

VIRUNGA FOUNDATION

England & Wales · Charity number 1111806

Details

Other names	AFRICA CONSERVATION FUND (UK)
Status	Registered
Legal form	Charitable company
Company number	05598718
Registered	2005-10-25
Register	View on the Charity Commission register

Contact

Address	48 Chancery Lane London WC2A 1JF
Phone	02033193700
Email	edemerode@virunga.org
Website	www.virunga.org

Activities

Objects: The Objects for which the Charity is established are:(a) the promotion for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and biodiversity of the Protected Areas of Africa including Virunga National Park in the Democratic Republic of Congo, and the wildlife within the Protected Areas of Africa including Virunga National Park, including by means of the promotion of effective management;(b) the relief of financial need, hardship or poverty of people living and/or working in and around the Virunga National Park and the Kivu – Kinshasa Green Corridor, (Green Corridor);(c) the promotion for the benefit of the public of sustainable development that supports the conservation of the physical and natural environment and biodiversity of the Virunga National Park and the Green Corridor including through:(i) the preservation, conservation and the protection of the environment and the sustainable use of natural resources;(ii) the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities living in and around the Virunga National Park and the Green Corridor; and(iii) the promotion of sustainable means of achieving economic growth and regeneration;(d) to facilitate the administration of the law and the preservation of public order for the benefit of the public;(e) to promote conflict resolution and reconciliation for the public benefit between institutions, organisations, groups and people in and around the Virunga National Park and the Green Corridor; and(f) the education of the public on environmental issues including biodiversity, conservation, sustainability, and management of the wildlife parks, reserves and protected conservation areas of Africa and the wildlife within them, and in subjects relating to sustainable development.Sustainable development means development which meets the needs of the present without compromising the ability of future generations to meet their own needs.

Activities: A conservation and development organisation with minimal overheads, delivering timely and effective support to the Virunga National Park in eastern Democratic Republic of Congo in the form of financial and management input.Campaigning worldwide for support for Virunga National Park to raise awareness of and educate people about the Park.

Classification

- **How:** Provides Human Resources, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Animals, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** AFRICA.
- Congo (Democratic Republic)

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£43,082,388	£40,573,853	£83,354,432	1009
2023-12-31	£49,887,563	£29,528,040	£79,936,255	961
2022-12-31	£30,914,707	£31,251,882	£62,726,282	838
2021-12-31	£25,487,040	£22,039,626	£55,106,292	734
2020-12-31	£25,895,875	£17,044,262	£51,486,145	736

Trustees

Name	Role	Appointed
JAN BONDE NIELSEN	Chair	
Annette Lanjouw		2020-12-17
Dr Antoine Kesia-Mbe Mindua		2022-06-26
FRANCOIS XAVIER DE DONNEA		
Joanna Natasegara		2015-09-09
Michael Samuel Joseph		2019-10-10

Accounts

REGISTERED NO. 05598718

CHARITY NO. 1111806

Virunga Foundation

Trustees' Report and Consolidated
Financial Statements for the Year
Ended 31 December 2024

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

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Chairman's Report

In the course of 2024 Virunga Foundation made significant progress in delivering against its charitable objectives on both conservation and development. The progress on delivery of objectives has been achieved in what has been and remains an extremely challenging security context.

2024 and the first months of 2025 saw a continued expansion of the illegal occupation of large areas of North Kivu, including over 40% of the area of the Virunga National Park, by the Rwandan backed M23 illegal militia supported by the Rwandan Defence Force, (RDF). This illegal armed occupation has presented major challenges to the Foundation in maintaining operational activities, not only in the illegally occupied areas of the Park. However, the ingenuity and courage of Foundation Staff and the ICCN Rangers, has enabled progress across all of the key objective areas.

Tragically, in July of 2025 the lives of ICCN Rangers Claude Nguo and Daniel Kakule ended prematurely when the Bathawk aircraft they were flying in crashed. It is important to acknowledge that staff and ICCN Rangers continue to perform their duties in what remains an extremely high risk environment. The Board of Virunga Foundation extends its sincerest condolences to the family, friends and colleagues of Claude and Daniel, who lost their lives while delivering the goals of the ICCN and Virunga National Park. The Board also wishes to recognise the extraordinary contribution being made by all individuals involved in delivering the work of the Charity.

The occupation of a significant area of North Kivu by the M23 and the RDF continues to have a major adverse impact on the population of those areas affected by the ongoing conflict, which has led to the displacement of several million internally displaced persons, (IDPs). In excess of 2.5 million IDPs in North Kivu alone, were recorded by the UN. The IDP camps on the outskirts of Goma housed several hundred thousand living in makeshift tents until the M23 violently forced IDPs to leave the camps. The UN evaluated that in January of 2025 alone, over 400,000 IDPs were made homeless as a result of M23 and RDF attacks.

In addition to the war between the DRC armed forces, (FARDC), and the RDF and M23, there remain significant challenges from illegal armed militia groups in other areas, where militia activities have increased due to lower presence of FARDC, whose resources are primarily focussed on combatting the M23 and RDF. One illustration of this being the Ishasha Valley where ICCN Rangers had multiple confrontations with FDLR militias trying to poach in what is a key conservation area. Ranger contingents are located as effectively as possible to combat illegal militia threats, though this excludes confronting RDF and M23 forces. The ADF illegal armed militia has been a major threat in the northern sector where it continues to terrorise and extort local populations. In response to this threat, Virunga Foundation is in the process of rolling out its proven strategy of establishing protected Forward Operating Bases, (FOBs) with associated infrastructure and other support resources.

Virunga Foundation headquarters, (HQ), were relocated in the course of 2024, due to the continued expansion of areas under M23 control. The current HQ at Ishasha, a former Ranger training base, is on a site which is relatively secure due to its physical location and it is hoped that this will remain the HQ until such time as it is possible to fully relocate to Rumangabo. The geopolitical situation in the region does not present particular grounds for optimism on the cessation of Rwanda's occupation of much of North Kivu within any predictable timescale. A resolution of the conflict is most likely dependent on international political intervention. Despite the ongoing major security challenges, a level of stability has been achieved which has enabled staff to return to work regularly at Rumangabo from the second quarter of 2025.

On its conservation objectives, despite the major security challenges, progress continues across all key species. Though monitoring the Mountain Gorilla populations has continued to be hampered by the conflict in the "Gorilla" sector of the Park, local community trackers and Rangers have continued to undertake effective monitoring, which indicates the population is doing well and continuing to grow.

A landmark project reached a key phase in the later part of 2024 in relation to a critically threatened population of Eastern Lowland Gorillas, with the release of an additional 4 female gorillas to the remaining population of 7 individuals.

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The “new” gorillas appear to be integrating effectively into the existing population, with 3 of the introduced females already identified as being pregnant within months of their introduction. This development augers well for the establishment of what will hopefully become a viable population. The lion, a key species in the Ishasha valley, is showing a good recovery with between 30 and 50 individuals now present in this area, supported by the large increase in ungulate population facilitated by the successful Queen Elizabeth National Park wildlife corridor project, which has seen significant migration of lion prey populations from Uganda.

Development projects have continued to progress and to deliver tangible benefits for local communities, ranging from gaining access to reliable electricity with all the accompanying benefits, to increased incomes from improved agriculture efficiency and new local agriculture transformation activities. Virunga Energies is now the largest provider of energy in North Kivu, including to the city of Goma. Demand for electricity from Virunga Energies in 2024 regularly exceeded generating capacity which required implementing a range of strategies to regulate demand. However, a new 14 MW hydropower plant, Rwanguba 1, operational from late January 2025, will ensure adequate generating capacity to meet demand. A further hydropower plant, Rwanguba 2, with a similar generating capacity to Rwanguba 1, is in progress. Development of the agriculture sector is a central element of the development objective. Agricultural development projects include those to improve agricultural productivity through improved management practices, as well as by increasing the level of product value added locally. Cocoa and chocolate manufactured locally as a finished products are now sold nationally and in Europe. Chocolate production is expected to more than triple in volume in 2025. Vegetable Oil and Soap production are complementary products manufactured from the same palm oil crop, with sales of these projected to triple in 2025. Wheat and vegetable projects are relatively new, but well underway with commercial products such as biscuits and bread expected to be available in the last quarter of 2025. The benefits of these projects to local communities cannot be overstated, in what is one of the World's poorest regions where the creation of new jobs and the associated growth of local economies will transform lives.

A major new conservation/development project which will have a significant impact on Virunga Foundation's development and activities relates to the Congolese Government's plan to develop a “Green Corridor” from North Kivu to Kinshasa. This plan has the overarching aim of facilitating the transport of agricultural produce from North Kivu to Kinshasa, in a sustainable manner, which respects and protects the local communities and the environment in the Green Corridor. A key innovative feature of this project is that designated land will be a “community reserve”. The land will be managed on the principles of community consent, where responsibility for conservation lies with those who live in, or adjacent to, the areas to be conserved. Virunga Foundation has been appointed to manage this major project, with it's the original contract with the ICCN to manage the Virunga National Park being extended to include the management of the green corridor. This new contract was signed in May 2025 and extends the end of contract date by a further ten years to May 2050.

Virunga Foundation's work is dependent on the generous financial support from a wide range of donors. The European Union continues to enable Virunga Foundation's conservation and developments efforts as its largest single donor, along with other major institutional donors and investors including the World Bank, BII and INL. Private Foundations also play a key long term support role, including partners such as the Schmidt Family Foundation and the World We Want Foundation.

As described here, Virunga Foundation's conservation and development objectives continue to be delivered, in the face of the huge challenges, thanks to the commitment of our staff and the ongoing support of our partners.



Jan Bonde Nielsen, Chairman.

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Legal and Administrative Details

Trustees

Jan Bonde Nielsen (Chairman)
François Xavier de Donnea
Joanna Natasegara
Michael Joseph
Paul Leander Engström (Resigned 8 September 2025)
Annette Lanjouw
Dr Antoine Kesia-Mbe Mindua

Company registration number:	05598718
Legal Form	Company limited by guarantee
Date of incorporation	20 October 2005
Charity registration number:	1111806
Registered Address:	48 Chancery Lane, London, WC2A 1JF
Company Secretary:	Keystone Law Limited, London.
Chief Executive Officer:	Emmanuel de Merode
Auditors:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JY.
Bankers:	KBC Bank N.V., 111 Old Broad Street, London, EC2N 1BR Trust Merchant Bank S.A, 1223 Avenue Lumumba, Lubumbashi, Democratic Republic of Congo Equity Bank Kenya Ltd, 9th Floor, Equity Centre, Hospital Road, Upper Hill. P.O. Box 75104-00200, Nairobi, Kenya
Solicitors:	Keystone Law Limited, London.

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Trustees' Report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their report and the audited consolidated financial statements of Virunga Foundation (the Charity) for the year ended 31 December 2024. The Trustees have adopted the provisions of the Charities SORP (FRS 102) in preparing the annual report and financial statements of the Charity.

Structure, Governance and Management

Structure

Virunga Foundation

Virunga Foundation is a charitable company limited by guarantee, incorporated on 20th October 2005, and registered as a charity in England and Wales, with registered charity number 1111806.

Virunga Foundation's key partnership is with the Institut Congolais pour la Conservation de la Nature, (ICCN), the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas throughout the country. With a relationship going back to 2006, in 2015 the ICCN and Virunga Foundation signed a 25 year cooperation agreement, establishing a public-private partnership. In May of 2025 this agreement was extended to May 2050 in connection with the extension of Virunga Foundation's role in managing the Kivu Kinshasa Green Corridor. On the basis of this agreement with the Congolese Government the charity's resources and efforts will continue to be dedicated to supporting the ICCN in protecting and re-establishing Virunga National Park and to provide support for communities around the Park.

In order to further its objectives Virunga Foundation has established a number of subsidiary organisations and works closely with other partner organisations, as presented in this report. Under its Memorandum of Association, Virunga Foundation has the power to incorporate subsidiary companies to carry on any trade, which would, in the opinion of the trustees, promote or assist in furthering the Objects of the charity. Virunga Foundation has one main subsidiary, Virunga SRL, (which itself has a number of subsidiaries) and one related company, Virunga Productions CIC. Virunga Foundation also works in close cooperation with a Belgian charity, Fonds Virunga Belgique and two US and one South African legal entity, which own the aircraft operated by Virunga Foundation. The formal objects of all limited liability companies in the group are of a social purpose. In addition to Virunga SRL, there is only one other Virunga Foundation directly held and controlled subsidiary, a Kenyan Limited liability company, Virunga Foundation Ltd, whose sole purpose is to enable Virunga Foundation to maintain banking facilities in Kenya, for reasons of increased financial resilience. As at the time of signing of the audited accounts there had been no activity in this Kenyan entity.

Subsidiary entities

Virunga SRL

Virunga SRL is a 100% owned subsidiary Belgian limited liability company incorporated by Virunga Foundation in August 2013, to act as a holding company for limited companies, (Sociétés Anonyme), registered in the Democratic Republic of Congo, (DRC). Virunga SRL ensures any profits generated by its subsidiary companies will not be taxed twice, due to the double taxation treaty existing between Belgium and the DRC. All of the Virunga Foundation subsidiary entities registered in DRC pay their taxes exclusively in the DRC.

Virunga Belgique SRL Ltd

A Kenyan registered subsidiary, Virunga Belgique SRL Ltd was established in 2021, solely to enable the establishment of Virunga Belgique SRL bank accounts in Kenya, in order to increase financial resilience. As

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it was identified that the required financial resilience could be provided without this specific account, it was decided in mid-2023 to dissolve this company. The company was formally dissolved on 4 January 2024, as recorded in the official register, The Kenya Gazette on the 24th of January 2024.

Virunga Energies SAU

Virunga Energies SAU is a Congolese limited liability company 100% owned by Virunga SRL. Virunga Energies SAU is engaged in the construction, operation and commercialisation of run-of-river hydroelectric projects in the proximity of the Park. These projects include the construction of generating plant, operation of the plant, construction and operating distribution networks and the sale of electricity to end customers, both commercial and domestic. Any profit generated from these activities will be transferred to Virunga Foundation via Virunga SRL.

The company currently utilises surplus energy from its Luviro plant to generate blockchain code and bitcoin, to augment and diversify revenue, in return for limited additional capital investment. The electrical generation activity related to blockchain code creation has additional benefits as it avoids generating turbines being static during periods of low demand.

The development of hydro-power projects around the Park have been shown to support the conservation and protection of the Park in two key ways:

- i. by providing communities living around the Park with access to electricity and jobs, resulting in development opportunities which will enable the Park to be and to be seen as, a source of beneficial change and opportunity for the local population. Over time it is expected to reduce communities' reliance on unsustainable resources of the Park (e.g. illegal charcoal and firewood), as well as land encroachment for farming;
- ii. by providing an unrestricted revenue stream that can be used by Virunga Foundation to support its charitable objects.

Virunga Energies SAU Ltd

Virunga Energies SAU Ltd is a Kenyan private limited company established on 23 Aug 2021. The sole purpose of this entity is to act as the beneficial owner of Virunga Energies bank account established with Equity Bank in Kenya. The Company and its Equity Bank account are under the full control and management of Virunga Foundation, being established to reduce risks, by increasing the number of active banking facilities in Africa. This entity has had no activity in the period covered by these accounts and is in the process of dissolution.

Virunga Development SARL

Virunga Development is a Congolese limited liability company, a 100% subsidiary of Virunga SRL, established in 2013 to contribute to Virunga Foundation's overall charitable objectives through the management and support of sustainable development opportunities around the Park. These opportunities include the development & operation of industrial parks in the proximity of the Park, the development of agricultural transformation projects, with all energy requirement met by the hydroelectricity generated by Virunga Energies SAU.

Virunga Productions CIC

Virunga Productions CIC was established in 2013. A Community Interest Company (CIC) is a UK limited liability company that must use its profits and assets for the public good. The objects of Virunga Productions CIC are to carry on any activities, including TV and movie productions, which support and promote the conservation, protection and improvement of the wildlife and habitat in and around Virunga National Park. Virunga Foundation is the sole shareholder and has effective control of Virunga Productions CIC.

Grameen Virunga S.A.

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Grameen Virunga is a DRC registered company established on 12th of February 2204, with the purpose of providing loans to small and medium sized entities operating in North Kivu, which are connected to the Virunga Energies energy network.

The company is 67% owned by Virunga Foundation subsidiaries and 33% owned by Grameen Trust. The aim is to commence issuing of loans once Grameen Virunga has a banking licence issued by the DRC Central bank, (BCC).

Sicovir SARL

Sicovir is a Congolese limited liability company, 56.72% owned by Virunga SRL, which was created in October 2013. Virunga SRL's shareholding in Sicovir was increased from 20% to 56.72% in November 2022. Sicovir produces various soap types and edible oils from sustainable palm oil extracted from palm tree fruit kernels purchased from producers located in the proximity of the Park.

Société Provinciale d'Eau et d'Electricité, North Kivu, (SPEE-NK)

SPEE-NK is a Congolese joint venture organisation, formed together with the provincial Governor for North Kivu to provide clean water to areas of Goma. This joint venture entity is 51% owned by Virunga Development SARL, (a 100% subsidiary of Virunga SRL), with the remainder held by the provincial government.

Virunga Origins SRL

Virunga Origins SRL is a Belgian limited liability company, established in 2022 and 40% owned by Virunga SRL. Virunga Origins was established to market cocoa products, grown and produced in the vicinity of the Park by local communities, predominantly to the European market.

Virunga Chocolate SARL

Virunga Chocolate SARL is a Congolese limited liability company, in which Virunga SRL has a 20% shareholding established in 2020. Virunga Chocolate SARL produces high quality chocolate products from cocoa grown by local farmers, which is marketed and sold, both domestically and in international markets.

Virunga Enzymes SARL

Virunga Enzymes SARL is a successful Congolese limited liability company, 20.7% owned by Virunga SRL, established in 2015. It produces the plant-based enzyme ("papain") extracted from the latex of Papaya trees which is exported primarily to Europe, where it is used in a wide range of pharmaceutical and healthfood products.

Related Entities

Fonds Virunga Belgique

Fonds Virunga Belgique is a non-profit association, (ASBL/VZW), based in Belgium. It undertakes fundraising and awareness campaigns for the benefit of the Park (through Virunga Foundation). While Fonds Virunga Belgique has no formal legal relationship with Virunga Foundation, it maintains strong co-operation with the Foundation and donates all the funds it raises to Virunga Foundation.

Congo Conservation Foundation Inc. & Conservation Aviation LLC

Congo Conservation Foundation Inc. & Conservation Aviation LLC, (formerly Virunga Foundation USA Inc. & Virunga Airwing LLC, prior to name changes), are two USA registered entities which own the aircraft leased to Virunga Foundation to support of its operations. Virunga Foundation retains US registration for the aircraft, which it leases from Conservation Aviation LLC, to ensure compliance with the highest international

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operating standards. These two USA registered entities are treated as one single entity from a US tax perspective, and are legally independent of Virunga Foundation.

Virunga Airwing (Pty)

Virunga Airwing (Pty) is a South African company which provides microlight aircraft to Virunga Foundation, used in reconnaissance and other monitoring activities. All of the operating and related management costs are born by Virunga Foundation.

Partnerships etc.

US CAF Friends Fund

In December 2019, a formal contract was established with CAF America, which manages a US Equivalency Determined, "Friends Fund", for the sole benefit of Virunga Foundation. This Fund enables tax effective donations from legal persons subject to US, (individual or corporate), to be made to Virunga Foundation.

Others

Virunga Foundation maintains close working relationships with nature conservation organisations such as the United Nations Education Science and Culture Organisation (UNESCO), the Ugandan Wildlife Authority, (UWA), the Zoological Society of London, the Frankfurt Zoological Society, the Wildlife Conservation Society, the International Union for the Conservation of Nature, (IUCN), Arcus Foundation, Meise Botanic Garden and the World Wildlife Fund, (WWF). The Foundation has also worked closely with the Farm Africa UK registered charity, particularly around improving coffee production techniques, to increase both product quality as well as local added value.

Governance

Virunga Foundation is a charity registered with the Charity Commission of England and Wales having the legal form of a company limited by guarantee. Virunga Foundation is managed by its trustees, in accordance with all relevant legislation and guidance published by the Charity Commission of England and Wales, (Charity Commission), as well as with UK corporate legislation governing the operation of limited companies. The Trustees are all members of the Board of Trustees of Virunga Foundation, the Board of Trustees being the governing body of the Charity.

Charity Governance Code

The revised charity governance code was updated in December 2020. The Trustees view is that the Board complies with the revised code. The Charity Governance Code, the Charity Commission Guidance CC3 and the Articles of Association have all been shared with Trustees. The Charity Governance Code requires that the Trustees Annual Report record and explain the background to any Trustees who have been in their Trustee role for in excess of nine years. Three of the Charity's Trustees have been in post for over nine years at the time of this report, Jan Bonde Nielsen and Francois de Donnea for over 17 years and Joanna Natasegara for over ten years. The Charity's Articles allow for Trustee terms to exceed 9 years in cases where it, "would be in the best interests of the Charity for a particular Director or Directors to continue to serve beyond that period and that Director is reappointed by a unanimous decision of the remaining Directors", due to the particular skills and experience of an individual, as is the case for the three Trustees listed here.

There are currently six board trustees, with a diverse range of professional skills and experience, enabling them to contribute substantively to the governance oversight of the wide range of activities undertaken by

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the Charity. Trustees continue to consider the composition of the Board in relation to ensuring the Board comprises individuals with appropriate experience across all key areas of the Charity's operations. A Finance and Audit Committee board sub-committee, includes an independent external representative to strengthen financial oversight, in particular from a UK Charity perspective.

The Committee meets regularly and maintains an overview of all material financial matters and key risks based on management reports, on which it reports back regularly to the Board. Summary notes and all papers presented at Committee meetings are shared with the Board subsequent to each Committee meeting. The Charity's Articles are kept updated in order to comply with good governance practice, including most recently to reference best practice implemented in relation to Indigenous Peoples interaction.

