Activities	98.007
2. Farmer to Farmer Volunteer Opportunity Project/Cooperatives leading sustainable agriculture	98.008
3. SBA – Economic Injury Disaster Loan	59.075

Dollar threshold used to distinguish between type A and type B Programs: \$ 750,000

Auditee qualified as low risk auditee? ☐ Yes ☒ No

**II. Financial Statement Findings:**

None.

**III. Federal Award Findings and Questioned Costs:**

None.

**IV. Summary Schedule of Prior Year Findings:**

There were no financial statement audit findings for the year ended December 31, 2022. Federal award findings and questioned costs for the year ended December 31, 2022 is not applicable, as a uniform guidance audit was not required.