Strategic Report

The disclosure of strategic report activities as required under the Charities SORP (FRS 102) registered in England and Wales are met through various disclosures within this Trustees Report.

Management

The senior executive of the Virunga Foundation is its Chief Executive Officer, (CEO), who is appointed by and responsible to the Board. The CEO has executive responsibility and authority to manage and operate Virunga Foundation as defined in the articles of association, which were updated in 2024 to comply with all relevant legislative obligations and good governance practice. In order to deliver on the objectives of the Charity, the CEO oversees a team of managers, employed to manage and co-ordinate the wide-ranging operations of the Charity, both in and in the proximity of the Virunga National Park. The CEO reports to the Chairman of the Board. The CEO also holds a formal position with the ICCN, being that of the Chief Warden of the Virunga National Park. There is a potential conflict of interest related to holding positions of both, CEO of Virunga Foundation and Virunga Park Chief Warden, of which the Board and the Charity Commission are cognisant. A specific Board instruction is in place to manage this potential conflict of interest.

Employees

In 2024 Virunga Foundation employed an average of 512 staff on permanent contracts, (plus 618 on temporary contracts) and its main subsidiary Virunga Energies employed an average of 290 staff on permanent contracts, (plus 293 on temporary contracts), being a total of 802 staff on permanent contracts, (plus 911 on temporary contracts). In 2023 Virunga Foundation employed an average of 502 permanent staff and Virunga Energies an average of 280 permanent staff, a total average of 782 permanent staff. In the course of 2024 Virunga Energies employed between 300 and 1,500 daily/temporary workers on its ongoing projects, (construction and maintenance). These workers are employed in accordance with the national labour law, through local agreements, which support equitable sharing of the jobs within communities where the underlying level of unemployment is very high. These rotating 22-day contracts permit the provision of additional income to a much wider population base, than would otherwise be achievable.

Section 172 Statement

Virunga Foundation is governed by its charitable objects, as presented in the Public benefit section of this report. The activities of the charity are assessed on how they contribute to meeting its charitable objectives. Measurement of contribution ranges from metrics on conservation goals and achievements, to development goals such as employment creation, delivery of renewable energy and increasing the incomes of local farmers through a range of initiatives. As a charity with a wide ranging, but integrated, conservation, development and rule of law strategy, Virunga Foundation has a very broad range of stakeholders. Key stakeholders to whom the charity are accountable include, employees and local populations benefiting from the Charity's work, as well as local, regional and national authorities. Other key stakeholder groups include funders, who have a significant ongoing commitment in supporting the Charity's work, and who require and

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receive regular and detailed reporting on the Charity's projects, activities and outcomes. As one of the world's pre-eminent national parks and Africa's oldest, there is significant public interest in Virunga National Park. The Park's high profile, generates support, as well as creating communication obligations on the Charity, as the organisation responsible for managing the Park.

Managing and delivering on a wide ranging, but highly integrated strategy, requires the oversight of multiple interdependencies, political, financial, environmental and security. The Board is regularly appraised of developments across all areas, with specific updates being issued whenever particularly challenging situations arise. Challenges in recent years have included the high risk security situation due to the presence of illegal armed groups, most notably the M23 and Rwandan army, (RDF), which have expanded their control over in excess of 40% of the Park's land area, which since January 2025 now also includes the city of Goma.

Decisions taken by the Board in the course of 2024 and 2025 include responsive reactions to support management, at both national and international political levels, in relation particularly to the activities of the RDF and M23, as well as the approval of new development projects.

Trustees are aware of the complex range of relationships and partnerships which the Charity's management has to manage in order to deliver on its strategy. The Board composition reflects the need for a divergent set of skills, experience and contacts to be present among Board members, in order to support management in a variety of contexts, local, national and international, across a range of functional areas.

The Board has approved a set of organisation policies which help ensure it provides appropriate oversight, both directly, as well as through its Finance and Audit sub-committee. These policies include; Staff code of conduct and ethics policy, Anti-bribery and corruption policy, Conflicts of Interest policy, Procurement policy, Risk Management policy and Complaints and Whistleblowing policy (supported by confidential email and phone complaints access).

It is by means of these policies, as well as through regular reporting, both proactive and reactive, from senior management, that the Trustees fulfil their Section 172 obligations.

Public Benefit

In carrying out their activities, the Trustees ensure that Virunga Foundation activities are in accordance with the Charity Commission's guidance on public benefit.

As background to its public benefit objectives, Virunga Foundation has a contract with the ICCN to manage the Virunga National Park, which runs until May 2050. This management contract is central to Virunga Foundation's charitable public benefit objectives. Located in North Kivu in the east of the Democratic Republic of Congo, (DRC), Virunga National Park is Africa's oldest national park, founded in 1925 and was designated a World Heritage Site in 1979. In 1994, the Park was designated as a, 'World Heritage Site in Danger', by UNESCO, which indicated it was subject to the imminent threat of comprehensive destruction.

The loss of the flora and fauna of the Park would represent an irreversible loss to humanity, therefore actions taken to protect and restore the Park are for the public benefit. Virunga Foundation's primary purpose is the conservation of the Park, working with the Congolese authorities to do so. Virunga Foundation is the key organisation providing direct support for the management and protection of the Park and directly provides in excess of 95% of the Park's funding.

As part of its charitable objectives, Virunga Foundation also plays a key role in the economic and social development of the region, despite the catastrophic impact of decades of armed conflict. In 2013 Virunga Foundation launched the Virunga Alliance, an extensive multi-faceted programme dedicated to creating a healthy and peaceful post conflict economy through the sustainable development of resources in and around the Park. These activities include the generation of hydroelectricity, the distribution and delivery of this electricity, the active development of, agribusiness, fisheries and other sustainable business activities utilising the hydroelectricity generated.

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The Charity's Objects, all considered to be for the public benefit are set out in the Articles of Association as follows:

- i. the promotion for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and biodiversity of the Protected Areas of Africa including Virunga National Park in the Democratic Republic of Congo, and the wildlife within the Protected Areas of Africa including Virunga National Park, including by means of the promotion of effective management;
- ii. the relief of financial need, hardship or poverty of people living and/or working in and around the Virunga National Park;
- iii. the promotion for the benefit of the public of sustainable development that supports the conservation of the physical and natural environment and biodiversity of the Virunga National Park including through,
- iv. the preservation, conservation and the protection of the environment and the sustainable use of natural resources;
- v. the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities living in and around the Virunga National Park; and
- vi. the promotion of sustainable means of achieving economic growth and regeneration;
- vii. to facilitate the administration of the law and the preservation of public order for the benefit of the public;
- viii. to promote conflict resolution and reconciliation for the public benefit between institutions, organisations, groups and people in and around the Virunga National Park; and
- ix. the education of the public on environmental issues including biodiversity, conservation, sustainability, and management of the wildlife Parks, reserves and protected conservation areas of Africa and the wildlife within them, including Virunga National Park, and in subjects relating to sustainable development.

Objectives, Progress and Achievements

In order to deliver on its charitable objects Virunga Foundation has initiated and manages an extensive and diverse range of projects, which together have as their objective, the establishment of a sustainable social and natural environment in North Kivu, with the goal, among others, of supporting the conservation of the Virunga National Park.

The individual projects often contribute to simultaneously progressing several charitable objectives.

The project objectives are categorised under the headings of, conservation, security and rule of law, sustainable development, poverty reduction and education, (across all of the aforementioned objectives).

The following sections of the Report present a summary of Virunga Foundation's achievements during 2023 in line with agreed strategic objectives, as well as future objectives.

Conservation

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Virunga's conservation strategy has three core objectives as follows: preserving species diversity, restoring and maintaining healthy population numbers and ensuring that appropriate measures are in place to protect critically important and unique ecosystems.

The conservation strategy is delivered through two main processes: 1) the preservation of ecosystem integrity by maintaining effective boundaries and providing stability within those boundaries to guarantee stable or increasing populations and 2) with respect to maintaining the park's uniquely high levels of endemism, an EDGE (Ecologically Distinct Globally Endangered) approach is adopted in order to define the park's critically important species.

These critical species, include the park's population of great apes and other large mammals including lions, hippos and elephants, are considered keystone species and are the subject of "extreme conservation" strategies that seek to intensify protection, establish zero poaching regimes in areas of active restoration, improve veterinary support, and strengthen monitoring and surveillance.

Tracking

The tracking of the very wide range of species living in Virunga National Park, is a key tool for understanding the development of species' populations, which provides direct information on the effectiveness of conservation activities.

For many years there has existed a serious security challenge for those working in the Park, whether as ICCN Rangers or Virunga staff, and the last three years have seen a significant increase in the security risks which have curtailed the ability to track various species. This applies particularly to the significant, over 40% of the Park area, now controlled by the illegal M23 militia and RDF. Though the continued presence of ICCN Rangers and some Virunga staff has been negotiated, tracking of the mountain gorilla population has largely been maintained using local community trackers. Feedback from these teams indicates, an increase in the number of snares being laid, some deforestation from grazing of domestic animals as well as increased illegal human presence, all of which significantly increase the threat to the Mountain Gorilla groups. The work of the local community trackers and ICCN Rangers, indicates that the Mountain Gorilla populations have not suffered any unnatural losses and continue to increase at natural growth rates. Late in 2024 the first full scale assessment of the mountain gorilla population since 2021 was commenced. The results of this assessment were very positive, indicating that the population has increased at a rate of 3.5%, which is higher than the natural population growth rate.

Wildlife Monitoring Tools

The use of technology in the area of wildlife monitoring with two key tools plays a key role. These primary tools being the use of Camera traps and Collaring.

The use of strategically positioned camera traps continues to facilitate increased observations of key species, in particular savannah species, (lions, elephants, leopards, hyenas, hippos, large antelope species, pangolins and buffalo). Camera traps are also used to identify animals suffering from snares and/or other human induced injuries. The Park also relied heavily on camera traps to effectively monitor its population of eastern common chimpanzees residing in the gallery forest. In addition to wildlife monitoring, camera traps also play an important role in identifying areas of illegal human activity by revealing armed group movement, and poaching. Information gathered by these cameras enables rangers to organize operations more effectively in these areas.

In recent years Virunga has been working with a team from Microsoft AI for Good to develop machine learning algorithms to help the Park accelerate the process of analysing camera trap images for both overall species recognition, as well as for individual animal identification.

Poaching levels have increased and the threat to the lion population is critical. In order to develop better information on lion movements in the Park, with three adult lions, now having satellite tracked collars.

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The result of this initiative has been highly effective, providing near real time information, which has enabled the ongoing identification of a number of pride members and hierarchies. The increased frequency and sophistication of analysis of tracking information is expected to result in increased protection for the lion population. Based on observations and tracking information the population is estimated at between 30 and 50 individual lions.

Ishasha Valley

The Ishasha valley has been a focus of conservation for a number of years, due to the depletion of many key species and overall species population numbers after several decades of armed conflict in the area. Reintroduction and conservation work has had significant success in recent years both in the reintroduction of species and of population increases. The populations of all key species, including elephants are monitored and continue to grow, with losses to poaching relatively low and not significantly impacting on population growth. This impact has been in large part achieved through the creation of a "wildlife corridor" to the adjacent Queen Elizabeth National Park, (QENP), in neighbouring Uganda, which enables animals to migrate freely across the open national border which the two Parks share.

In addition to the poaching threat highlighted in previous paragraphs, there are various invasive plant species which are threatening the original natural vegetation of the Park. In order to address this threat Virunga works closely with QENP to undertake a scientific assessment of the threat, as well as testing methods to eradicate invasive species.

Mt. Tshiaberimu

Restoring and protecting Mt. Tshiaberimu's ecosystem and its critically important wildlife is a major priority for the Virunga over the next few years. This work includes, most notably, saving the only remaining Eastern Lowland Gorilla population in Virunga National Park, which had fallen to only seven individuals, a population level which is not viable without intervention. A project focussed on preserving this group made significant progress in 2024. Work associated with this project was significant and included, reinforcement of ranger positions, camera traps to monitor gorilla movement and any illegal human presence, habitat surveys, participatory demarcation and the construction of an airstrip, as well as an intermediate pre-release local familiarisation protected site. The project, in cooperation with the GRACE gorilla sanctuary, has involved the release of four additional females who late in 2024 joined the existing family group. Observations indicate the newly released females have rapidly integrated well with the existing group. It is hoped that the combination of recent actions and ongoing monitoring will greatly increase this Eastern Lowland Gorilla population's chances of survival and recovery in the Park.

Security / Rule of Law & Human Rights

ICCN Rangers are the key resource enforcing the rule of law within the Virunga Park boundaries, a task performed to very high standards, but also one with very high levels of personal risk. Since 2021 the insurgency into the southern sectors of the Park, and from 2024 also in the Northern sector and adjoining territory by the M23 illegal armed militia together with the Rwandan Army (RDF), has meant the Rangers have been unable to undertake their law enforcement activities in these areas. The M23 and RDF are a heavily armed military force which has killed thousands of the local population in those areas they have taken control of, as well as displacing hundreds of thousands more.

The illegal occupation has meant that Virunga staff have had to be very flexible and creative in finding ways of continuing to fulfil its conservation and development activities, at no small risk to their own personal safety. Virunga Foundation takes all measures possible to ensure the safety of its staff and where possible also of local populations, when planning and undertaking its work. The invasion by the M23 and RDF has also had a significant collateral impact in other sectors of the Park. The impact of the M23 and RDF taking control of Goma in late January 2025, cannot be predicted at this stage, but staff located in Goma continue to deliver on their work, despite the takeover by a hostile authority which now controls the city.

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The DRC Government supported a number of illegal armed militia groups in the hope and expectation that they would assist in their fight against the M23 and RDF, however, a number of these groups have used their increased arms to expand their illegal activities, which include terrorizing local populations to extort resources and exert control over already highly impoverished populations. Initiatives by international and regional groupings to provide support for the DRC government in tackling the M23 and RDF invasion has been largely ineffective, as the territory under their control has continued to expand in the course of 2024 and 2025. The UN MONUSCO force no longer functions and other African regional initiatives have been ineffective. The very complex and rapidly shifting security situation requires constant monitoring and appropriate reaction to protect Virunga's people and assets as best as the situation permits.

The UN describes the situation in North Kivu resulting from the invasion by M23 and the RDF as one of the major humanitarian disasters in the world today, but international awareness, attention and action remains limited. Media coverage has increased, but concrete action from the international community is largely absent despite common understanding that the M23 are Rwandan backed and that several thousand Rwandan army soldiers are active in the occupation. The human statistics underscore the scale of the disaster unfolding. UNHCR has stated that in Eastern DRC there are over 7 million internally displaced. The UN had two displacement camps located on the periphery of Goma with in the region of 1 million IDPs estimated to be in these camps, though after taking control of Goma in January 2025 the M23 and RDF have been forcing IDPs out of the camps, in an effort to force them to return to the areas from which they fled to escape from violence initiated by M23 and RDF. The US sponsored "Peace Agreement" signed by DRC and Rwanda in April, has not impacted on the ongoing repression of local population, nor provided any indication of a withdrawal of RDF forces, or M23 ceding control back to the DRC authorities.

In the face of multiple security challenges, Virunga and its partners continue to provide valuable support for communities and protection for much of the Park's flora and fauna. In 2024, the ICCN Rangers made well in excess of 1,000 arrests relating to illegal activities, ranging from illegal fishing and animal poaching to illegal cultivation in the Park's Territory. Rangers had multiple armed confrontations with illegal armed militia groups, however, due in part to increased security measures and protocols there were no Ranger deaths in the course of 2024. Efforts to prevent poaching of animals in the central sector have been increased to counter increasing incidences of poaching by the Mai Mai and FDLR militias. In the Northern section ICCN Rangers are providing civilian protection, supporting boundary protection and providing security at key Virunga project activity locations.

Virunga Foundation enforces high ethical standards for all of its staff, including at its subsidiaries, where all are required to sign the Foundation's code of conduct and ethics, which sets high standards for personal responsibility and behaviours. The code specifically precludes any acts of corruption, or breaches of the prevailing laws, as well as requiring compliance with Virunga Foundation's own rules and regulations. Virunga Foundation operates a complaints phone line and email address by which complaints about any aspect of the work of the organization or the behaviour of its employees can be reported. The number of this line and email address are highly publicized in all of the areas where Virunga Foundation is present, either directly or through partner organisations. In addition to this code for Virunga staff, there suppliers are also obliged to comply with minimum core labour and ethical standards as set out in contracts.

Human Rights training is provided to all Rangers on a regular basis, in accordance with UN guidelines and is a key element of Virunga Foundation's support for the Rangers. This training enables and ensures that their interventions comply with best practice with regard to observing and implementing best human rights practices. A new cohort of over 80 ICCN Rangers have undergone intensive training in 2024 and will join the existing Ranger force in early 2025, to significantly strengthen the existing Ranger force.

Sustainable Development & Poverty reduction

Virunga Energies

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Providing access to reliable and affordable energy to over 5 million people living in close proximity to Virunga National Park is one of Virunga Foundation's key development objectives. Virunga Foundation established Virunga Energies in 2013 and there has been over 155 million USD invested constructing Virunga Energies' network of hydro-electric generation and electricity distribution network with support from, the European Union, the World Bank, BII, USAID, The Howard Buffett Foundation, The Schmidt Family Foundation, and The World We Want Foundation. The provision of sustainable and reliable electricity directly supports one of Virunga Foundation's primary charitable objectives, that of development and poverty reduction. Virunga Energies' electricity provides a key resource which enables the drive and ingenuity of the local population to create new businesses. These businesses provide employment and raise living standards, creating a positive growth cycle.

A Congolese registered commercial subsidiary, Virunga Energies SAU, is run as a social enterprise, where dividends will eventually be re-invested to support both, the goal of poverty alleviation in the region and the conservation activities of the Park.

Revenue has grown significantly in recent years. In 2017 revenue was just over 1 million USD, but by 2024 has grown to 12.6 million USD, despite the major security issues experienced in the course of the year. Incidents included several occasions where the power lines to Goma were temporarily destroyed, most significantly for one week in January 2025 when the conflict in Goma resulted in the loss of all power delivery to Goma. In January 2025 the Virunga Energies transmission lines were damaged in 10 separate locations with technicians unable to access for a week due to fighting. However, when technicians were able to access the locations of the damage, power was restored in under 48 hours. The ability of Virunga Energies staff to operate and effect rapid repairs is testament to their commitment and professional ability.

Increasing revenue by over 17% year on year, (\$10.7m to \$12.6m), as was achieved in 2024, despite being a year dominated by major armed conflict, including intermittent destruction of power transmission infrastructure elements, provides a good indication of the potential for continued major sales growth.

The completion and commissioning of Rwanguba 1 in January of 2025 was a critical step for maintaining the growth in the sale of electricity, as it will deliver power to Goma, where the distribution network has been considerably expanded. With a population in excess of 2 million, demand is expected to continue to grow for the foreseeable future, both domestic and commercial/industrial. In the days immediately subsequent to the major conflict in Goma, demand had already returned to over 90% of pre-conflict levels. Rwanguba 1 will be capable of delivering 13 MW, and with the planned Rwanguba 2, increasing the generation capacity to 26 MW. One other key project essential for the delivery of increased power to Goma is the completion of the high voltage line project linking the Matebe and Rwanguba 1 powerplants to Goma. The installation of transformer sub stations on these lines in the course of 2025 will enable the transmission of the full power output of the Matebe and Rwanguba plants to Goma, including Rwanguba 2 when completed.

By the end of 2024, sustainably generated electricity was being supplied to 38,200 clients (both domestic and commercial clients), compared to 32,500 end 2023, an increase of 5,300, (over 16%), clients during 2024. The end of 2024 total comprised 35,700 domestic clients and 2,500 commercial clients, compared to 31,000 and 1,500 clients respectively in 2023.

In addition to commercial and domestic customers, free electricity is provided to thirty two public service institutions, including schools and hospitals. Free public street lighting makes a major contribution to public safety, particularly at this time of heightened security risk.

A project initiated in the course of 2023, funded by UNICEF, completed in the first half of 2024, saw the construction of a pipeline to deliver clean drinking water to thousands of internally displaced Congolese persons (IDPs), living on the outskirts of Goma, after having been displaced by the M23 illegal armed militia and the Rwandan Defence Forces. Phase one of the project was completed in the first half of 2024 and a second phase of the project completed later in 2024, with several hundred thousand people now having access to clean drinking water thanks to the hydro-engineering expertise of Virunga Energies staff. In February of 2025 the M23 destroyed UN IDP camps forcing the IDPs to flee, however, the pipeline continues to deliver water to local residents.

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Tourism

Tourism has historically played a key role in Virunga Foundation's work, providing an effective tool to communicate to an international audience the value of the Park, as well as historically being a source of income. Over the past five years, however, successive events have caused the suspension of most tourism activities in the Park. These events include in sequence, an Ebola outbreak, the COVID pandemic, followed by major security issues, largely caused by the insurgency of the M23 illegal armed group and the RDF. Tchegeza Island on Lake Kivu was the only tourism site that was able to remain active in 2024, due to the security situation having forced the closure of all other sites in 2022. Visitor numbers in 2024 were, 3,947 individuals, of whom 2,640 were Congolese, with 1,307 of other nationalities.

While the potential for tourist activity remains high, any return to earlier tourism numbers is totally dependent on a major improvement in the current security situation. No site will be reopened unless management is fully confident it is able to ensure the safety of visitors.

Virunga Development

Virunga Development, a wholly owned subsidiary of Virunga Foundation, undertakes a very wide range of development activities in the proximity of the Park. All of these development activities are fully aligned with the development and poverty reduction charitable objectives of Virunga Foundation. A summary of some of the key activities undertaken by Virunga Development in 2024 is presented in the following paragraphs. The number of jobs created by Virunga's sustainable development projects is now estimated at 20,000, which includes 7,000 jobs in SMEs enabled by Virunga Energies electricity and Virunga Development small business loans. Working with local farmer cooperatives is a key aspect of Virunga's development strategy for farmers. Several regional cooperatives, including Kawa Kanzururu (coffee & cocoa), COOPADE (coffee), Le Jardin (cocoa), and COAGES (cocoa), are receiving tailored support to strengthen governance, financial management, contract negotiations, and compliance with international traceability and certification standards.

Small Business Loans

The provision of loans to local entrepreneurs is a key initiative supporting development objectives. Loans issued in 2024 were provided by Equity bank, but backed with a guarantee from Virunga Foundation, with funding provided by the Schmidt Family Foundation. Loans are provided in an innovative manner whereby the borrower repays the loan via a small surcharge on their unit electricity cost, of electricity provided by Virunga Energies. This repayment technique means that businesses only repaying loans when they are consuming electricity, and therefore for seasonal, or other fluctuating activity businesses, repayments will be lower at times of low commercial activity.

The loans fund a very wide area of business activities, ranging across; milling, refrigeration, ovens, welding machinery, carpentry machinery, small scale manufacturing, oil presses and agricultural processing. Borrowers can access a range of development support services, including, training in marketing, communication, accounting and reporting. This training is given by local providers funded by Virunga Development using grant funding received specifically to develop sustainable local businesses. The value of loans provided at the end of 2024 was 1.5 million USD provided to in excess of 1,000 small and medium sustainable businesses. A key development in the loan area was the creation in early 2024 of a joint venture with Grameen Bank to create a much expanded microcredit operation. This joint venture was created with the involvement and support of Mohammad Yunus, the founder of Grameen Bank. Once Grameen Virunga SA receives a banking licence, it is planned that all Virunga small business loans will be provided from Grameen Virunga SA.

Business Parks

The establishment of business parks is a key activity of Virunga Development. The purpose of these business parks is to provide infrastructure to support and enable entrepreneurs to establish and grow their sustainable businesses in a secure and supported environment. There are currently three business parks,

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one in Mutwanga, Goma and Musienene. The business parks provide security, electricity, water and functional work spaces for a wide range of manufacturing and processing activities.

The most established business park being in Mutwanga, in the northern sector of the Park, which already houses successful and expanding companies, including most notably, coffee processing, chocolate production and soap manufacturing. The chocolate factory has significantly increased production capacity, as well as adding cocoa bean drying and sorting equipment. A new refinery for papain seeds has been constructed by Virunga Enzymes which will increase the value added locally. The second business park, located on the periphery of Goma was established in 2021. Despite the security challenges a new modular hangar of 800 square metres has been added to the Goma Park. The most recent addition to the business parks is a park located in Musienene, building on the success of the Mutwanga and Goma. Entrepreneurs in all locations are investing and establishing in these locations to take advantage of the security, services, logistics, as well as cost sharing benefits which these business parks provide.

Agriculture

Agriculture has an increasingly important role in Virunga's development agenda to create long term reliable employment for individuals, especially small-scale farmers, through the creation of a more stable and higher local value-added projects. A wide range of projects located adjacent to all the sectors of the Park benefit from Virunga Foundation interventions which range from the provision of education and training, the supply of seeds through to processing/production activities.

In total, over thirteen thousand households, 32 farmers' associations and six private companies in the agriculture sector benefit from Virunga's support. The project of increasing wheat production, to support local bakeries and reduce dependence on food imports is well underway. A flour mill project has been completed which will be in operation from the second half of 2025 and is capable of processing up to 50 tonnes per day. In addition to the flour mill a new biscuit factory has been constructed, as well as two industrial bakeries.

Sustainable Palm Oil

Virunga's project to revitalise old palm oil plantations through a sustainable palm oil project continues to make good progress. A new palm oil press in Mangina has been built and is operational, significantly increasing production capacity. As with the wheat project increasing local production and processing capacity reduces the requirement to import products and can provide finished products at more competitive prices than imports.

Capacity building programmes are in place for local farmers and their co-operatives, focussed among others on cooperative management and business skills to ensure the longer term sustainability of these businesses.

Coffee

The successful Virunga coffee project continues to develop and grow in sales. The project involves working closely with two partner cooperatives, with a combined total of over 10,000 participating farmers. Farmers involved in the project are provided with material and educational support, including around marketing of their products.

There are well established partnerships between the cooperatives and major international coffee buyers, Rombouts and Volcafé, facilitated with the assistance of Virunga. These partnerships have enabled small scale producers to mitigate risks through secured contracts and to capture more value by avoiding local middlemen, enabled by a 3-year agreement under the "Café des Virunga" label, which incorporates the Park's logo. The impact of training and new processing methods has resulted in international recognition of the quality of "Virunga" coffee, enabling the cooperatives to leverage their increased knowledge and proven product quality in securing improved terms with buyers, which translates to more income for farmers as well as for the creation of local jobs in the preparation process. The revenue to farmers is around 365 USD per 100kg of raw coffee beans. Once processing, marketing and export costs are included the total revenue per 100kg achieved is around 850 USD. In value added terms the total value added per 100kg is estimated at

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575 USD, of which 90 USD of value added is attributable to the farmers. The exact figures per 100kg vary dependent on current market prices.

Cocoa

The development of the “Virunga Origins”, Cocoa project which commenced commercial operations in September 2020, continued to grow its sales in 2024. The project is underpinned by working with the Sycoodep cooperative, which involves over 7,000 cacao producers in the Beni area. The project aim is to equip them with necessary skills and infrastructure to operate in a legal, transparent cacao supply chain. Virunga has established the region's first cacao fermentation centre in the Rwenzori sector for the cooperative's use. This facility allows for the immediate processing of fresh cacao, streamlining production and facilitating quicker payments for producers. Virunga has Eastern Congo's first, “from Bean to Bar” chocolate factory, adhering to international standards. This factory, featuring a fully operational solar-powered cocoa roaster with a 500-tonne annual capacity, positions it as the world's first chocolate production facility powered entirely by renewable energy. The factory also has a dedicated cocoa mass production line which will produce 600 tonnes of cocoa mass per year for the major chocolate producer Puratos.

A value-added economic study (VCA4D) found that local chocolate transformation generated 106 thousand USD in additional economic value last year. Efforts are also underway to align with the new EU ‘zero-deforestation’ regulations, to ensure that all Virunga Origins products meet sustainability criteria. Currently, 1,500 producers are registered in the iCOOP traceability system for batch production. Virunga has already supported over 1,500 cocoa farmers to obtain Rainforest Alliance certification and in excess of 7,000 becoming certified organic cocoa farmers. These certifications increase the incentive for cocoa farmers to adopt best environmental standards as certified farmers obtain materially higher prices for their products. Discussions are well advanced with the Colruyt Group (Everyday brand) and Interbio, to distribute 4–5 tonnes of chocolate in Belgium and the DRC, alongside potential exports of chia seeds and coffee.

Maize

Virunga's support provided to the maize farming sector in the Rutshuru area has transformed the local economy. The creation of 145 mills, many supported by loans from the Virunga Development loan scheme enables flour to be produced locally rather than requiring to be imported. In 2022 a 10% yield increase was achieved by farmers working with Virunga. With the war in Ukraine continuing to have a major adverse impact on food supply to Africa, causing major inflation of food process, improving the capacity to grow and process food locally is critical, and is a key objective of the EU funded food security project. Yield improvements continue to be achieved by optimisation and capacity building around processing and milling optimisation.

Fish

The fishing projects all relate to fish sourced from Lake Edward, largely focussed on enabling the creation of a “cold” value chain to increase the value of fish caught and reduce waste. The effective delivery of these projects will improve the socio-economic conditions of the local communities located adjacent to the Lake. Projects are aimed at developing the supply of fresh fish from legal fishing on the Lake, to major urban centres, notably Goma and Butembo.

A cold chain delivery logistics system including cold storage facilities, ice production and refrigerated transportation has been established. Stakeholders include, fishermen, processors, local sellers, and transporters. Virunga's collaborations have involved working with fishermen and fish processing and delivery associations. Increased conflict levels have prevented the delivery of fish to Goma, however, alternative distribution strategies are being explored to maintain access to markets.

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Fundraising

Strategy and approach

Virunga Foundation's long term funding strategy is for the Park to become self-sufficient through income generated from activities undertaken by its subsidiaries, notably Virunga Energies, rather than being dependent on external grant funding.

Significant resources, grant and loan funds are therefore invested in creating operations to generate long term reliable income sources. The major investment for income generation to date has been Virunga Energies where over 100 million USD has been invested in creating a fully vertically integrated hydro based power utility, which in 2024 generated gross revenue of 12.4 million USD, (2023 10.7 million USD).

Virunga Energies has the capacity to generate multiple times this revenue when, its 2021 commissioned plant, Luviro, significantly increases its existing customer base and as the January 2025 operationally commissioned plant Rwanguba 1 increases available capacity for Goma, removing any load shedding requirements.

Other sustainable sources of income include income generated by Virunga Development, as well as from investments in Sicovir, Chocolate and Chia seed companies, with all of these companies being customers of Virunga Energies. Recent major EU grants to support food processing under its food security programme have significant potential to significantly Virunga Development's revenues.

Fundraising Channels

While the long term strategy to achieve financial independence remains, in the medium term Virunga Foundation continues to invest in a range of fundraising activities. In recent years there has been increased investment in fundraising with additional resourcing, to support in particular, on-line giving channels. These online initiatives have generated significant increases in the level of public giving from smaller and medium donors. The increase in co-ordination of on-line giving actions with website content has proven to be an effective very low cost way of increasing online generated revenue.

Institutional and Foundation Donors

The major source of Virunga Foundation's income remains institutional and foundation donors. The composition of the large scale donor pool has developed over time and large institutional and foundation grants continue to comprise in excess of 90% of total income.

The European Union (EU) remains Virunga's principal donor, and is therefore the key partner in the supporting the charity's activities including the conservation and development of Virunga National Park. The EU supports major projects with a range of objectives including the preservation of the flora and fauna of the Park, as well as improving the quality of life for people living in the proximity of the Park. The EU support encompasses all programs: Park operations, tourism, electricity, agriculture, entrepreneurship support, etc. The level of EU support is a reflection of EU confidence in Virunga Foundation as a trusted reliable partner with a well proven track record of delivering on projects, in what is recognised internationally as a very challenging environment.

Other institutional donors include the World Bank and USAID. USAID signed its first grant contract with a value of 1.6 million USD in 2019. Due to the successful delivery on USAID project work in the first years of grant funding, USAID became the second largest Virunga donor with efforts made to ensure all their rigorous reporting requirements continued to be met. A new institutional donor INL, (a US state department body funding international initiatives,) provided over 1.5 million USD. Due to high level US political decisions

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on largely cancelling the provision of overseas aid funding the USAID funding has been withdrawn and future INL funding is at risk.

Major project funding is also raised from a number of Charitable Foundations. The pool of charitable funders includes among others, The World We Want, 11th Hour, The Schmidt Family Foundation, Re:wild and Last Chance for Animals,(LCA). Virunga Foundation holds an "Equivalency Determination" with the Schmidt Family Foundation, which recognises Virunga Foundation as being equivalent to a US charitable organisation from the perspective of a US donor, in relation to taxable deductibility of donations.

Public Fundraising

The proportion of funds raised from the general public, as indicated, is not a major fundraising mechanism but continues to generate a material revenue stream. As well as contributing unrestricted funds, public fundraising plays a major role in increasing public awareness of the unique nature of the Park and the impact of Virunga Foundation's work. In excess of 0.6 million USD was raised directly from public fundraising in 2024.

Individual donors give through a range of fundraising platforms, largely online, via providers such as Donorbox, The Giving Block, Just Giving and a Friends Fund with CAF America. The CAF Friends fund has a US charitable equivalency determination which provides individual US tax paying donors with tax deductibility for their gifts. Supporters also contribute to the Park via alternative channels such as workplace giving programs, Virunga's online stores and donating directly to Virunga Bank accounts in the UK and Belgium.

Fundraising Obligations

The Charity did not receive any complaints in the course of 2024, or up to the end of August 2025, relating to its fundraising activity. The only proactive fundraising undertaken is via a page on the website and occasional emergency appeals, also web based. Individual donations arise from general public awareness of the work of the Charity, which is created through both conventional and social media channels, as well as word of mouth. The charity does not make any unsolicited fundraising approaches to individuals via marketing tools such as, email, text, or cold calling by any method and does not engage third party fundraisers, or fundraising volunteers. Due to the international scope and nature of the Charity's operations, there are no fundraising staff employed in the UK.

Virunga Foundation is registered with the UK Fundraising Regulator. Due to the predominance of institutional and foundation grant funding, Virunga Foundation is very focussed on meeting the exacting reporting and review requirements of donors through the performance of frequent independent audits and the provision of tailored financial audit reports, as well as on generating monitoring and evaluation reports.

Investment Policy and Performance

In accordance with its Articles of Association, the charity has the power to invest funds in any manner the Trustees deem appropriate, but only after obtaining such advice, as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification.

The Trustees, taking into account liquidity required to operate the charity, have operated the practice of maintaining funds in current accounts in order to make funds available for operations at short notice. There are therefore no investments of cash made with a view to long term value growth. Available funds are rather allocated to covering operating costs and own investments in projects to increase long term sustainable income generation.

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Risk Management

Virunga Foundation's risk management approach is formalised in its Risk Management Policy approved by the Board of Trustees in 2019.

The Risk Management policy defines the risk management approach approved by the Trustees and implemented in the Foundation. The output from the risk management process is a risk register summarizing the key areas of organization risk, identifying current and proposed mitigations, to provide a post mitigation risk rating for identified risk categories. A risk appetite statement framing Virunga Foundation's risk management approach was adopted by the Foundation Board in June 2022 and reviewed most recently in April 2025.

Responsibility

Responsibility for risk management is shared among the Board of Trustees and the Management of the Foundation. The Board has the overall responsibility for reviewing risk management to ensure sound and effective risk management and internal control systems are in place.

Management's role is to design and implement these systems, and to report to the Board, and Finance & Audit Committee on the risks identified and how they are managed.

Virunga Foundation Risk Management Framework

The Finance & Audit Committee supports the Board in monitoring risk exposure and in providing input to the operating effectiveness of the underlying risk management and internal control systems. Acting on behalf of the Board, the Finance and Audit Committee oversees the following process on a regular basis;

Reviewing the principal organizational risks and control measures summary in order to mitigate or reduce such risks, assessing the strengths and weaknesses of the overall risk management and internal control systems and action plans, to address identified weaknesses or improve the assessment process,

Reviewing the business process and operations as reported by Internal Control, including action plans, to address identified control weaknesses, as well as status updates and monitoring the implementation of audit recommendations; and

Reviewing any reports from the external auditor on any control issues identified in the course of their work and discussing with the external auditor any areas of interest/concern.

The Finance & Audit Committee aims to report its findings to the Board, which then considers these findings in forming its own view on the effectiveness of the Foundation's risk management systems.

End 2024, Review of Risk Management

Virunga Foundation's activities take place in the North Kivu Province in the east of the Democratic Republic of Congo, which is a high-risk environment, both in terms of physical security, as well as for maintaining strong levels of financial control.

The critical risks to operational continuity and the measures in place to manage such risks are the following:

Security Risk

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As described throughout this Report, North Kivu is a region with an inherently high security risk due to the combination of limited law enforcement resources and a significant presence of illegal armed groups and occupying forces. These groups modus operandi comprise a range of illegal activities, including killing and terrorizing, extortion, poaching and kidnapping. Fatal attacks on the local population are frequent and ICCN Park Rangers are also sometimes directly targeted in attacks.

The allocation of resources to protect people and the Park from the activities of these illegal groups is a major element of the activity of the Park Rangers, who receive support from Virunga Foundation in their work.

On a much larger scale than all other illegal militia groups, the re-emergence in 2022 of the Rwandan backed M23 illegal militia group, and the RDF itself, has severely exacerbated the security situation, making operational activities difficult and hazardous. The M23 and RDF currently control extensive areas of the southern and central sector of the Park, (In excess of 40%). In January of 2025 the M23 and RDF took control of the city of Goma, replacing Congolese authorities. This relocation of FARDC soldiers to fight against M23 and RDF forces lead to the deployment of a significant increase in Park Rangers into the central sector, compensating for the withdrawal of FARDC. Throughout 2023, 2024 and into 2025 the M23 and RDF continue to increase the areas under their control.

There are extensive security risk mitigation measures in place including; regular intelligence gathering, co-operation with military forces, both national and the UN, and the implementation of detailed security procedures, which are regularly reviewed.

Forward operating bases have been constructed in the northern sector, which together with working with local communities and the FARDC, have increased security and hugely reduced incident response times. Emergency transmitters distributed to local communities have also contributed to reduced reaction times and significantly lower fatalities. There are a range of standard operating security procedures covering all aspects of operations, which are not static, but reviewed regularly to identify potential improvements. Despite the significant resources allocated to security and all the mitigations in place, security is and will remain the major risk facing the Charity's operations.

Political and Regulatory instability

The political and related regulatory instability prevailing in the DRC and North Kivu presents a significant risk for Virunga Foundation in its potential to influence operations in unpredictable ways. There is a relatively high degree of regulatory and legislative intervention which leads to significant compliance requirements, increasing costs, directly and indirectly, through new, or revised, legislation. Examples of specific risks include dependency on the support of the ICCN, exposure to shifting political agendas, as well as the Government regulation of the electricity sector. Electricity sales being the major future income source of Virunga Foundation from its sustainable energy subsidiary, Virunga Energies, where new taxes can and have been created and raised on Virunga Energies revenue in recent years and there is continuing potential for the implementation of new taxes.

While Virunga Foundation has 16 years of experience in managing these risks, changes in the political and regulatory environment cannot be predicted. Specific mitigation actions include integrating contracts and activities across a wide array of supportive and influential partners such as Congolese Government institutions, the European Union, United Nations agencies and development institutions in the UK, Belgium, US, and Netherlands. Senior management staff and trustees maintain regular contact with government authorities in Kinshasa and at the provincial level enabling it to maintain ongoing effective relationships. The most significant development in the past year has been the significant expansion of the area controlled by the M23 and RDF which in January 2025 included the capture of Goma with significant associated violence and ongoing persecution of local communities, which are intermittently reported by international media.

Solvency and Liquidity Risk

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The nature and location of Virunga Foundation's work, combined with its funding model (based largely on restricted project grants), means that accurately forecasting the scale and allocation of future funding much beyond a year in advance is challenging.

While the forecasting and securing of future funding has improved and sources of revenue have diversified, so the scale of activities has expanded and the level of security risk impacting on revenue generation capacity has similarly increased. Improvements to manage this risk have included a range of measures, including among others, the Finance and Audit Committee, established in 2020, which closely monitors cash flow projections and discusses with management the measures to address identified funds flow risks. Additionally, cash flow projections are now regularly updated with a future horizon of over two years, where contracted grants, plus conservatively forecast revenue from grants under negotiation, plus income from other sources, commonly represents in excess of 80% of two year forecast requirements.

There remains a strong focus on ensuring timely audits of projects to minimize any delay in receipt of subsequent funds, however, there are unavoidable timing differences between expenditure and receipt of funds in many instances. The increase in other sources of income such as, Virunga Energies income and internet donations, as well as short term financing facilities, are all key to increasing the levels of unrestricted funding to enable operational continuity.

Discussions at the Finance and Audit Committee have increased the focus at a governance level on the need to establish free reserves to manage better fluctuating fund flows from grants and loans. The requirement to establish free reserves as a priority has been identified at Board level. Establishing a level of free reserves being critical to reduce the frequency of adverse cashflow developments, which have negative impacts on the delivery of organization objectives. The creation of free reserves remains a significant challenge due to the majority of the Charity's funding being in the form of restricted grants, however, with increasing own revenue levels it is hoped that free reserve creation will become achievable in future.

Strengthening Underlying Systems

As the scale of operations expands Virunga Foundation is continually making improvements to its internal control systems. Internal control work identifies areas requiring attention and initiates appropriate mitigating actions. The resourcing of the Internal Control function is regularly reviewed in relation to the scale and scope of operations. There have been resourcing challenges in the internal control function, in part exacerbated by the security situation, however, recruitment is underway to increase the resourcing in 2025. A new ERP system was deployed in 2024 which will greatly increase the scope for establishing more effective integrated systems which will include strengthened internal control processes. While the new ERP system is now implemented, there will be ongoing work to ensure it is operating robustly and effectively, to increase operational and control performance

Financial Review

Total income from grants and donations for the year amounted to USD 36.8 million (2023: USD 48.4 million). The most material elements of this income was received in the form of grants from, EU, USAID, Re:wild, Schmidt Philanthropies and INL. The significant annual variance is due to the significant fluctuation in construction projects which are predominantly funded by grants.

Grants received are principally of a restricted nature, though all include a limited unrestricted percentage intended to cover the recognised need to contribute to general costs. Restrictions are, however, generally quite broad, for example EU grants covering Park operating costs. The EU is the largest single provider of donor funding to Virunga Foundation and has provided several large multi-year grants, across all key areas of operation and development, including, Park Support, Lake protection, Agricultural development, Wildlife trafficking, Transboundary conservation, as well as multiple grants to support the sustainable energy project managed by VE. These grants cover periods of between 2 and 7 years, with grants totalling in excess of 100 million USD having been awarded in recent years.

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USAID's first grant to Virunga Foundation was signed in 2019. The relationship with USAID had proven positive with a third grant for 2023 of 4.2 million USD obtained, however, a change in US Government policy on foreign aid meant funding was cut off early in 2025 with only amounts for already completed work being paid in the course of 2025.

The main source of income apart from charitable grants and donations is the commercial revenue generated by Virunga Energies, whose activities are described earlier in the report. Revenue growth in Virunga Energies continues a strong upward trajectory, having increased to 12.4 million USD in 2024 from 10.7 million USD in 2023, an annual increase in excess of 15%.

The total spent on charitable activities in 2024 was USD 33.1 million (2023: USD 23.7 million) which relates primarily to the costs of protecting the Virunga National Park and expenditure on supporting ICCN Rangers. Expenditure on raising funds in 2024 amounted to USD 18.3 million (2023: USD 13.8 million), of which 76% was spent on the development and operation of the hydropower infrastructure of Virunga Energies.

Fixed assets comprise principally of the hydropower plants and electricity distribution networks. Total net tangible fixed assets at 31 December 2024 amounted to USD 125.9 million (2023: USD 119.0 million). In accordance with UK accounting standards construction costs have been capitalised and are disclosed as fixed assets.

The net surplus for the year 2024 was USD 3.1 million (2023: USD 26.3 million). The restricted and unrestricted funds at year-end 2024 amounted to USD 53.1 million and USD 50.9 million respectively (2023: USD 52.3 million and USD 48.6 million respectively).

In addition to grants and donations, Virunga Foundation uses short-term and long-term debt facilities to fund its operations. Creditors falling due within one year at 31 December 2024 amounted to USD 33.3 million (2023: USD 32.2 million). At year end 31 December 2024 long-term debt amounted to USD 15.2 million (2023: USD 20.1 million), with the largest lender, in excess of two thirds of total long term debt being the UK-based development bank, British International Investment plc, (BII), formerly known as CDC.

Virunga Energies has a significant USD 95.2 million intercompany debt to Virunga Foundation at the end of December 2024, based on loans provided to enable the creation of its vertically integrated energy operations (2023: USD 93.9 million). These operations cover the entire value chain, from power plant construction, through generation and distribution, to customer sales. With Virunga Energies operations now generating positive cashflows, it is expected that repayments towards this debt will commence in the short to medium term. However, there is no short term pressure on Virunga Foundation to receive material repayments on this debt, due to its ongoing effective external fundraising performance.

A prior year adjustment was made in respect of the aircraft. as recorded in the prior year adjustment note in the accounts. This adjustment was made to record aircraft acquired between 2015 and 2023 which were not previously recorded within fixed assets.

Reserves

Virunga Foundation receives very low levels of unrestricted funding in relation to its largely restricted grant income. This income pattern, together with the significant resources required for operational activities, typically not funded by unrestricted income, has made it very challenging to establish unrestricted reserves.

As background, all of the material projects and activities of Virunga Foundation require a substantial security infrastructure, the costs of which are not all covered by restricted project income, which effectively means a significant percentage of unrestricted income is required to support projects funded by restricted income.

While the Trustees continue to review how Virunga can in future generate unrestricted cash reserves, to a level acceptable to beneficiaries and partners, as well as in line with good practice, this remains a major challenge. 2023, 2024, and into 2025, have been dominated by the ongoing major security issues resulting

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from the invasion and occupation of large areas of North Kivu by the M23 and RDF, which has largely shut down Tourism operations and adversely impacted on multiple operations. The security situation, with its adverse impact on income generating activities, as well as on requiring additional expenditure, has limited the scope for the planned establishment of reserves. While the ultimate aim remains to develop free reserves over time for Virunga Foundation, sufficient to cover the value of at least half a year of operational costs, this will require an increase in the level of unrestricted funds raised and most likely require a period of greater security and stability.

In future, efforts to increase fundraising channels will be key to creating the opportunity for establishing reserves through unrestricted income, including specifically Virunga Energies, which, as described in this report, continue to achieve impressive revenue growth in spite of the current security situation and is expected to make substantial contributions towards group operating costs in the coming years.

As at 31 December 2024 the total consolidated funds held by the Group amounted to USD 104.0 million (2023: USD 100.9 million), comprising unrestricted funds of USD 50.9 million (2023: USD 52.3 million) and restricted funds of USD 53.1 million (2023: USD 48.6 million).

Going concern and uncertainties

Virunga Foundation operates in the North Kivu region of DRC, an area currently with very high inherent risks. The substantial re-emergence in 2022 of the M23 illegal armed militia and the RDF in North Kivu after an absence of 10 years, when Goma was last under illegal foreign occupation, represents the major constraint and risk to operations. With the M23 and RDF now in control of Goma, the impact on the southern sector of Virunga National Park and surrounding areas, including on Goma, has been catastrophic for the local population. The UN is describing the situation in Eastern DRC as a humanitarian catastrophe with millions of IDPs constantly having to move to try and escape from the expanding annexation by the M23 and RDF.

While severely challenging situations often arise which could have severe adverse impacts on the Charity's operating environment, the Charity has a long and well established record of being able to continue to operate and grow despite the challenges. Many of the Charity's large donors, institutional and charitable, regularly react to challenging situations which arise through additional support. Therefore, in assessing any going concern risk in the context of unforeseen adverse developments, it is important to take in to account the Charity's very well established record of being able to attract additional funding in emergency and crisis situations, as well as its ability to navigate complex political and operational situations.

From a financial liquidity perspective, a number of project activities require to be pre-financed before funding is received, often on the basis of the completion of an audit to confirm past expenditure was valid. The complex negotiation and approval processes often mean that even after initial agreement for new grants has been achieved, it can take several months to receive the funds, on dates which are difficult to forecast. For example, whilst Virunga's relationship with its largest funder, the EU is good, the EU is a complex organisation requiring the careful managing of relationships and co-ordination with representatives in both Brussels and Kinshasa.

Additionally, EU funding often requires approval by DRC authorities before remittance. While the process can be protracted and exact finalisation date of the various grants difficult to predict precisely, giving rise to short term funding challenges, the track record of attracting consistent and increased funding is well established and proven. Specific examples of methods to address these cash flow timing issues includes the use of both bridging loans and credit lines, which the Charity has shown to manage effectively over a number of years.

The forecast level of grants and other income is considered adequate to fund operational requirements for beyond the next two years, the exact timing of finalisation of agreements and receipt of funds can occasionally pose challenges for the Charity in terms of cash flow management. Experience clearly proves that Virunga is well able to manage short term cash flow issues as previously described, avoiding material impact on plans.

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From a governance perspective the Finance and Audit Committee is actively engaged with management on the approval of any short term funding “bridges”, which may be required to manage cash flows, which though adequate to fund operations on an annual basis, as described, may potentially face short term challenges.

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves, which is recognised as an ongoing challenge. The generation of unrestricted income from among others, as indicated, the sale of sustainably generated electricity is a key identified future mechanism to build up a level of free reserves. The creation of reserves remains a priority for the Board.

In the first half of 2024, two major new EU grants were finalised, NDICI-3, (which includes funding for Rwanguba 2) and Resilience grant, with a total value of approximately 77.5 million USD. The first tranches of these two grants, totalling 43.2 million USD, were received in first half of 2025. In addition, negotiations on an EU Global Gateway grant for the Green Corridor project are at an advanced stage and expected to be finalised in 2025. The value of the Global Gateway grant is expected to be 50 million USD, with an initial tranche of 25 million USD expected to be received in January of 2026.

Conservative revenue projections, based on secured and almost secured grants, public fundraising and own revenue generation, indicate that revenue levels are adequate to secure planned activities through to mid-2027. In addition to multiple major funding agreements and projected own income generation, management maintains contingency plans identifying where expenditure can be reduced with minimal operational impact, should projected income targets not be met.

While any material reduction in planned expenditure due to any unforeseen significant revenue flow reduction would impact on planned development objectives, management is confident of its ability to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that under foreseeable scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

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Trustees' Responsibilities Statement

The Trustees (who are also directors of Virunga Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In approving this report, the Board of Trustees is also approving the Strategic Report included here in their capacity as company directors. This report was approved by the Trustees on 25 September 2025 and signed on their behalf by:



Jan Bonde Nielsen,
Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2024

Opinion

We have audited the financial statements of Virunga Foundation ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2024

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 27 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2024**

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and taxation legislation, together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing of grant income, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2024**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London, UK

30 September 2025

VIRUNGA FOUNDATION
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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unrestricted funds	Endowment and Restricted Funds	2024	2023 as restated
		\$	\$	\$	\$
Income from:					
Grants and donations	2	823,935	35,953,025	36,776,960	48,389,033
Income from charitable activities	3	85,687	257	85,944	120,511
Other trading activities	4	17,216,356	-	17,216,356	14,428,278
Investment income		<u>489,511</u>	<u>-</u>	<u>489,511</u>	<u>398,596</u>
Total income		<u>18,615,489</u>	<u>35,953,282</u>	<u>54,568,771</u>	<u>63,336,418</u>
Expenditure on:					
Raising funds	5				
- operational costs of hydro power plants		13,876,362	-	13,876,362	9,890,187
- other trading activities		4,410,961	-	4,410,961	3,424,302
Charitable activities	6	<u>184,176</u>	<u>32,919,684</u>	<u>33,103,860</u>	<u>23,736,418</u>
Total expenditure		<u>18,471,499</u>	<u>32,919,684</u>	<u>51,391,183</u>	<u>37,050,907</u>
Net income	7	143,990	3,033,598	3,177,588	26,285,511
Transfers between funds	16	<u>(1,441,581)</u>	<u>1,441,581</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(1,297,591)</u>	<u>4,475,179</u>	<u>3,177,588</u>	<u>26,285,511</u>
Deficit / (Surplus) attributable to non-controlling Interest		<u>(33,678)</u>	<u>-</u>	<u>(33,678)</u>	<u>56,864</u>
Net movement in funds attributable to the Group		<u>(1,331,269)</u>	<u>4,475,179</u>	<u>3,143,910</u>	<u>26,342,375</u>
Reconciliation of funds:					
Total funds brought forward		<u>51,360,358</u>	<u>48,633,808</u>	<u>99,994,166</u>	<u>74,089,191</u>
Prior year adjustment – Capitalised aircraft		<u>914,100</u>	<u>-</u>	<u>914,100</u>	<u>476,700</u>
Total funds carried forward	16	<u>50,943,189</u>	<u>53,108,987</u>	<u>104,052,176</u>	<u>100,908,266</u>

All activities relate to continuing operations.

Included within endowments and restricted funds is \$26k relating to an endowment fund set up for Fallen Rangers (2023: \$26k).

The notes on pages 36 to 58 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023 as restated
		\$	\$
Fixed assets			
Intangible assets	9	1,901,221	2,116,283
Tangible assets	10	125,853,520	119,039,807
Investments	11	<u>44,293</u>	<u>46,080</u>
		127,799,034	121,202,170
Debtors: amounts falling due after more than one year	12	186,000	344,568
Current assets			
Stock		7,759,189	8,353,881
Debtors: amounts falling due within one year	13	17,490,316	17,915,906
Cash at bank and in hand		<u>879,870</u>	<u>6,903,511</u>
		26,129,375	33,173,298
Creditors: amounts falling due within one year	14	<u>(33,314,709)</u>	<u>(32,205,083)</u>
Net current assets / (liabilities)		<u>(7,185,334)</u>	<u>968,215</u>
Total assets less current liabilities		120,799,700	122,514,953
Creditors: amounts falling due after more than one year	14	(15,222,276)	<u>(20,115,117)</u>
Net assets		<u>105,577,424</u>	<u>102,399,836</u>
Group Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	53,083,154	48,607,975
Unrestricted funds	16	50,943,189	<u>52,274,458</u>
Total funds of the charitable group		<u>104,052,176</u>	<u>100,908,266</u>
Non-controlling interest		1,525,248	1,491,570
Total Funds		<u>105,577,424</u>	<u>102,399,836</u>

The financial statements were approved and authorised by the Trustees on 25 September 2025 and signed on their behalf by:



Jan Bonde Nielsen, Chairman

The notes on pages 36 to 58 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	2023 as restated
		\$	\$
Fixed assets			
Intangible fixed assets	9	-	-
Tangible assests	10	1,218,450	914,100
Investments	11	<u>294,667</u>	<u>294,667</u>
		1,513,117	1,208,767
Debtors: amounts falling due after more than one year	12	97,645,770	96,386,274
Current assets			
Debtors: amounts falling due within one year	13	27,771,643	24,813,986
Cash at bank and in hand		<u>190,625</u>	<u>5,624,862</u>
		27,962,268	30,438,848
Creditors: amounts falling due within one year	14	<u>(33,431,952)</u>	<u>(29,874,078)</u>
Net current assets		<u>(5,469,684)</u>	<u>564,770</u>
Total assets less current liabilities		<u>93,689,203</u>	<u>98,159,811</u>
Creditors: amounts falling due after more than one year	14	<u>(3,494,472)</u>	<u>(4,651,959)</u>
Net assets		<u>90,194,731</u>	<u>93,507,852</u>
Charity Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	32,470,020	31,048,441
Unrestricted funds	16	<u>57,698,878</u>	<u>62,433,578</u>
Total funds		<u>90,194,731</u>	<u>93,507,852</u>

The deficit for the financial year dealt with in the financial statements of the parent company was \$3,313,121 (2023: deficit \$8,549,674).

The financial statements were approved by the Trustees on 25 September 2025 and signed on their behalf, by:



Jan Bonde Nielsen, Chairman.

Company number: 05598718

The notes on pages 36 to 58 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024	<i>2023 as restated</i>
		\$	\$
Cash flows from operating activities:			
Net cash provided by operating activities	18	4,824,976	<i>7,009,348</i>
Cash flows from investing activities:			
Interest received		489,511	<i>398,596</i>
Acquisition of subsidiary		-	<i>-</i>
Purchase of intangible fixed assets		(339,904)	<i>(227,843)</i>
Disposal of intangible fixed assets		639,379	<i>49,713</i>
Purchase of tangible fixed assets		<u>(13,139,687)</u>	<i><u>(18,334,007)</u></i>
Net cash used in investing activities		<u>(12,350,701)</u>	<i><u>(18,113,541)</u></i>
Cash flows from financing activities:			
Repayments of borrowings		(4,247,916)	<i>(1,283,955)</i>
Cash inflows from new borrowing		<u>5,750,000</u>	<i><u>-</u></i>
Net cash provided by financing activities		<u>1,502,084</u>	<i><u>(1,283,955)</u></i>
Change in cash and cash equivalents in the year		<u>(6,023,641)</u>	<i><u>(12,388,148)</u></i>
Cash and cash equivalents brought forward		<u>6,903,511</u>	<i><u>19,291,659</u></i>
Cash and cash equivalents carried forward	19	<u>879,870</u>	<i><u>6,903,511</u></i>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company has adapted its balance sheet, as permitted by the regulations, to show debtors greater than one year as a separate line and not within current assets.

Virunga Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

Virunga Foundation operates in North Kivu, a region with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities, however, it is the reality that when emergency situations arise, unbudgeted material donations from established funders are invariably received. The global food security crisis being one such example, where a major EU grant has been received to help alleviate the impact of global food shortages in the region by investing in the creation of significant local food production and processing capacity.

The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, the mitigations for which are necessarily limited.

The physical and political risk environments overlap and interact with the financial and funding risk environments, though as indicated above, material unbudgeted funding is frequently received when unforeseen events arise, be they environmental, health or security related. Virunga Foundation is highly dependent on a limited, though increasing number of large grants to fund its operations. The timing of the initial receipt of these grants and subsequent tranches, is critical in ensuring there is adequate funding to support operations and to maintain ongoing operations, as well as to enable the implementation of key projects. Work has been done by management, with the support of the finance and audit committee, to increase the level of scrutiny and planning, to minimise risks of liquidity issues. This includes being able to access "bridge" funding, which one substantial lender has indicated a willingness to provide.

The key security challenges as described in the Trustees report relate to the significantly increased illegal armed group activities, in particular those of the M23 illegal armed group which has occupied large areas of North Kivu, including the southern sector of the Virunga National Park. The activities of M23 and other groups has lead to the displacement estimated at over 2.5 million persons, which exacerbates instability and extreme humanitarian suffering in the region, including high risks of disease outbreaks, such as cholera. As part of its charitable objective Virunga Foundation allocates resources when possible, in an effort to reduce suffering, such as the construction of a potable water drinking pipeline to the outskirts of Goma.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting Policies (continued)

1.2 Going concern (continued)

The forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, based on the already existing secured and almost secured grants. The forecast level of grant income is considered conservative, not including grants still to be negotiated in the course of the next two years. In addition management has prepared an austerity scenario budget which could be implemented with reduced expenditure, in case of an unforeseen emergency situation arising. The requirement to implement such a budget is considered unlikely, but provides confidence in the capacity of the Charity to survive an emergency event.

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves. The generation of unrestricted income from among others, the sale of sustainably generated electricity is one of the future mechanisms identified to build up a level of free reserves. However, to date unrestricted income has been required to fund ongoing operations. The creation of reserves remains a priority for the Trustees. The Trustees are satisfied that under foreseeable scenarios the Charity will have adequate funds to continue with its operations for the longer term, but specifically for the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met. While reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that in most scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on the going concern basis.

1.3 Basis of consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

Virunga Energies SAU Limited, & Virunga Foundation Limited (Dormant Kenyan entities), Virunga Belgique SRL Limited, Société Provinciale d'Eau et d'Electricité du Nord-Kivu (SPEENK), Virunga Origins and Grameen Virunga have been excluded from the consolidation as their inclusion is not material for the purpose of giving a true and fair view individually and in aggregate as permitted by section 405 of the Companies Act 2006.

The nature and purpose of all related entities are included on pages 5 to 8 of the trustees' report.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.4 Group status

The company is a company limited by guarantee. The members of the company are certain of the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 in total.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting Policies (continued)

1.5 Reporting Currency

The functional and reporting currency used by the charity and group is United States Dollars and hence these accounts are reported in this currency.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent assets retained for the benefit of the charity as a capital fund. Details of the nature and purpose of each endowment fund is set out in note 16. The expendable endowment fund represents a fund from which capital and interest can be drawn down for unrestricted use.

1.7 Incoming resources

Income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations of cash, which include regular giving, public donations and appeals, are recognised as income once the company has the right to receive the donation, it is probable that the economic benefits will be received, and the amount of the donation can be measured reliably.

Incoming resources are deferred only when the donor has imposed preconditions on the expenditure of resources. Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Trading and other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Income from the provision of electricity is recognised by Virunga Energies upon delivery of service, based on meter readings or prepaid sales, reflecting the transfer of control to the customer.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting Policies (continued)

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.9 Intangible and tangible fixed assets

Expenditure on capital items for the parent charity is generally written off to the SOFA on the basis that the items acquired/constructed are for the benefit of the community/specific project and therefore they will not generate any future economic benefit for the charity.

Intangible and tangible fixed assets in respect of the subsidiary entities are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	0-5% straight line
Plant, machinery and equipment	-	4% straight line
Motor vehicles (excl. Aircraft)	-	25% straight line
Motor vehicles- Aircraft	-	10-20% straight line
Computer equipment	-	20-33% straight line
Other fixed assets	-	20% straight line
Intangible fixed assets (excl. cryptocurrencies)	-	20%-33% straight line

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

Cryptocurrencies are held on the balance sheet as intangible assets, and are accounted for under the revaluation model, and are initially recognised at cost. They are subsequently carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting Policies (continued)

1.10 Investments

Investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are valued at cost less provision for impairment.
- (ii) **Social investments**
Social investments are initially recognised at cost, with the carrying amount adjusted each year to reflect additional amounts invested, any repayments and accrued interest, and are assessed for impairment on an annual basis.

1.11 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.13 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.15 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Accounting Policies (continued)

1.16 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.17 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.18 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

1.19 Stocks

Stocks represents parts and consumables held in respect of the hydropower stations, and are measured at the lower of cost adjusted, when applicable, for any loss of service potential and replacement cost.

1.20 Accounting estimates and key judgements

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The significant areas of estimate and judgement include the remaining useful life of assets, impairment of assets and the recognition of grant income. Related accounting policies for these items are noted above.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

2. Voluntary income

	Unrestricted funds	Restricted and Endowment funds	Total funds	<i>Total funds</i>
	2024	2024	2024	<i>2023 as stated</i>
	\$	\$	\$	\$
Donations	616,731	68,836	685,567	2,759,595
Grants	<u>207,204</u>	<u>35,884,189</u>	<u>36,091,393</u>	<u>45,629,438</u>
	<u>823,935</u>	<u>35,953,025</u>	<u>36,776,960</u>	<u>48,389,033</u>

In 2023, of the total income from grants and donations, \$3,100,887 was to unrestricted funds and \$45,288,146 was to restricted funds.

3. Incoming resources from charitable activities

	Unrestricted funds	Restricted funds	Total funds	<i>Total funds</i>
	2024	2024	2024	<i>2023</i>
	\$	\$	\$	\$
Lodge income	75,504	-	75,504	116,229
Other income	<u>10,183</u>	<u>257</u>	<u>10,440</u>	<u>4,282</u>
	<u>85,687</u>	<u>257</u>	<u>85,944</u>	<u>120,511</u>

In 2023, of the total other incoming resources, \$120,012 was to unrestricted funds and \$499 was to restricted funds.

4. Trading income

	Unrestricted funds	Restricted funds	Total funds	<i>Total funds</i>
	2024	2024	2024	<i>2023</i>
	\$	\$	\$	\$
Royalty income	542	-	542	743
Provision of electricity	12,399,439	-	12,399,439	10,465,865
Rent received and other trading income	<u>4,816,375</u>	<u>-</u>	<u>4,816,375</u>	<u>3,961,670</u>
	<u>17,216,356</u>	<u>-</u>	<u>17,216,356</u>	<u>14,428,278</u>

In 2023, of the total income from other trading activities, \$14,428,278 was to unrestricted funds and \$nil was to restricted funds.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

5. Expenditure on raising funds

	Staff costs	Other direct costs	Total funds	<i>Total funds</i>
	2024	2024	2024	<i>2023</i>
	\$	\$	\$	\$
Hydro power plant operational costs	5,578,946	8,297,416	13,876,362	<i>9,890,187</i>
Other trading activities	-	4,410,961	4,410,961	<i>3,861,702</i>
	<u>5,578,946</u>	<u>12,708,377</u>	<u>18,287,323</u>	<i><u>13,751,889</u></i>

In 2023, of the total expenditure on raising funds, \$13,954,490 was for unrestricted funds and \$(202,601) was for restricted funds.

6. Analysis of expenditure on charitable activities

	Staff costs	Other direct costs	Support costs	Total	<i>Total</i>
	2024	2024	2024	2024	<i>2023</i>
	\$	\$	\$	\$	\$
Agriculture and development	1,151,549	9,309,696	42,571	10,503,816	<i>3,878,146</i>
Protection of Virunga National Park	<u>2,994,437</u>	<u>19,494,574</u>	<u>111,033</u>	<u>22,600,044</u>	<i><u>19,858,272</u></i>
	<u>4,145,986</u>	<u>28,804,270</u>	<u>153,604</u>	<u>33,103,860</u>	<i><u>23,736,418</u></i>

In 2023, of the total expenditure, \$3,440,936 was expenditure from unrestricted funds and \$20,295,482 was expenditure from restricted funds.

Included in support costs are foreign exchange losses of \$72,536 (2023: \$34,454) and governance costs of \$108,100 (2023: \$334,345).

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

7. Net incoming resources

This is stated after charging:

	2024	<i>2023 as stated</i>
	\$	\$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	76,536	46,500
Fees payable to the company's auditor and its associates in respect of:		
- Non-audit services	750	-
Depreciation of tangible fixed assets owned by the charitable group	5,534,983	5,126,432
Amortisation of intangible fixed assets owned by the charitable group	139,287	223,700

During the year, no Trustees received any remuneration for their services as a trustee (2023: \$nil).

During the year, no Trustees received any benefits in kind (2023: \$nil). No Trustee received reimbursement of expenses in the current year (2023: No Trustees - \$nil). Other transactions with Trustees are detailed in Note 21.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

8. Staff costs

Staff costs were as follows:

	2024	<i>2023</i>
	\$	\$
Wages and salaries	<u>16,633,280</u>	<i><u>14,561,492</u></i>

The average number of persons employed by the company during the year was as follows:

	2024	<i>2023</i>
	No	<i>No</i>
Charitable activities	547	<i>546</i>
Other trading activities	172	<i>135</i>
Hydropower	<u>290</u>	<i><u>280</u></i>
	1,009	<i>961</i>

Staff costs above are inclusive of amounts paid by the Charity to the Park Rangers, who are employed by ICCN (the DRC governmental department in charge of the Park). As they are not employees of the Charity the Rangers are not included in the average number of staff figures above.

The number of higher paid employees was:

	2024	<i>2023</i>
	No	<i>No</i>
In the band £60,001 - £70,000 (\$76,723 - \$89,509)	1	<i>3</i>
In the band £70,001 - £80,000 (\$89,510 - \$102,296)	0	<i>0</i>
In the band £80,001 - £90,000 (\$102,297 - \$115,083)	1	<i>1</i>
In the band £90,001 - £100,000 (\$115,084 - \$127,870)	0	<i>0</i>
In the band £100,001 - £110,000 (\$127,871 - \$140,657)	0	<i>0</i>
In the band £110,001 - £120,000 (\$140,658 - \$153,444)	0	<i>0</i>
In the band £120,001 - £130,000 (\$153,445 - \$166,231)	1	<i>1</i>

The key management personnel of the charity comprise the trustees and the senior management team. The total amount of employee benefits received by the senior management team for their services to the charity was \$1,193,269 (2023: \$1,146,653). The trustees receive no remuneration or benefit from the charity for acting as trustees.

Included within wages and salaries above is \$NIL (2023: \$NIL) in respect of redundancy payments.

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9. Intangible fixed assets

	Group Goodwill	Group Computer software	Group Other fixed assets	Group Total
Group	\$	\$	\$	\$
Cost				
At 1 January 2024	54,708	1,683,913	3,510,256	5,248,877
Additions	-	38,899	301,005	339,904
Disposals	-	-	(639,379)	(639,379)
At 31 December 2024	<u>54,708</u>	<u>1,722,812</u>	<u>3,171,882</u>	<u>4,949,402</u>
Depreciation				
At 1 January 2024	-	239,883	2,892,711	3,132,594
Charge for the year	-	-	139,287	139,287
Depreciation on Disposals	-	-	(223,700)	(223,700)
At 31 December 2024	<u>-</u>	<u>239,883</u>	<u>2,808,298</u>	<u>3,048,181</u>
Net book value				
At 31 December 2024	<u>54,708</u>	<u>1,482,929</u>	<u>363,584</u>	<u>1,901,221</u>
At 31 December 2023	<u>54,708</u>	<u>1,444,030</u>	<u>617,545</u>	<u>2,116,283</u>

Other Intangible assets comprise engineering and stability studies, as well as the design, site management, and commissioning of substations in Goma and Matebe. These assets support the long-term development of the region's energy infrastructure.

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10. Tangible fixed assets

	Land and buildings	Plant and machinery	Motor vehicles	Computer equipment	Motor vehicles- Aircraft as restated	Other fixed assets	Total as restated
Group	\$	\$	\$	\$	\$	\$	\$
Cost as restated							
At 1 January 2024	89,967,883	49,636,517	5,727,532	1,415,760	1,188,500	317,147	148,253,339
Additions	8,764,100	3,754,674	27,905	157,858	403,000	32,150	13,139,687
Disposals	(876,168)	-	(81,715)	(4,668)			(962,551)
Foreign exchange movement	(27,810)	(113)		(105)			(28,028)
At 31 December 2024	<u>97,828,005</u>	<u>53,391,078</u>	<u>5,673,722</u>	<u>1,568,845</u>	<u>1,591,500</u>	<u>349,297</u>	<u>160,402,447</u>
Depreciation							
At 1 January 2024	12,021,159	10,723,153	5,038,618	1,005,707	274,400	150,495	29,213,532
Additions	3,242,559	1,705,797	123,207	364,770	98,650	-	5,534,983
Disposals	(196,291)	-		-	-	-	(196,291)
Foreign exchange	(3,082)	(113)	-	(102)	-	-	(3,297)
At 31 December 2024	<u>15,064,345</u>	<u>12,428,837</u>	<u>5,161,825</u>	<u>1,370,375</u>	<u>373,050</u>	<u>150,495</u>	<u>34,548,927</u>
Net book value							
At 31 December 2023 as restated	<u>77,946,724</u>	<u>38,913,364</u>	<u>688,914</u>	<u>410,053</u>	<u>914,100</u>	<u>166,652</u>	<u>119,039,807</u>
At 31 December 2024	<u>82,763,660</u>	<u>40,962,241</u>	<u>511,897</u>	<u>198,470</u>	<u>1,218,450</u>	<u>198,802</u>	<u>125,853,520</u>

Included in the above are fixed assets under the course of construction of \$21,856,372 (2023: \$27,138,120).

Included in land and buildings is freehold land at cost of \$1,288,219 (2023: \$1,250,766) which is not depreciated.

Other fixed assets primarily relate to technical installations supporting the expansion of the Goma hydropower network. These include infrastructure and equipment investments aimed at improving energy generation and distribution capacity.

The cost and depreciation brought forward has been restated owing to the prior year adjustment disclosed in Note 22 to these financial statements.

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11. Fixed asset investments

Group	Other investments \$
Cost	
At 1 January 2024	46,080
Foreign exchange movement	<u>(1,787)</u>
At 31 December 2024	<u>44,293</u>

Group investments at cost comprise:

	2024 \$	2023 \$
Listed investments at market value		-
Other fixed asset investments	<u>44,293</u>	<u>46,080</u>
	<u>44,293</u>	<u>46,080</u>

All the other fixed asset investments are held in Belgium by Virunga SRL, the fully owned subsidiary of Virunga Foundation.

Company	Shares in group undertakings \$
Cost	
At 1 January 2024 and 31 December 2024	<u>294,667</u>

Company investments at cost comprise:

	2024 \$	2023 \$
Investment in subsidiaries	<u>294,667</u>	<u>294,667</u>

Details of the principal subsidiaries and associates can be found under note number 21.

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12. Debtors due after more than one year

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Deferred tax asset	-	344,568	-	-
Other Debtors	186,000	-	-	-
Virunga SRL	-	-	2,057,663	1,959,679
Virunga Energies SAU	-	-	95,185,438	93,875,344
Sicovir SARL	-	-	402,669	551,251
	<u>186,000</u>	<u>344,568</u>	<u>97,645,770</u>	<u>96,386,274</u>

The movement in value for the year was as follows:

	\$
Value at 1 January 2024	96,386,274
Additional loans	1,791,158
Repayments	(639,284)
Accrued interest	<u>107,622</u>
Value at 31 December 2024	<u>97,645,770</u>

13(a). Current Assets – Stocks

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Raw materials and consumables	7,535,915	8,032,544	-	-
Finished goods and goods for resale	<u>223,274</u>	<u>321,337</u>	-	-
	<u>7,759,189</u>	<u>8,353,881</u>	<u>-</u>	<u>-</u>

13(b). Current Assets - Debtors

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Due within one year				
Trade debtors	3,391,022	2,048,837	-	-
Amounts owed by group undertakings	484,553	184,669	14,757,935	12,562,322
Other debtors	3,046,167	5,342,831	2,406,588	1,449,136
Prepayments and accrued income	<u>10,568,574</u>	<u>10,339,569</u>	<u>10,607,120</u>	<u>10,802,528</u>
	<u>17,490,316</u>	<u>17,915,906</u>	<u>27,771,643</u>	<u>24,813,986</u>

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14. Creditors:
Amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Bank loan and overdrafts	8,459,556	3,828,694	-	-
Other loans	2,162,903	249,221	2,162,903	249,221
Trade creditors	4,112,776	4,316,153	451,186	63,789
Social security and other taxes	148,230	694,981	137,887	120,737
Amounts owed to group undertakings	-	-	15,652,822	9,522,233
Taxation	2,338,491	-	-	-
Other creditors	2,092,154	1,170,003	1,033,917	1,035,649
Accruals and deferred income	<u>14,000,599</u>	<u>21,946,031</u>	<u>13,993,237</u>	<u>18,882,449</u>
	<u>33,314,709</u>	<u>32,205,083</u>	<u>33,431,952</u>	<u>29,874,078</u>

Amounts falling due after one year

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Deferred income	-	-	-	-
Other loans	3,634,091	4,651,959	3,494,472	4,641,959
Bank loans	<u>11,588,185</u>	<u>15,463,158</u>	<u>-</u>	<u>-</u>
	<u>15,222,276</u>	<u>20,115,117</u>	<u>3,494,472</u>	<u>4,641,959</u>

Analysis of loans -

Amounts falling due within 1 year	10,622,459	4,317,986	2,162,903	249,221
Amounts falling due within 1-2 years	5,525,486	6,116,933	1,753,856	1,157,487
Amounts falling due within 2-5 years	7,089,017	9,414,091	1,880,235	3,494,471
Amounts falling due after more than 5 years	<u>2,607,772</u>	<u>4,344,022</u>	<u>-</u>	<u>-</u>
	<u>25,844,734</u>	<u>24,193,032</u>	<u>5,796,994</u>	<u>4,901,179</u>

Bank and other loans comprise the following -

- A \$9m loan from BII repayable over the period ending 31 December 2026. Interest is charged at 5% per annum interest plus an additional 1% per annum commitment fee interest. At 31 December 2024, \$5.2m of this loan is outstanding.
- A \$2.5m loan from Illeros Limited repayable over the period ending 31 December 2026. Interest is charged at 2% per annum. At 31 December 2024, \$1.2m of this loan is outstanding.
- A \$4.9m loan from Schmidt Family Foundation repayable over the period ending 31 December 2028. Interest is charged at 0.25% per annum. At 31 December 2024, \$4.7m of this loan is outstanding.
- A \$10.3m loan from BII repayable over the period ending 30 June 2031. Interest is charged at 6% per annum. At 31 December 2024, \$10.1m of this loan is outstanding.
- A total of \$2.25m in short term unsecured loans from Maskrosen Invest AB. Interest is charged at 2% per annum. At 31 December 2024, \$1m of this loan is outstanding.
- A \$3.5m loan from BII repayable over the period ending 31 December 2031. Interest is charged at 7% per annum. At 31 December 2024, \$3.5m of this loan is outstanding.

Virunga Foundation has also provided a guarantee to Equity Bank in respect of development loans previously issued by Virunga Developments which were purchased by Equity Bank in 2020. At 31 December 2024 the guarantee amounted to \$272k, for which a corresponding amount is held in a separate bank account.

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15. Deferred taxation

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
At beginning of year	344,568	<i>385,690</i>	-	-
Added/(released) during the year (P&L)	<u>(344,568)</u>	<i><u>(41,122)</u></i>	-	-
At end of year	<u>-</u>	<i><u>344,568</u></i>	<u>-</u>	<i><u>-</u></i>

The deferred taxation balance is made up as follows:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Accelerated capital allowances	<u>-</u>	<i><u>344,568</u></i>	<u>-</u>	<i><u>-</u></i>

16. Statement of funds

	Brought forward as restated	Income	Expenditure	Transfers & other gains	Carried forward
	\$	\$	\$	\$	\$
Unrestricted funds					
General funds	<u>52,274,458</u>	<u>16,540,936</u>	<u>(16,430,624)</u>	<u>(1,441,581)</u>	<u>50,943,189</u>
Restricted funds					
Protection of Virunga National Park	<i>13,369,740</i>	<i>21,407,583</i>	<i>(22,615,187)</i>	<i>1,375,238</i>	<i>13,537,374</i>
Agriculture and development	<i>4,317,803</i>	<i>11,492,096</i>	<i>(10,304,497)</i>	<i>66,343</i>	<i>5,571,745</i>
Hydro power plant construction	<u>30,920,432</u>	<u>3,053,603</u>	<u>-</u>	<u>-</u>	<u>33,974,035</u>
	<u>48,607,975</u>	<u>35,953,282</u>	<u>(32,919,684)</u>	<u>1,441,581</u>	<u>53,083,154</u>
Expendable endowment funds					
Fallen rangers fund	<i>25,833</i>	<i>-</i>	<i>-</i>	<i>-</i>	<u>25,833</u>
Total Restricted and Endowment funds	<u>48,633,808</u>	<u>35,953,282</u>	<u>(32,919,684)</u>	<u>1,441,581</u>	<u>53,108,987</u>
TOTAL GROUP FUNDS	<u>100,908,266</u>	<u>52,494,218</u>	<u>(49,350,309)</u>	<u>-</u>	<u>104,052,176</u>
NON-CONTROLLING INTERESTS	<u>1,491,570</u>	<u>2,074,552</u>	<u>(2,040,874)</u>	<u>=</u>	<u>1,525,248</u>
TOTAL	<u>102,399,836</u>	<u>54,568,771</u>	<u>(51,391,183)</u>	<u>=</u>	<u>105,577,424</u>

VIRUNGA FOUNDATION
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16. Statement of funds (continued)

<i>2023 comparatives as restated</i>	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Carried forward</i>
	\$	\$	\$	\$	\$
<i>Unrestricted funds</i>					
<i>General funds</i>	<u>52,763,319</u>	<u>16,301,959</u>	<u>(15,188,313)</u>	<u>(1,602,507)</u>	<u>52,274,458</u>
<i>Restricted funds</i>					
<i>Protection of Virunga National Park</i>	1,039,280	27,330,217	(16,235,844)	1,236,087	13,369,740
<i>Agriculture and development</i>	(77,658)	8,088,679	(4,059,638)	366,420	4,317,803
<i>Hydro power plant construction</i>	<u>20,815,117</u>	<u>9,902,714</u>	<u>(202,601)</u>	<u>-</u>	<u>30,920,432</u>
	<u>21,776,739</u>	<u>45,321,610</u>	<u>(20,092,881)</u>	<u>1,602,507</u>	<u>48,607,975</u>
<i>Expendable endowment funds</i>					
<i>Fallen rangers fund</i>	<u>25,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,833</u>
<i>Total Restricted and Endowment funds</i>	<u>21,802,572</u>	<u>45,321,610</u>	<u>(20,092,881)</u>	<u>1,602,507</u>	<u>48,633,808</u>
TOTAL GROUP FUNDS	<u>74,565,891</u>	<u>61,623,569</u>	<u>(35,281,194)</u>	<u>-</u>	<u>100,908,266</u>
NON-CONTROLLING INTERESTS	<u>1,548,433</u>	<u>1,712,849</u>	<u>(1,769,712)</u>	<u>-</u>	<u>1,491,570</u>
TOTAL	<u>76,114,324</u>	<u>63,336,418</u>	<u>(37,050,906)</u>	<u>-</u>	<u>102,399,836</u>

UNRESTRICTED FUNDS

The unrestricted funds in these consolidated accounts are, as can be seen above, an amalgamation of the individual charity's unrestricted funds plus those of its subsidiaries.

RESTRICTED FUNDS

- 1) **Agriculture and development** – This consists of funding received for agricultural development around the Park, including the construction of feeder roads and cold storage facilities, as well as facilities to produce and sell, amongst others, coffee, chocolate and chia seeds. The fund is currently in deficit as expenditure has been incurred for which the charity is not currently entitled to recognise the income. Income is expected to be recognised in the subsequent financial year. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds.
- 2) **Protection of Virunga National Park (PVNP)** -This consists of protecting and conserving the wildlife and natural resources of the Virunga National Park and emergency support for rangers by means of providing food and shelter to Park rangers and their families who have been displaced by the current civil conflict in the Democratic Republic of Congo. Another part is the charity developing their websites for marketing purposes to increase public awareness and online donation income. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds, or for projects which have overspent and the deficit is funded by unrestricted funds.

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16. Statement of funds (continued)

- 3) **Hydro Power Plants** - Funding was received for the design and building of hydro power plants to provide electricity to villages surrounding Virunga National Park. Transfers from the fund during the year relate to the completed hydro power plants being transferred into unrestricted funds as the restriction on the associated income has been extinguished.

ENDOWMENT FUNDS

Fallen Ranger fund – an expendable endowment created to secure the future of the rangers and their families for years to come. Fallen rangers leave behind families who relied on them as the main breadwinners, and an injured ranger poses a financial burden on a family. The fund will be used to not only pay for pensions for those widows and retired rangers, but also help pay for medical treatment for rangers injured in the line of duty.

17. Analysis of net assets between funds

	Endowment funds 2024 \$	Restricted funds 2024 \$	Unrestricted funds 2024 \$	Total funds 2024 \$
Intangible fixed assets	-	-	1,901,221	1,901,221
Tangible fixed assets	-	21,856,372	103,997,148	125,853,520
Fixed asset investments	-	-	44,293	44,293
Debtors due after more than 1 year	-	-	186,000	186,000
Net current assets / (liabilities)	25,833	33,820,149	(41,031,316)	(7,185,334)
Creditors due in more than one year	-	-	(15,222,276)	(15,222,276)
	<u>25,833</u>	<u>55,676,520</u>	<u>49,875,070</u>	<u>105,577,423</u>
	<i>Endowment funds 2023 as restated \$</i>	<i>Restricted funds 2023 as restated \$</i>	<i>Unrestricted funds 2023 as restated \$</i>	<i>Total funds 2023 as restated \$</i>
Intangible fixed assets	-	-	2,116,283	2,116,283
Tangible fixed assets	-	27,535,942	91,503,865	119,039,807
Fixed asset investments	-	-	46,080	46,080
Debtors due after more than 1 year	-	-	344,568	344,568
Net current assets / (liabilities)	25,833	21,072,034	(20,129,652)	968,215
Creditors due in more than one year	-	-	(20,115,117)	(20,115,117)
	<u>25,833</u>	<u>48,607,976</u>	<u>53,766,027</u>	<u>102,399,836</u>

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18. Reconciliation of net movement in funds to net cash flow from operating activities

	2024	2023 as restated
	\$	\$
Net income for the year (as per Statement of financial activities)	3,177,588	26,285,511
Adjustment for:		
Investment income	(489,511)	(398,596)
Depreciation of tangibles fixed assets	5,534,983	5,201,532
Amortisation of intangible fixed assets	139,287	223,700
Loss on disposal of tangible fixed assets	119,221	223,699
Loss on disposal of intangible fixed assets	416,179	-
Impairment of intangible fixed assets	-	-
Servicing of finance	151,647	248,572
Decrease/(increase) in stock	594,692	(2,861,040)
Decrease/(increase) in debtors	584,636	(6,974,353)
Increase/(decrease) in creditors	<u>(5,403,746)</u>	<u>(14,939,677)</u>
Net cash provided by operating activities	<u><u>4,824,976</u></u>	<u><u>7,009,348</u></u>

19. Analysis of cash and cash equivalents

	2024	2023 as restated
	\$	\$
Cash in hand	879,870	6,903,511
Bank overdraft	<u>-</u>	<u>-</u>
Total	<u><u>879,870</u></u>	<u><u>6,903,511</u></u>

20. Analysis of changes in net debt

	At 1 January 2024	Cash flows	Other non-cash changes	At 31 December 2024
	\$	\$	\$	\$
Cash and cash equivalents				
Cash in hand	6,903,511	(6,023,641)	-	879,870
Bank overdraft	-	-	-	-
	<u>6,903,511</u>	<u>(6,023,641)</u>	<u>-</u>	<u>879,870</u>
Borrowings				
Debt due within one year	(4,317,986)		(6,304,473)	(10,622,459)
Debt due after one year	(19,875,046)		4,652,771	(15,222,275)
	<u>(24,193,032)</u>		<u>(1,651,702)</u>	<u>(25,844,734)</u>
TOTAL	<u><u>(17,289,521)</u></u>	<u><u>(6,023,641)</u></u>	<u><u>(1,651,702)</u></u>	<u><u>(24,964,864)</u></u>

VIRUNGA FOUNDATION
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21. Related party transactions

In order to fulfil VF's mandate as manager of Virunga National Park, Emmanuel de Merode has been appointed as the director of the Virunga National Park (in which role he is sworn in as a Public official), which is distinct from his role as CEO of the Charity. Emmanuel holds a senior rank within the ICCN as Park Director in order to be able to command the ICCN Rangers, as well as being the CEO of VF. The ICCN Rangers, who Emmanuel oversees in his role as Park Director, are fundamental to the protection of the Park, as well as to the provision of security to the civilian population living in the vicinity of the Park, and to the staff and operations of VF. Though not a financial transaction, as no remuneration is provided by ICCN, this related party relationship is highlighted due to its significance for the operation of VF. In the event of conflicts arising from holding these two roles, Emmanuel will recuse himself from any discussions.

In 2017 The World We Want Foundation of which Paul Leander Engström, a Virunga Foundation trustee, is founder and Chairman, provided Virunga Energies SAU with a loan of \$2.5m with a 10-year duration, at a 2% per annum interest rate. As at 31 December 2024 the outstanding amount on this loan was \$1.17m (2023: \$1.69m). Furthermore, in the course of 2024 Paul Leander Engström, through one of his companies, Maskrosen Invest AB, provided short term loan financing totalling \$2.25m in the course of 2024, at an interest rate of 2% per annum, with a balance of \$1m remaining at 31 December 2024. This balance of \$1m was fully repaid in February 2025.

Jan Bonde Nielsen was a Trustee of Farm Africa until 6 September 2024. During the year 2024 no work was undertaken for Virunga Foundation by Farm Africa, and no payments were made to Farm Africa. No amounts were outstanding at the year end.

Subsidiary Entities

Company name	Country of registration	Percentage Shareholding
Virunga Productions CIC	United Kingdom	100%
Virunga SRL	Belgium	100%
Virunga Energies SAU*	Democratic Republic of Congo	100%
Virunga Development SARL*	Democratic Republic of Congo	100%
Virunga Energies SAU Limited*	Kenya	100%
Virunga Belgique SRL Limited#	Kenya	100%
Virunga Foundation Limited	Kenya	100%
SICOVIR SARL*	Democratic Republic of Congo	56.72%
Société Provinciale d'Eau et d'Electricité du Nord-Kivu**	Democratic Republic of Congo	51%
Grameen Virunga SA	Democratic Republic of Congo	67%

* held through Virunga SRL

^ dormant

Formally dissolved 4 January 2024

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

21. Related party transactions (continued)

Virunga SRL

During the year, Virunga Foundation provided Virunga SRL with further funding to cover the additional investment in SICOVIR SARL, running costs and paid for expenses on its behalf amounting to \$25,992 (2023 - \$26,056).

Virunga Foundation has advanced a long term loan to Virunga SRL. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 5% per annum on this loan and interest received in the year amounted to \$211,065 (2023 - \$204,774).

Virunga Energies SAU

During the year, Virunga Foundation has advanced short-term loans and paid for expenses on behalf of Virunga Energies SAU amounting to \$1,177,094 (2023- \$6,422,516). Repayments of \$89,241 were made during the period. An amount \$9,177,195 (2023 - of \$8,089,343) was outstanding at the year end.

Virunga Foundation has advanced a long term loan to Virunga Energies SAU. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 3% per annum on this loan and interest received in the year amounted to \$9,638 (2023 - \$25,215). Additional funds were loaned during the period and repayments of \$5,206 were received. The Board has resolved to waive interest charges on the loans until 31 December 2024.

During the year Virunga Energies SAU charged for electricity to Virunga Foundation and Sicovir SARL totalling \$195,903 (2023: \$239,477). At the year end \$38,385 (2023: \$ 63,020) was owed by Virunga Foundation and \$3,476 (2023: \$3,309) by Sicovir SARL.

Virunga Development SARL

Virunga Foundation has advanced a short term loan to Virunga Development SARL of \$966,070 (2023: \$2,339,226). Interest is accruing at 3% per annum on \$375,000 of this loan and interest received in the year amounted to \$25,622 (2023 - \$6,913). The remaining loan balance is interest free. Repayments of \$271,405 were made during the period. An amount of \$2,292,689 (2023 \$1,572,143) was outstanding at the year end.

Sicovir SARL

Virunga Foundation has advanced a loan to SICOVIR SARL of \$64,334 (2023: \$NIL). Interest is charged at 5% per annum, with capital repayment due by 31 December 2024. Interest accrued in the year amounted to \$12,922 (2023 - \$828). Repayments of \$212,916 were made during the period. An amount of \$402,662 (2023 - \$551,251) was outstanding at the year end.

During the year Sicovir SARL made internal sales of \$4,267 (2023: \$19,323) to Virunga Foundation.

Virunga Productions CIC

During the year expenses of \$NIL (2023 \$1,190) were paid on behalf of Virunga Productions C.I.C., to fund media related costs.

Virunga Foundation has advanced a loan to Virunga Productions CIC of \$375,311 (2023: \$375,311). Repayment is only required if the conditions regarding repayment occur.

Virunga Foundation Limited

During the year \$2,823 (2023: \$433) was provided by Virunga Foundation

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

21. Related party transactions (continued)

At the year end the following amounts were due from/(to) the subsidiaries:

	2024	2023
	\$	\$
Virunga SRL – long term loan	2,057,663	1,959,679
Virunga Energies SAU – long term loan	95,185,438	93,875,345
Virunga Energies SAU – short term loan	9,177,697	8,089,343
Virunga Development SARL	2,292,689	1,572,403
Virunga Productions C.I.C	375,311	375,311
Virunga SRL – short term loan	2,427,685	2,304,596
Virunga Foundation Limited	2,823	433
SICOVIR SARL	402,669	551,251

Subsidiary results for the year	2024		2023	
Company name	Net Assets	Result of the year	Net Assets	Result for the year
	\$	\$	\$	\$
Virunga Productions CIC	(395,398)	(4,357)	(391,041)	(28,935)
Virunga SRL	(939,255)	(204,612)	(734,643)	90,258
Virunga Energies SAU	(37,025,678)	(1,215,350)	(35,810,328)	(1,127,172)
Virunga Development SARL	(629,490)	(604,737)	(24,753)	56,058
Virunga Energies SAU Limited	448	-	448	-
Virunga Belgique SRL Limited#	2,453	-	2,453	-
Virunga Foundation Limited	128	-	128	31
SICOVIR SARL	3,524,139	77,813	3,446,326	59,640
Société Provinciale d'Eau et d'Electricité du Nord-Kivu	20,000	-	20,000	-

Other participating interests

Company name	Country of registration	Percentage Shareholding
Virunga Enzymes SARL*	Democratic Republic of Congo	20.7%
Virunga Origins SRL*	Belgium	40%
Virunga Chocolat SARL*	Democratic Republic of Congo	20%

*held through Virunga SRL

Formally dissolved 4 January 2024

VIRUNGA FOUNDATION
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22. Prior year adjustment

A full review of the agreements in place for the use of aircraft was carried out in 2024.

This review identified that the aircraft used by the charity should be capitalised as fixed assets, whereby historically the Charity had expensed the running costs only. As a result, the charity has historically understated the fixed assets and associated depreciation charges.

Aircraft purchased in the year ended 31st December 2024 were correctly capitalised, however aircraft acquired between 2015 and 2023 were not recorded within fixed assets. Therefore, a prior year adjustment has been included to recognise aircraft omitted historically.

As a result of this adjustment, the cost of fixed assets in the previous year increased by \$1,188,500, with depreciation brought forward of \$274,400 leading to an increase in overall net assets and closing reserves as at 31st December 2023 of \$914,100.

Therefore, this adjustment led to opening reserves in the current year increasing by £914,100.

The aircraft and adjustments noted above are all within the unrestricted general fund.

23. Post Balance Sheet Event

A change in US Government policy on foreign aid in 2025 meant USAID funding was cut off early in 2025, with only amount due for work already completed at the time of the unilateral USAID cancellation of the contract being paid in the course of 2025.

Accounts

Virunga Foundation

Trustees' Report and Consolidated
Financial Statements for the Year
Ended 31 December 2023

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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Chairman's Report

Virunga Foundation achieved significant progress across its operating object in 2023, as this Trustees report describes. This progress was achieved despite an operating environment with ever present extremely high security challenges.

Tragically 2023 was another year with the loss of the lives of several individuals, serving to protect Virunga National Park and its local population, with the highest dedication and courage. All of those who died in service were victims of illegal armed militia attacks. Most likely these attacks were carried out by various Mai Mai groups, which operate a range of criminal activities in and around the Park. The first death occurred on the 6th of February when one Ranger was killed while on patrol with colleagues. On the 18th of May a convoy of vehicles was attacked which resulted in the death of a further 4 Rangers and one civilian employee of a partner organisation. The 28th of May saw the last fatal attack of 2023, when two Rangers died of the wounds they received in a Mai Mai attack on that date.

Our thoughts are with the family, friends and colleagues of all these extremely courageous individuals. The loss of these valiant and dedicated professionals, who died while serving to defend the Park and local communities, is deeply mourned and commemorated by their many colleagues, who continue to dedicate themselves to the delivery of Virunga Foundation's vision. Pursuing the vision and goals of Virunga Foundation remains dependent on the commitment and courage of the ICCN Rangers. It is therefore appropriate to publically record here, Virunga National Park's heartfelt condolences to the families, friends, colleagues and all those affected by the loss of these committed individuals.

The security situation in the Park and surrounding territory, particularly in the southern sector, is extremely challenging, as a result of ongoing attacks and expanding occupation by the illegal armed M23 group, supported by the Rwandan army, (RDF). The redeployment of national Congolese army (FARDC) forces, in an attempt to halt M23 and RDF operations, has increased the threat from other illegal militias and the DRC government's provision of arms to illegal militias has further increased the security risks. In the course of 2023 and in 2024, despite multiple international and regional initiatives, the M23 and the RDF progressively expanded the area of North Kivu under their control, including much of the Southern sector of Virunga National Park, as well as threatening Goma. The security situation over the past two years has made maintaining all regular operations impossible. Specific activities have had to be suspended and the majority of staff, formerly located in the Headquarters at Rumangabo and at the Matebe powerplant, have been relocated to the city of Goma for security reasons. In taking control of a substantial area in North Kivu the M23 and RDF have killed many of the local population and caused the mass migration of a large percentage of the population in the area under its control, many of whom are now surviving on the outskirts of Goma.

In late November 2023 UNHCR reported, "violent clashes between non-state armed groups and government forces have forcibly displaced more than 450,000 people in the last six weeks in Rutshuru and Masisi territories in North Kivu Province". In the same briefing UNHCR stated that nearly 7 million people affected by conflict in eastern DRC required urgent help. It is in this context which Virunga Foundation, not only continues to provide much needed services to local communities, as the largest provider of sustainable energy in the region, but also dedicates resources to support humanitarian crisis projects. Virunga Foundation in under a contract with UNICEF successfully constructed a pipeline and stand pipes to deliver clean drinking water to thousands of people displaced by the conflict. VF's resilience in the face of an extremely challenging environment has again been proven by its ability, not only to maintain the majority of its regular operations in 2023, but to make significant progress across most of its existing projects, while also initiating new ones.

On its conservation objectives, monitoring has indicated continued increases in all major species populations in the course of 2023, despite the major security challenges, which have witnessed increases in poaching levels. Though monitoring the Mountain Gorilla populations has been severely hampered by the conflict in the "Gorilla" sector of the Park, community trackers have continued to undertake monitoring and more recently Rangers have also been able to recommence gorilla tracking.

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Gorilla monitoring has indicated, not only that the population remains stable, but also that four births were recorded. A key project which aims to save a critically threatened population of Eastern Lowland Gorillas is well underway, with facilities constructed for the relocation of 4 females to be introduced to the existing family group comprising 7 adults, in an attempt to make the group “viable” in the long term. Other key activities include, maintaining the wildlife corridor with the Ugandan Queen Elizabeth National Park, which has been critical for the successful increase in multiple large mammal species, both herbivore and carnivore species. The implementation of technology has made an increasing contribution to conservation work across a range of activities including, aerial monitoring, Park boundary demarcation and the tracking of collared lions.

In the course of 2023 progress was made across all of the Foundation’s development goals for the local populations, despite the major and increasing security challenges faced. Virunga Energies, with its 4 operational hydropower plants, generated and sold increased volumes of electricity to both enterprises and the general public across North Kivu. The impact of Virunga Energies continues to be transformational for many of the local population, in terms of business creation, as well as in providing a reliable source of energy. Construction of the new hydropower plant, Rwanguba, to meet the increasing demand for power in the largest regional population centre in the region in Goma, has continued despite the severe security challenges. This new hydropower plant, which will be the largest Virunga has constructed to date, is expected to be commissioned in late 2024, or early 2025. January 2024 saw the highest monthly electricity sales revenue figure to date, with revenue in excess of 1 million USD, reflecting the resilience of both Virunga Energies and the local energy demand, despite the critical security situation.

Virunga’s development projects continue to expand in terms of scale and diversity, with ever increasing impact on the lives of thousands of individuals, whether through, stable employment opportunities from Virunga operated companies, the receipt of training and small business loans, or from gaining access to the products from these new locally based enterprises. One highlight from the many Virunga initiatives includes, the successful expansion of the cacao business, now accessing European markets with more products and significantly increased sales. The small business loan initiative will receive a boost through the creation of a joint venture with Grameen Bank, the world’s pre-eminent micro-credit enterprise, which has the personal support from Grameen’s founder the Nobel Peace Prize winning Professor Mohammad Yunus.

Virunga Foundation receives ongoing financial support from a wide range of large institutions, foundations, major donors and from the general public. The European Union continues to underpin both the conservation and the developments efforts as the largest single donor, along with other major institutional donors and investors including USAID, INL, the World Bank and BII. Private Foundations are also key, with long term support from partners such as the Schmidt Family Foundation and the World We Want Foundation. Specific emergency support is often received from a number of funding sources and access to short notice crisis support is often critical in enabling Virunga to address emergency situations, which include humanitarian crises. The work and impact of the Virunga Foundation relies on the ongoing generosity of all of its supporters, without which it could not operate. While the staff of Virunga Foundation have had to manage the significant security challenges of operating in the region for many years, the security challenges in 2023 have been even greater than those experienced in the past decade. Virunga Foundation continues to navigate and live with these security risks, in the belief that continuing to deliver on its charitable goals to support Congolese institutions in their efforts to strengthen, the rule of law, sustainable development and conservation, is the only way to preserve the Park’s unique natural assets and to improve the lives of the millions, who continue to live very precarious lives in the proximity of the Park.

The fact that Virunga Foundation’s conservation and development objectives continue to be met, is testimony to the dedication of the staff and partners who work tirelessly in pursuit of the Charity’s mission.

Jan Bonde Nielsen, Chairman

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Legal and Administrative Details

Trustees

Jan Bonde Nielsen (Chairman)

François Xavier de Donnea

Joanna Natasegara

Michael Joseph

Paul Leander Engström

Annette Lanjouw

Dr Antoine Kesia-Mbe Mindua

Company registration number:	05598718
Legal Form	Company limited by guarantee
Date of incorporation	20 October 2005
Charity registration number:	1111806
Registered Address:	48 Chancery Lane, London, WC2A 1JF
Company Secretary:	Keystone Law Limited, London.
Chief Executive Officer:	Emmanuel de Merode
Auditors:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JY.
Bankers:	KBC Bank N.V., 111 Old Broad Street, London, EC2N 1BR Trust Merchant Bank S.A, 1223 Avenue Lumumba, Lubumbashi, Democratic Republic of Congo Equity Bank Kenya Ltd, 9th Floor, Equity Centre, Hospital Road, Upper Hill. P.O. Box 75104-00200, Nairobi, Kenya
Solicitors:	Keystone Law Limited, London.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

Trustees' Report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their report and the audited consolidated financial statements of Virunga Foundation (the Charity) for the year ended 31 December 2023. The Trustees have adopted the provisions of the Charities SORP (FRS 102) in preparing the annual report and financial statements of the Charity.

Structure, Governance and Management

Structure

Virunga Foundation

Virunga Foundation is a charitable company limited by guarantee, incorporated on 20th October 2005, and registered as a charity in England and Wales, with registered charity number 1111806.

Virunga Foundation's key partnership is with the Institut Congolais pour la Conservation de la Nature, (ICCN), the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas throughout the country. With a relationship going back to 2006, in 2015 the ICCN and Virunga Foundation signed a 25 year cooperation agreement, establishing a public-private partnership, which runs until 12 April 2040. On the basis of this agreement with the Congolese Government, a major element of the charity's resources and efforts are dedicated to supporting the ICCN in protecting and re-establishing Virunga National Park and to provide support for communities around the Park.

In order to further its objectives Virunga Foundation has established a number of subsidiary organisations and works closely with other partner organisations, as presented in this report.

Under its Memorandum of Association, Virunga Foundation has the power to incorporate subsidiary companies to carry on any trade, which would, in the opinion of the trustees, promote or assist in furthering the Objects of the charity. Virunga Foundation has one main subsidiary, Virunga SRL, (which itself has a number of subsidiaries) and one related company, Virunga Productions CIC. Virunga Foundation also works in close cooperation with a Belgian charity, Fonds Virunga Belgique and two US legal entities, which own the aircraft operated by Virunga Foundation. The formal objects of all limited liability companies in the group are of a social purpose. In addition to Virunga SRL, there is only one other Virunga Foundation directly held and controlled subsidiary, a Kenyan Limited liability company, Virunga Foundation Ltd, whose sole purpose is to enable Virunga Foundation to maintain banking facilities in Kenya, for reasons of increased financial resilience. As at the time of signing of the audited accounts there had been no activity in this Kenyan entity.

Subsidiary entities

Virunga SRL

Virunga SRL is a 100% owned subsidiary Belgian limited liability company incorporated by Virunga Foundation in August 2013, to act as a holding company for limited companies, (Sociétés Anonyme), registered in the Democratic Republic of Congo, (DRC). Virunga SRL ensures any profits generated by its subsidiary companies will not be taxed twice, due to the double taxation treaty existing between Belgium and the DRC. All of the Virunga Foundation subsidiary entities registered in DRC pay their taxes exclusively in the DRC.

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Virunga Belgique SRL Ltd

In the course of 2021 a Kenyan registered subsidiary, Virunga Belgique SRL Ltd was established, solely to enable the establishment of Virunga Belgique SRL bank accounts in Kenya, in order to increase financial resilience. As it was identified that the required financial resilience could be provided without this specific account, it was decided in mid-2023 to dissolve this company. There had been no activity in this entity in the course of 2023, nor in the days prior to its dissolution in 2024. The company was formally dissolved on 4 January 2024, as recorded in the official register, The Kenya Gazette on the 24th of January 2024.

Virunga Energies SAU

Virunga Energies SAU is a Congolese limited liability company 100% owned by Virunga SRL. Virunga Energies SAU is engaged in the construction, operation and commercialisation of run-of-river hydroelectric projects in the proximity of the Park. These projects include the construction of generating plant, operation of the plant, construction and operating distribution networks and the sale of electricity to end customers, both commercial and domestic. Any profit generated from these activities will be transferred to Virunga Foundation via Virunga SRL. The company currently utilises surplus energy to generate blockchain code and bitcoin, to augment and diversify revenue, in return for limited additional capital investment. The electrical generation activity related to blockchain code creation has additional benefits as it provides a base load resistance which can be used both to test newly commissioned plant, as well as to avoid generating turbines being static during periods of low demand.

The development of hydro-power projects around the Park have been shown to support the conservation and protection of the Park in two key ways:

- i. by providing communities living around the Park with access to electricity and jobs, resulting in development opportunities which will enable the Park to be and to be seen as, a source of beneficial change and opportunity for the local population. Over time it is expected to reduce communities' reliance on unsustainable resources of the Park (e.g. illegal charcoal and firewood), as well as land encroachment for farming;
- ii. by providing an unrestricted revenue stream that can be used by Virunga Foundation to support its charitable objects.

Virunga Energies SAU Ltd

Virunga Energies SAU Ltd was a Kenyan private limited company established on 23 Aug 2021 in Kenya. The sole purpose of this entity is to act as the beneficial owner of Virunga Energies bank account established with Equity Bank in Kenya. The Company and its Equity Bank account are under the full control and management of Virunga Foundation, being established to reduce risks, by increasing the number of active banking facilities in Africa. At the time of signing of the audited accounts there had been no activity in this entity.

Virunga Development SARL

Virunga Development is a Congolese limited liability company, a 100% subsidiary of Virunga SRL, established in 2013 to contribute to Virunga Foundation's overall charitable objectives through the management and support of sustainable development opportunities around the Park. These opportunities include the development & operation of industrial parks in the proximity of the Park, the development of agricultural transformation projects, with all energy requirement met by the hydroelectricity generated by Virunga Energies SAU. There is also small business loan activity funded by donors, which is expected to expand significantly in the near term.

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Virunga Productions CIC

Virunga Productions CIC was established in 2013. A Community Interest Company (CIC) is a UK limited liability company that must use its profits and assets for the public good. The objects of Virunga Productions CIC are to carry on any activities, including TV and movie productions, which support and promote the conservation, protection and improvement of the wildlife and habitat in and around Virunga National Park. Virunga Foundation is the sole shareholder and has effective control of Virunga Productions CIC.

Sicovir SARL

Sicovir is a Congolese limited liability company, 56.72% owned by Virunga SRL, which was created in October 2013. Virunga SRL's shareholding in Sicovir was increased from 20% to 56.72% in November 2022. Sicovir produces various soap types from sustainable palm oil, purchased from producers located in the proximity of the Park. The commercial products of Sicovir, are sold at lower prices than non-local alternatives, with their production being enabled by energy from Virunga Energies SAU. There are significant expansion plans for the company, into edible oils, enabled by EU grants to Virunga Foundation.

Société Provinciale d'Eau et d'Electricité, North Kivu, (SPEE-NK)

SPEE-NK is a Congolese joint venture organisation, formed together with the provincial Governor for North Kivu to provide clean water to areas of Goma. This joint venture entity is 51% owned by Virunga Development SARL, (a 100% subsidiary of Virunga SRL), with the remainder held by the provincial government. As at the time of the signing of the audited accounts there had been no activity in this entity.

Virunga Origins SRL

Virunga Origins SRL is a Belgian limited liability company, established in 2022 and 40% owned by Virunga SRL. Virunga Origins was established to market cocoa products, grown and produced in the vicinity of the Park by local communities, predominantly to the European market.

Virunga Chocolate SARL

Virunga Chocolate SARL is a Congolese limited liability company, 20% owned by Virunga SRL established in 2020. Virunga Chocolat SARL produces high quality chocolate products from cocoa grown by local farmers, which is marketed and sold, both domestically and in international markets.

Virunga Enzymes SARL

Virunga Enzymes SARL is a successful Congolese limited liability company, 15% owned by Virunga SRL, established in 2015. It produces the plant-based enzyme ("papain") extracted from the latex of Papaya trees which is exported primarily to Europe, where it is used in a wide range of pharmaceutical and healthfood products.

Related Entities

Fonds Virunga Belgique

Fonds Virunga Belgique is a non-profit association, (ASBL/VZW), based in Belgium. It undertakes fundraising and awareness campaigns for the benefit of the Park (through Virunga Foundation). While Fonds Virunga Belgique has no formal legal relationship with Virunga Foundation, it maintains strong co-operation with the Foundation and donates all the funds it raises to Virunga Foundation.

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Virunga Foundation USA Inc. & Virunga Airwing LLC

Virunga Foundation USA Inc. & Virunga Airwing LLC are two USA registered entities which own the aircraft leased to Virunga Foundation to support of its operations. Virunga Foundation retains US registration for the aircraft, which it leases from Virunga Airwing LLC, to ensure compliance with the highest international operating standards. These two USA registered entities are treated as one single entity from a US tax perspective, and are legally independent of Virunga Foundation.

Partnerships etc.

US CAF Friends Fund

In December 2019, a formal contract was established with CAF America, which manages a US Equivalency Determined, "Friends Fund", for the sole benefit of Virunga Foundation. This Fund enables tax effective donations from legal persons subject to US, (individual or corporate), to be made to Virunga Foundation.

Farm Africa

Commencing in 2018, Virunga Foundation has worked closely with Farm Africa, another England and Wales registered charity, to harness their expertise on the improvement of all stages of the coffee, from cultivation to market, value chain. Joint activities with Farm Africa are focussed on improving the cultivation, production and marketing of coffee grown by two independent farming co-operatives operating in the vicinity of the Park.

Others

Virunga Foundation maintains close working relationships with nature conservation organisations such as the United Nations Education Science and Culture Organisation (UNESCO), the Ugandan Wildlife Authority, (UWA), the Zoological Society of London, the Frankfurt Zoological Society, the Wildlife Conservation Society, the International Union for the Conservation of Nature, (IUCN), Arcus Foundation, Meise Botanic Garden and the World Wildlife Fund, (WWF).

Governance

Virunga Foundation is a charity registered with the Charity Commission of England and Wales having the legal form of a company limited by guarantee. Virunga Foundation is managed by its trustees, in accordance with all relevant legislation and guidance published by the Charity Commission of England and Wales, (Charity Commission), as well as with UK corporate legislation governing the operation of limited companies. The Trustees are all members of the Board of Trustees of Virunga Foundation, the Board of Trustees being the governing body of the Charity.

Charity Governance Code

The revised charity governance code was updated in December 2020. The Trustees view is that the Board complies with the revised code. The Charity Governance Code, the Charity Commission Guidance CC3 and the Articles of Association have all been shared with Trustees.

There are currently seven board trustees, with a diverse range of professional skills and experience, enabling them to contribute substantively to the governance oversight of the wide range of activities undertaken by the Charity. Trustees continue to consider the composition of the Board in relation to ensuring the Board comprises individuals with appropriate experience across all key areas of the Charity's operations.

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A Finance and Audit Committee was established in 2020 which includes an independent external representative to further strengthen financial oversight, in particular from a UK Charity perspective. The Committee meets regularly and maintains an overview of all material financial matters and key risks based on management reports, on which it reports back on at Board meetings. Additionally notes of all Committee meetings are shared with all Trustees subsequent to each Committee meeting.

The Charity's Articles are kept updated in order to comply with good governance practice, including most recently to make reference to best practice in relation to Indigenous Peoples interaction. The Virunga Foundation Board continues to assess whether there ways in which it can improve its performance in relation to the Charity Governance Code.

Strategic Report

The disclosure of strategic report activities as required under the Charities SORP (FRS 102) registered in England and Wales are met through various disclosures within this Trustees Report.

Management

The senior executive of the Virunga Foundation is its Chief Executive Officer, (CEO), who is appointed by and responsible to the Board.

The CEO has executive responsibility and authority to manage and operate Virunga Foundation as defined in the articles of association, which were most recently updated in 2021 to comply with all relevant legislative obligations and good governance practice.

In order to deliver on the objectives of the Charity, the CEO oversees a team of managers, employed to manage and co-ordinate the wide-ranging operations of the Charity in and around the Virunga National Park.

The CEO reports to the Chairman of the Board.

The CEO also holds a formal position with the ICCN, being that of the Chief Warden of the Virunga National Park. There is a potential conflict of interest related to holding positions of both, CEO of Virunga Foundation and Virunga Park Chief Warden, of which the Board and the Charity Commission are cognisant. A specific Board instruction is in place to manage this conflict of interest.

Employees

In 2023 Virunga Foundation employed an average of 502 staff on permanent contracts, (plus 612 on temporary contracts) and its main subsidiary Virunga Energies employed an average of 280 staff on permanent contracts, (plus 383 on temporary contracts), being a total of 782 staff on permanent contracts, (plus 995 on temporary contracts). In 2022 Virunga Foundation employed an average of 507 permanent staff and Virunga Energies an average of 224 permanent staff, a total average of 731 permanent staff.

In the course of 2023 Virunga Energies employed between 500 and 2,000 daily/temporary workers on its ongoing projects, (construction and maintenance). The majority of these workers are employed in accordance with the national labour law, through local agreements, which support equitable sharing of the jobs within communities where the underlying level of unemployment is very high. These rotating 22-day contracts permit the provision of additional income to a much wider population base, than would otherwise be achievable.

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Section 172 Statement

Virunga Foundation is governed by its charitable objects, as presented in the Public benefit section of this report. The activities of the charity are assessed on how they contribute to meeting its charitable objectives. Measurement of contribution ranges from metrics on conservation goals and achievements, to development goals such as employment creation, delivery of renewable energy and increasing the wellbeing of local farmers through a range of initiatives. As a charity with a wide ranging, but integrated, conservation, development and rule of law strategy, Virunga Foundation has a very broad range of stakeholders. Key stakeholders to whom the charity are accountable include, local, regional and national authorities, employees and local populations benefiting from the Charity's work. Other key stakeholder groups include funders, who have a significant ongoing commitment in supporting the Charity's work, and who both require and receive regular and detailed reporting on the Charity's projects, activities and outcomes. As one of the world's pre-eminent national parks and Africa's oldest, there is significant public interest in Virunga National Park, which generates support, as well as creating communication obligations on the Charity, as the organisation responsible for managing the Park.

Managing and delivering on a wide ranging, but highly integrated strategy, requires the oversight of multiple interdependencies, political, financial, environmental and security. The Board is kept apprised of developments across all areas, with specific updates being issued whenever particularly challenging situations arise. Challenges in recent times have included the high risk security situation in 2022 and 2023 due to the presence of illegal armed groups, most notably the M23 and Rwandan army, which has occupied significant and expanding areas in the Southern sector of the Park.

Trustees are kept updated of often unpredictable developments, so as to be in a position to support management, as required, in taking appropriate action. Decisions taken by the Board in the course of 2023 include responsive reactions to support management, at both national and international political levels, in relation to the ongoing armed conflict in the region.

Trustees are aware of the complex range of relationships and partnerships which the Charity's management has to manage in order to deliver on its strategy. The Board composition reflects the need for a divergent set of skills, experience and contacts to be present among Board members, in order to support management in a variety of contexts, local, national and international, across a range of functional areas.

The Board has approved a set of organisation policies which help ensure it provides appropriate oversight, both directly, as well as through its Finance and Audit sub-committee. These policies include; Staff code of conduct and ethics policy, Anti bribery and corruption policy, Conflicts of Interest policy, Procurement Policy, Risk Management Policy and Complaints and Whistleblowing policy (supported by confidential email and phone complaints access).

It is by means of these policies, as well as through reporting, both proactive and reactive, from senior management, that the Trustees are enabled to fulfil their section 172 obligations.

Public Benefit

In carrying out their activities, the Trustees ensure that Virunga Foundation activities are in accordance with the Charity Commission's guidance on public benefit.

Virunga National Park is part of the territory under the control of the ICCN, a national institution of the Democratic Republic of Congo responsible for managing all national environmental protected areas.

As background to the public benefit objectives, Virunga Foundation's contract to manage the Virunga National Park, which runs until 12 April 2040, is central to its charitable public benefit objectives. Located in North Kivu in the east of the Democratic Republic of Congo, (DRC), Virunga National Park is Africa's oldest national park, founded in 1925 and was designated a World Heritage Site in 1979. In 1994, the Park was designated as a, 'World Heritage Site in Danger', by UNESCO, which indicated it was subject to the imminent threat of comprehensive destruction.

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The loss of the flora and fauna of the Park would represent an irreversible loss to humanity, therefore actions taken to save and restore the Park are for the public benefit. Virunga Foundation's primary purpose is to prevent the loss or destruction of the Park, working with the Congolese authorities to do so. Virunga Foundation is the only organisation providing direct support for the management and protection of the Park and provides over 90% of the Park's funding.

As part of its charitable objectives, Virunga Foundation also plays a key role in the economic and social development of a region, despite the catastrophic decades' long period of armed conflict. In 2013 Virunga Foundation launched the Virunga Alliance, an extensive multi-faceted programme dedicated to creating a healthy and peaceful post conflict economy through the sustainable development of resources in and around the Park. These activities include the generation of hydroelectricity, the distribution and delivery of this electricity, the active development of fisheries, agribusiness and other sustainable business activities and tourism.

The Charity's Objects, all considered to be for the public benefit, are set out in the Articles of Association as follows:

- i. the promotion for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and biodiversity of the Protected Areas of Africa including Virunga National Park in the Democratic Republic of Congo, and the wildlife within the Protected Areas of Africa including Virunga National Park, including by means of the promotion of effective management;
- ii. the relief of financial need, hardship or poverty of people living and/or working in and around the Virunga National Park;
- iii. the promotion for the benefit of the public of sustainable development that supports the conservation of the physical and natural environment and biodiversity of the Virunga National Park including through,
- iv. the preservation, conservation and the protection of the environment and the sustainable use of natural resources;
- v. the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities living in and around the Virunga National Park; and
- vi. the promotion of sustainable means of achieving economic growth and regeneration;
- vii. to facilitate the administration of the law and the preservation of public order for the benefit of the public;
- viii. to promote conflict resolution and reconciliation for the public benefit between institutions, organisations, groups and people in and around the Virunga National Park; and
- ix. the education of the public on environmental issues including biodiversity, conservation, sustainability, and management of the wildlife Parks, reserves and protected conservation areas of Africa and the wildlife within them, including Virunga National Park, and in subjects relating to sustainable development.

Objectives, Progress and Achievements

In order to deliver on its charitable objects Virunga Foundation has initiated and manages an extensive and diverse range of projects, which together have as their objective, the establishment of a sustainable social and natural environment in North Kivu, with the goal, among others, of supporting the conservation of the Virunga National Park.

The individual projects often contribute to simultaneously progressing several charitable objectives.

The project objectives are categorised under the headings of, conservation, security and rule of law, sustainable development, poverty reduction and education, (across all of the aforementioned objectives).

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The following sections of the Report present a summary of Virunga Foundation's achievements during 2023 in line with agreed strategic objectives, as well as future objectives.

Conservation

Virunga's conservation strategy has three overall objectives: preserving species diversity, restoring and maintaining healthy population numbers and ensuring that appropriate measures are in place to protect critically important and unique ecosystems.

The conservation strategy is delivered through two main processes: 1) the preservation of ecosystem integrity by maintaining effective boundaries and providing stability within those boundaries to guarantee stable or increasing populations and 2) with respect to maintaining the park's uniquely high levels of endemism, an EDGE approach (Ecologically Distinct Globally Endangered) is adopted in order to define the park's critically important species.

These species, including the park's population of great apes and other large mammals including lions, hippos and elephants, are considered keystone species and are the subject of "extreme conservation" strategies that seek to intensify protection, establish zero poaching regimes in areas of active restoration, improve veterinary support, and strengthen monitoring and surveillance.

Tracking

The tracking of the very wide range of species living in Virunga National Park, is a key tool for understanding the development of species' populations, which provides direct information on the effectiveness of conservation activities,

While there has for many years been an underlying serious security challenge for those working in the Park, whether as ICCN Rangers or Virunga staff, the last two years have seen a significant increase in the security risks which have curtailed the ability to track various species. This applies particularly in the Southern Sector where the illegal M23 militia control large areas of the Park, as well as significant adjoining territory. Though the continued presence of ICCN Rangers and some Virunga staff has been negotiated, tracking of the mountain gorilla population has largely been unachievable. Despite this challenge Virunga has managed, with the support of USAID, to work with local associations and a team of several dozen community trackers, to monitor the status and health of the mountain gorillas. The feedback from these teams indicates, an increase in the number of snares being laid, some deforestation from grazing of domestic animals as well as increased illegal human presence, all of which significantly increase the threat to the Mountain Gorilla groups. However, the work of the trackers together with ICCN Rangers, which includes removal of snares and daily gorilla tracking, indicates that the Mountain Gorilla populations have not suffered any unnatural losses and continue to grow, with four new infant gorillas identified in the first two months of 2024.

Participatory Demarcation

Among the major threats to conservation in Virunga National Park is encroachment into Park territory, by both local farmers and illegal armed groups, with the related adverse impact on species, fauna and flora. A critical program to address the impact and threat from these encroachments, is supported by a large scale participatory demarcation campaign lead by the ICCN. This campaign has as its goal to reach mutual agreement on the boundaries of Virunga National Park in order to preserve the unique biodiversity in this internationally recognised Park. Parties involved in the process include, local populations and relevant political-administrative and customary authorities. The participatory nature of this process is critical to ensure that local populations are fully supportive of agreements reached, in order to maximise the potential for demarcation agreements to be respected in future years.

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While much progress has been achieved in the two decades since the program was initiated, assisted greatly by technological developments which have made boundary mapping and identification of encroachment much easier, there remain a number of challenges. Key challenges include, current very high levels of insecurity in many areas, as well as politicians seeking popular support facilitating encroachment.

The following table provides an overview of the status of demarcation, in the third quarter of 2023, which indicates that by the end of 2023, approximately one third of the National Park boundary remains to be demarcated.

Designation	Distance
Total boundary distance of VNP	1165 km
International boundary (demarcation N/A)	154 km
Distance currently demarcated	600 km
Remaining distance to be demarcated	405 km
Distance demarcated by electric fencing	155 km

Wildlife Monitoring Tools

The use of technology is also increasing in the area of wildlife monitoring with two key tools being the use of Camera traps and Collaring.

The use of strategically positioned camera traps has facilitated significantly increased observations of key species, in 2023 this included in particular savannah species, (lions, elephants, leopards, hyenas, hippos, large antelope species, pangolins and buffalo). Camera traps were also used to identify animals suffering from snares and/or other human induced injuries, none of which fortunately appeared to be life threatening. The Park also relied heavily on camera traps to effectively monitor its population of eastern common chimpanzees residing in the gallery forest. In addition to wildlife monitoring, camera traps have also played a key role in identifying areas of human activity by revealing armed group movement, as well as poaching via the use of dogs. This information has enabled rangers to organize operations more effectively in these areas.

Virunga has been working with a team from Microsoft AI for Good, in order to develop machine learning algorithms to help the Park expedite the process of analysing camera trap images for both overall species recognition, as well as individual animal identification. Virunga is also working with Microsoft to develop AI software to assist with aerial total counts of large mammals in the Ishasha Valley, which is planned to commence quarterly in 2024.

Due to an upsurge in illegal armed militia in the Ishasha valley area of the Park in 2023 there was a significant increase in poaching, which included one Lion killed. Prior to this increase in overall poaching activity in 2023 there has been a recorded increase in the Park's lion population to between 30 and 50. In order to address this increase in illegal armed militia activity in excess of 250 ICCN Rangers were successfully deployed to this area in order to counter poaching activity.

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However, poaching levels increased and the threat to the lion population is critical. In order to develop better information on lion movements in the Park, two adult lions, one male and one female, had satellite tracked collars fitted. The result of this initiative has been highly successful, providing near real time information, which has enabled the identification of a number of pride members and hierarchies. The ability to track lions, in particular where they may be approaching human settlements is invaluable, enabling mitigating action by Rangers. The increased frequency and sophistication of analysis of tracking information is expected to result in increased protection for the lion population.

Ishasha Valley

The Ishasha valley has been a focus of conservation for a number of years, due to the depletion of many key species and overall specie population numbers in the years of armed conflict in the area. There has been significant success in recent years in the reintroduction of species and of population increases. This impact has been in large part achieved through the creation of a "wildlife corridor" to the adjacent Queen Elizabeth National Park, (QENP), in neighbouring Uganda, which enables animals to migrate freely across the open national border which the two Parks share.

In addition to the poaching threat highlighted in previous paragraphs, there are various invasive plant species which are threatening in the original natural vegetation of the Park. In order to address this threat Virunga is working closely with QENP to undertake a scientific assessment of the threat, involving sample sites where eradication methods are being tested, monthly aerial monitoring, with the aim of developing a joint plan to address the effectiveness of eradication methods.

The first ever photographic evidence of three rare species being present in the Park was obtained this year, which included the Sitatunga, (amphibious antelope), Bohor reedbuck, (antelope) and the Shoebill stork.

Mt. Tshiaberimu

Restoring and protecting Mt. Tshiaberimu's ecosystem and its critically important wildlife is a major priority for the Virunga over the next few years. This work includes saving the only remaining Eastern Gorilla population in Virunga National Park, which has fallen to only seven individuals, a population level which is not viable without intervention. A project focussed on preserving this group is underway, in cooperation with the GRACE gorilla sanctuary, which will involve introducing four additional females to the current family group. Work has included reinforcement of ranger positions, camera traps to monitor gorilla movements and any illegal human presence, habitat surveys, participatory demarcation and the construction of an airstrip. It is hoped that the combination of these measure will over the coming years greatly increase this population's changes of survival and recovery.

Security / Rule of Law & Human Rights

The ICCN Rangers remain the core and key resource enforcing the rule of law within the Virunga Park boundaries, a task which they perform to high standards and at very high levels of personal risk. However, since 2022 the insurgency into the southern sectors of the Park and adjoining territory and beyond by the M23 illegal armed militia together with the Rwandan Army (RDF), has meant the Rangers have been unable to undertake their law enforcement activities in these areas. The M23 and RDF are a heavily armed and supported military force which has killed many of the local population in those areas they have taken control of, as well as displacing hundreds of thousands more. The scale and resourcing of these illegal occupying forces is of a scale that the Congolese army, (FARDC), has been unable to contain and whose area of control has continued to expand. The illegal occupation has meant that Virunga staff have had to be very flexible and creative in finding ways of continuing to fulfil its conservation and development activities, at no small risk to their own personal safety. This said, Virunga takes all measures possible to ensure the safety of its staff and where possible also of local populations, when planning and undertaking its' work. The invasion by the M23 and RDF has also had a significant collateral impact in other sectors of the Park.

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In order to try and contain the M23 and RDF invasion in North Kivu, the FARDC relocated soldiers from more northern areas of North Kivu, which has reduced their capacity to address the threat to local population and resources from the numerous illegal armed groups which operate in and in the proximity of the Virunga National Park. Furthermore the DRC Government has supported a number of these illegal armed groups in the hope and expectation that they would assist in their fight against the M23 and RDF, however, a number of these groups have used their increased arms to expand their illegal activities, which include terrorizing local populations to extort resources and exert control over an already highly impoverished populations.

Initiatives by international and regional groupings to provide support for the DRC government in tackling the M23 and RDF invasion has been largely ineffective, as the territory under their control has continued to expand.

The UN describes the situation in North Kivu resulting from the invasion by M23 and the RDF as one of the major humanitarian disasters in the world today, but international awareness, attention and action remains very limited. The human statistics, only underscore the scale of the disaster unfolding. In February of 2024 UNHCR stated that in Eastern DRC there are over 7 million internally displaced. The UN has two displacement camps located on the periphery of Goma and plans to deliver 900,000 shelters in 2024, which is close to double the 500,000 shelters delivered in 2023. In the first week of February alone an estimated 135,000 peoples displaced by fighting arrived on the periphery of Goma which has in excess of half a million people living in abject conditions.

Despite the many insurmountable challenges, Virunga and its partners continue to provide valuable support for communities and protection for much of the Park's flora and fauna. In the months from November 2023 to January 2024 alone, the ICCN Rangers made 690 arrests relating to illegal activities, ranging from illegal fishing and animal poaching to illegal cultivation in the Park's Territory. In the same period there were no recorded attacks on staff, though it is recognised that due to the expansion of conflict, risks are increasing. Efforts to prevent poaching of animals in the central sector have been increased to counter increasing incidences of poaching by the Mai Mai and FDLR militias. In the Northern section ICCN Rangers are providing civilian protection, supporting boundary protection and providing security at key Virunga project activity locations.

Virunga Foundation enforces high ethical standards for all of its staff, including at its subsidiaries, where all are required to sign the Foundation's code of conduct and ethics, which sets high standards for personal responsibility and behaviours. The code specifically precludes any acts of corruption, or breaches of the prevailing laws, as well as requiring compliance with Virunga Foundation's own rules and regulations. Virunga Foundation operates a complaints phone line and email address by which complaints about any aspect of the work of the organization or the behaviour of its employees can be reported. The number of this line and email address are highly publicized in all of the areas where Virunga Foundation is present, either directly or through partner organisations. In addition to this code for Virunga staff, there suppliers are also obliged to comply with minimum core labour and ethical standards as set out in contracts.

Human Rights training is provided to all Rangers on a regular basis, in accordance with UN guidelines and is a key element of Virunga Foundation's support for the Rangers. This training enables and ensures that their interventions comply with best practice with regard to observing and implementing best human rights practices.

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Sustainable Development & Poverty reduction

Virunga Energies

Providing access to reliable and affordable energy is one of Virunga Foundation's key commitments to the in excess of 5 million people living in the proximity of the Virunga National Park.

Virunga Energies was established in 2013 and has already invested over \$110m constructing a network of hydro-electric generation and electricity distribution assets with support from, the European Union, the World Bank, BII, USAID, The Howard Buffett Foundation, The Schmidt Family Foundation, and The World We Want Foundation.

The provision of sustainable and reliable electricity directly supports one of Virunga Foundation's primary charitable objectives, that of development and poverty reduction. Virunga Energies' electricity provides a key resource which enables the drive and ingenuity of the local population to create new businesses. These businesses provide employment and raise living standards, creating a positive growth cycle.

A Congolese registered commercial subsidiary, Virunga Energies SAU, is run as a social enterprise, where dividends will eventually be re-invested to support both, the goal of poverty alleviation in the region and the conservation activities of the Park.

Revenue has grown significantly in recent years. In 2017 revenue was just over 1 million USD, but by 2023 had grown to in excess of 10.5 million USD, despite the major security issues experienced in the course of the year. These incidents included several occasions where the power lines to Goma were temporarily destroyed. The ability of Virunga Energies staff to operate and effect rapid repairs is testament to their commitment and professional ability.

To grow revenue by over 10% year on year, as was achieved in 2023, a year dominated by major armed conflict, including destruction of various infrastructure elements, provides a good indication of the potential for continued major sales growth.

The completion and commissioning of Rwanguba 1, targeted for the end of 2024, will be critical for maintaining the growth in the sale of electricity, as it will be delivering power to Goma, where the distribution network has been considerably expanded. Construction of Rwanguba 1 is on schedule despite the conflict impacts, both direct and indirect. The civil engineering work on Rwanguba 1 is expected to be completed in the first half of 2024, leaving the installation of turbines, generators and commissioning, as the key outstanding activities. With a population in excess of 2 million, demand is expected to continue to grow for the foreseeable future, both domestic and commercial/industrial. Rwanguba 1 will be capable of delivering 13 MW, with Rwanguba 2 increasing the generation capacity to 26 MW. One other key project essential for the delivery of increased power to Goma is the completion of the high voltage line project linking the Matebe and Rwanguba powerplants to Goma. The installation of transformer sub stations on these lines will enable the transmission of the full power output of both of the aforementioned plants to Goma.

By the end of 2023, sustainably generated electricity was being supplied to in excess of 32,500 customers, (domestic and small and medium sized enterprises in North Kivu), an increase of 6,500 customers during 2023. The total comprising approximately, 31,000 domestic customers and 1,500 commercial customers.

In addition to commercial and domestic customers, free electricity is provided to thirty two public service institutions, including schools and hospitals. Specific benefits for hospitals and dispensaries are the ability to keep medication refrigerated. Free public street lighting makes a major contribution to public safety, particularly at this time of heightened security risk.

A project initiated in the course of 2023, funded by UNICEF, to be completed in the first half of 2024, saw the construction of a pipeline to deliver clean drinking water to 400 thousand internally displaced Congolese

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persons living on the outskirts of Goma, after having been displaced by the M23 illegal armed militia and the Rwandan Defence Forces.

Tourism

Tourism has played a key role in Virunga Foundation's work, both as an effective tool to communicate to an international audience the value of the Park as well as a source of income. Tourism activities make a meaningful contribution towards Virunga Foundation's operating costs, however, over the past five years successive events have caused the suspension of most tourism activities in the Park. These events included, in sequence, an Ebola outbreak, the COVID pandemic, followed by major security issues, largely caused by the insurgency of the M23 illegal armed group and the RDF.

During 2023, Tchequera Island on Lake Kivu was the only tourism site that was able to remain active, due to the security situation forcing the closure of all other sites. Visitor numbers in the months of 2023 up to the end of September were, 3,490 individuals, of whom 2,457 were Congolese.

The number of Congolese visitors is a significant increase on previous years, reflecting the growth in domestic interest in and awareness of the Tchequera site and activities.

The development of a new high end lodge in the Lulumbu area in the proximity of Lake Edward, located in an area where the security risks are relatively low, is one positive sign. This location will offer visitors with a unique wildlife experience, including leopard, lion and shoebill stork, as well as guided walking tours.

The potential for tourist activity remains high, with tourist lodges being renovated despite the security situation. The key obstacle to reopening of the tourist activities, other than Tchequera which remains open, is the security situation within the Park, as management will only reopen any particular site when it is fully confident it can ensure the safety of customers. While the timescale for the improvement of security situation remains uncertain, there is demonstrable significant customer demand to visit Virunga National Park sites, which thanks to ongoing maintenance, will enable the rapid re-establishment of tourism activities as soon as the security situation permits.

Virunga Development, (VD)

The activities of Virunga Development, (VD), are fully aligned with the development and poverty reduction objectives of Virunga Foundation. During 2023 key activities were the provision of loans to local entrepreneurs in association with Equity Bank and the development of business parks. The loans are provided by Equity bank, but backed with a guarantee from Virunga Foundation, with funding provided by the Schmidt Family Foundation. These loans are provided in an innovative manner whereby the borrower repays the loan via a small surcharge on their unit electricity cost. This repayment technique means that businesses will only be repaying loans when they are consuming electricity, and therefore for seasonal, or other fluctuating activity businesses, repayments will be lower at times of low commercial activity. The loans fund a very wide area of business activities, including, milling, refrigeration, ovens, welding machinery, carpentry machinery, small scale manufacturing, oil presses and agricultural processing.

At the end of 2022, the amount lent totalled approximately \$1.2 million, provided to 583 small and medium sized enterprises. In addition to receiving the loans, borrowers can access a range of development support services. In the course of 2023 entrepreneurs in receipt of loans also received training in marketing, communication, accounting and reporting. This training was given by local providers funded by Virunga Development using grant funding received specifically to develop sustainable local businesses.

A key development in the loan area is the creation in early 2024 of a joint venture with Grameen Bank to create a much expanded microcredit operation. This joint venture was created with the involvement and support of Mohammad Yunus, the founder of Grameen Bank.

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The establishment of business parks is a key activity of Virunga Development, which aims to provide an infrastructure to support and enable entrepreneurs to establish and grow this businesses in a secure and supported environment. 2023 saw the continued development of a business park on the edge of Goma, established in 2021, on an area of 6 hectares with capacity for up to 120 small or medium sized enterprises located in units constructed. This industrial park will provide a supportive environment for businesses which includes physical space and security not readily available in the city, in addition access to water, power and pre-constructed buildings.

The industrial park in Mutwanga, in the northern sector of the Park, already houses successful and expanding companies, including most notably, coffee processing and chocolate manufacturing operations.

Agriculture

Agriculture is a key element of Virunga's development agenda in supporting sustainable agricultural projects to create long term reliable employment for individuals, especially small-scale farmers, through the creation of a more stable and higher local value creating agriculture sector. A wide range of projects located adjacent to all the sectors of the Park benefit from Virunga Foundation interventions which range from the provision of education and training to the supply of processing equipment.

In total, over ten thousand households, 32 farmers' associations and six private companies benefit from technical production support. As a result of Virunga's investments, in excess of two thousand farmers have access to quality coffee and oil palm processing plants for their harvests.

Virunga Foundation supports agriculture activities throughout the cultivation to sale elements of the value chain, across its wide range of products. From 2023, wheat production was added to the range of supported agriculture products. A flour mill funded by the EU as part of its food security programme represents a major development project which also includes the establishment of two industrial bakeries providing a local supply of bread. Expected to be in operation in 2024, the flour mill is projected to be able to produce 50 tonnes of flour per day and the two bakeries, up to 300,000 loaves per day.

In the Northern sector coffee, cocoa and palm oil are the main projects, while in the Southern and Central sectors the projects include, vegetables, maize and fish. Support in the form of training and education, as well as facilitating small business loans, is provided through Virunga Development's donor funded programmes. Through improving farming practices and providing processing and transformation facilities, combined with improved transportation, electricity and security, Virunga is facilitating a major transformation in the lives of those living and working in the proximity of the National Park.

Sustainable Palm Oil

Virunga's project to revitalise the old palm oil plantations through a sustainable palm oil project continues to progress. The project covers all three critical elements of the value chain, production, processing and the marketing of oil to processors. The COOPLAMU cooperative is central to this project, focussing on improving the quality and yield of palm seedlings. Virunga provides support to this project in a number of ways, including, the provision of agronomists to assess project activities and to train local project farm instructors. Virunga also directly provides training in accounting, administration and management to the cooperative.

Key agricultural activities include, replacing old and relatively unproductive trees, introducing superior tree varieties and ensuring sustainability by restricting the sale of seedlings to existing land owning farmers.

The implementation of a palm oil press in Mutwanga has shown significant benefits to local farmers, such that there are plans to construct a further two presses in the region, which will have the additional benefit of being able to support SICOVIR's planned expansion to the production of table oil. As with other agricultural projects, a key aim of the palm oil project is to reduce dependency on imported products, in this case oil from Indonesia, while increasing local revenue and minimising adverse environmental impacts.

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Coffee

The coffee project involves working closely with two partner cooperatives, with over 10,000 participating farmers. Farmers are provided with material and educational support, including around marketing of their products.

Partnerships established between the cooperatives and major international coffee buyers, including Malongo/Rombouts and Volcafé, with the help of Virunga. These partnerships have enabled small scale producers to mitigate risks through secured contracts and to capture more value by avoiding local middlemen, thanks to a 3-year agreement under the "Café des Virunga" label, which incorporates the Park's logo.

The impact of training and new processing methods has resulted in international recognition of the quality of "Virunga" coffee, enabling the cooperatives to leverage their increased knowledge and proven product quality in securing improved terms with buyers.

In recent years in excess of 200,000 seedlings have been distributed to farmers via the cooperatives. These seedlings are selected based on suitability to local growing conditions and are provided along with extensive training, both agricultural and management.

The agreements with leading coffee buyers highlighted a strong preference for ORGANIC and FAIR TRADE certified, with promises of purchasing larger quantities and offering premiums for certified coffee. These premiums are either directly allocated to the cooperative for ORGANIC certifications or channelled into community social projects for FAIR TRADE certifications. For example, coffee that would normally sell for \$3.08 per kilo can achieve \$4.18 per kilo if it holds both ORGANIC and FAIR TRADE certifications.

The coffee project is supported by Virunga Development as part of the larger development agenda for local communities and is not a revenue generating activity for the company.

Cocoa

The "Virunga Origins", Cocoa project which commenced commercial operations in September 2020, continued its very successful development in 2023. While this industry in the Beni territory, close to the Park, sees a significant share of its revenue diverted as a result of illicit smuggling activities supported by illegal armed militia groups, Virunga's strategy is to reduce the level of illegal activity and increase the benefits for the local communities.

Virunga is developing the capabilities of the Sycoodep cooperative, uniting over 7,000 cacao producers in Beni. The aim is to equip them with necessary skills and infrastructure to operate in a legal, transparent cacao supply chain. With this aim in mind, Virunga has established the region's first cacao fermentation centre in the Rwenzori sector for the cooperative's use. This facility allows for the immediate processing of fresh cacao, streamlining production and facilitating quicker payments for producers. With cooperative agents trained in fermentation and drying processes, the initiative significantly boosts the cacao's quality and yield.

Virunga is additionally pioneering the local transformation of cacao into chocolate, aiming to market a wholly Congolese final product. This strategy aims to maximize local value retention at the agricultural production stage. To this end, Virunga has launched Eastern Congo's first, "from Bean to Bar" chocolate factory, adhering to international standards. This factory, featuring a solar-powered cocoa roaster with a 500-ton annual capacity, positions it as the world's first chocolate production facility powered entirely by renewable energy.

The Cacao project is not without its challenges, but Virunga working together with its partners identifies solutions, such as developing technology solutions to ensure it can meet new European legislation on ensuring farm production is not contributing to deforestation. Virunga's commitment to ensuring positive environmental and social impacts, is reflected in over 1,500 cocoa farmers having become Rainforest

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Alliance certified and in excess of 7,000 being certified organic cocoa farmers. These certifications increase the incentive for cocoa farmers to adopt best environmental standards as certified farmers obtain materially higher prices for their products.

Maize

In the Rutshuru area, support provided to the maize farming sector has transformed the local economy. The creation of 145 mills, many enabled by loans from the Virunga Development loan scheme, enables flour to be produced locally rather than requiring to be imported. In 2022 a 10% yield increase was achieved by farmers working with Virunga. With the war in Ukraine continuing to have a major adverse impact on food supply to Africa, causing major inflation of food process, improving the capacity to grow and process food locally is critical, and is a key objective of the EU funded food security project.

Fish

The fishing projects all relate to fish sourced from Lake Edward, largely focussed on enabling the creation of a "cold" value chain to increase the value of fish caught and reduce waste. The effective delivery of these projects will improve the socio-economic conditions of the local communities located adjacent to the Lake. Projects are aimed at developing the supply of fresh fish from legal fishing on the Lake, to major urban centres, notably Goma and Butembo.

A cold chain delivery logistics system including cold storage facilities, ice production and refrigerated transportation has been established. Facilitating the effective implementation of this system has involved considerable local community consultation and agreements over a number of years, in a complex negotiation with multiple stakeholders in an area which has historically seen a high level of illegal fish being caught and sold. Stakeholders include, fishermen, processors, local sellers, and transporters. Virunga's collaborations have involved working with fishermen and fish processing associations and three women's associations, representing over 500 female fish sellers who deliver fish to Goma. The increased conflict levels have made it difficult to deliver to Goma, however, delivery to other local population centres has continued.

Food Security

The pressure for food security in a region where the high level of relatively expensive food imports is incongruous in the context of the huge agricultural production capacity of the land. There are a range of historical and political factors which have caused the high level of food imports to a region with a high food production potential. International geo-political developments in recent years, have only increased the cost of food imports, adding further to the importance of significantly increasing local food production and processing capacity. In its approach to increasing the availability of food for local populations as one element of its development objective, Virunga prioritises smallholder farmers to provide local populations with access to locally grown produce.

A number of initiatives to support smallholder farmers which include, intercropping where varied plants are cultivated in the same field, with such developments being supported by farmers' cooperatives and individual farm assessments. These initiatives are aimed at reducing single product dependency, with attached risks of monopolistic market actors, or global market demand shifts.

A related focus is on improving rural transport infrastructure, including repairing deteriorated "agricultural" roads. Improved infrastructure increases farmers' ability to increase their income by increasing market access for their products, as well as providing local populations with access to a greater variety of food products.

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Fundraising

Strategy and approach

Virunga Foundation's long term funding strategy is for the Park to become self-sufficient through income generated from activities undertaken by its subsidiaries, notably Virunga Energies, rather than being dependent on external grant funding.

Significant resources, grant and loan funds are therefore invested in creating operations to generate long term reliable income sources. The major investment for income generation to date has been Virunga Energies where over 100 million USD has been invested in creating a fully vertically integrated hydro based power utility, which in 2023 generated gross revenue of 10.7 million USD, (2022 9.6 million USD).

Virunga Energies has, however, the capacity to generate multiple times this revenue when its 2021 commissioned plant, Luviro, significantly increases its existing customer base and when a new plant currently under construction, Rwanguba, comes on line in late 2024, early 2025, to serve the proven and growing market in Goma.

Other sustainable sources of income include income generated by Virunga Development, as well as from investments in Sicovir, Chocolate, Origins and Chia seed companies, with all of these companies being customers of Virunga Energies. Recent major EU grants to support food processing under its food security programme have significant potential to significantly increase Virunga Development's revenues from 2024 onwards.

Fundraising Channels

While the long term strategy to achieve financial independence remains, in the medium term Virunga Foundation continues to invest in a range of fundraising activities. In recent years there has been increased investment in fundraising with additional resourcing, to support in particular, on-line giving channels. These online initiatives have generated significant increases in the level of public giving from smaller and medium donors. The increase in co-ordination of on-line giving actions with website content has proven to be an effective very low cost of increasing online generated revenue.

Institutional and Foundation Donors

The major source of Virunga Foundation's income remains institutional and foundation donors. The composition of the large scale donor pool has developed over time and large institutional and foundation grants continue to comprise in excess of 90% of total income.

The European Union (EU) remains Virunga's principal donor, and is therefore the key partner in the supporting the charity's activities including the conservation and development of Virunga National Park. The EU supports major projects with a range of objectives including the preservation of the flora and fauna of the Park, as well as improving the quality of life for people living in the proximity of the Park. The EU support encompasses all programs: Park operations, tourism, electricity, agriculture, entrepreneurship support, etc. The level of EU support is a reflection of EU confidence in Virunga Foundation as a trusted reliable partner with a well proven track record of delivering on projects, in what is recognised internationally as a very challenging environment.

Other institutional donors include the World Bank and USAID. USAID signed its first grant contract with a value of 1.6 million USD in 2019. Due to the successful delivery on USAID project work in the first years of grant funding, USAID has become the second largest Virunga donor with efforts made to ensure all their rigorous reporting requirements continue to be met. A new institutional donor INL, (a US state department body funding international initiatives,) provided over 1.5 million USD, in the course of 2023 and is expected to continue its support in future years.

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Major project funding is also raised from a number of Charitable Foundations. The pool of charitable funders includes among others, The World We Want, 11th Hour, The Schmidt Family Foundation, Re:wild and Last Chance for Animals, (LCA). Virunga Foundation holds an "Equivalency Determination" with the Schmidt Family Foundation, which recognises Virunga Foundation as being equivalent to a US charitable organisation from the perspective of a US donor, in relation to taxable deductibility of donations.

Public Fundraising

The proportion of funds raised from the general public, as indicated, is not a major fundraising mechanism but continues to generate a material revenue stream. As well as contributing unrestricted funds, public fundraising plays a major role in increasing public awareness of the unique nature of the Park and the impact of Virunga Foundation's work. In excess of 2.7million USD was raised directly from public fundraising in 2023.

Individual donors give through a range of fundraising platforms, largely online, via providers such as Donorbox, The Giving Block, Just Giving and a Friends Fund with CAF America. The CAF Friends fund has a US charitable equivalency determination which provides individual US tax paying donors with tax deductibility for their gifts. Supporters also contribute to the Park via alternative channels such as workplace giving programs, Virunga's online stores and directly to Virunga Bank accounts in the UK and Belgium.

Fundraising Obligations

The Charity did not receive any complaints in the course of 2023, or up to the end of May 2024, relating to its fundraising activity. The only proactive fundraising undertaken is via a page on the website and occasional emergency appeals, also web based. Individual donations arise from general public awareness of the work of the Charity, which is created through both conventional and social media channels, as well as word of mouth. The charity does not make any unsolicited fundraising approaches to individuals via marketing tools such as, email, text, or cold calling by any method and does not engage third party fundraisers, or fundraising volunteers. Due to the international scope and nature of the Charity's operations, there are no fundraising staff employed in the UK.

Virunga Foundation is registered with the UK Fundraising Regulator. Due to the predominance of institutional and foundation grant funding, Virunga Foundation is very focussed on meeting the exacting reporting and review requirements of donors through the performance of frequent independent audits and the provision of tailored financial audit reports, as well as on generating monitoring and evaluation reports.

Investment Policy and Performance

In accordance with its Articles of Association, the charity has the power to invest funds in any manner the Trustees deem appropriate, but only after obtaining such advice, as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification.

The Trustees, taking into account liquidity required to operate the charity, have operated the practice of maintaining funds in current accounts in order to make funds available for operations at short notice. There are therefore no investments of cash made with a view to long term value growth. Available funds are rather allocated to covering operating costs and own investments in projects to increase long term sustainable income generation.

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Risk Management

In October 2019, the Trustees formally adopted a Risk Management Policy for Virunga Foundation.

This policy defines the risk management approach adopted by the Trustees, as well as the relative responsibilities of the Trustees and Senior Management in implementing procedures to ensure compliance with this policy. The output from the risk management process is a risk register summarizing the key areas of organization risk, identifying current and proposed mitigations, to provide a post mitigation risk rating for identified risk categories. A risk appetite statement, to frame Virunga Foundation's risk management approach was developed in the first quarter of 2022 and formally adopted by the Foundation Board in June 2022. The risk appetite statement was updated in January 2022 when it was presented to the Finance and Audit Committee.

Responsibility

Responsibility for risk management is shared among the Board of Trustees and the Management of the Foundation. The Board has the overall responsibility for reviewing and maintaining sound and effective risk management and internal control systems.

Management's role is to design and implement these systems, and to report to the Board, and Finance & Audit Committee on the risks identified and how they are managed.

Virunga Foundation Risk Management Framework

The Finance & Audit Committee supports the Board in monitoring risk exposure and in providing input to the operating effectiveness of the underlying risk management and internal control systems. Acting on behalf of the Board, the Finance and Audit Committee oversees the following process on a regular basis:

Reviewing the principal organizational risks and control measures in order to mitigate or reduce such risks, assessing the strengths and weaknesses of the overall risk management and internal control systems and action plans, to address identified weaknesses or improve the assessment process;

Reviewing the business process and operations as reported by Internal Control, including action plans to address the identified control weaknesses, as well as status updates and monitoring the implementation of audit recommendations; and

Reviewing any reports from the external auditor on any control issues identified in the course of their work and discussing with the external auditor any areas of interest/concern.

The Finance & Audit Committee reports its findings to the Board, which then considers these findings in forming its own view on the effectiveness of the Foundation's risk management systems.

End 2023, Review of Risk Management

Virunga Foundation's activities take place in the North Kivu Province in the east of the Democratic Republic of Congo, which is a high-risk environment, both in terms of physical security, as well as in maintaining strong levels of financial control.

The critical risks to operational continuity and the measures in place to manage such risks are the following:

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Security Risk

North Kivu is a region with an inherently high security risk due to the combination of limited law enforcement resources and a significant presence of illegal armed groups and occupying forces. These groups modus operandi includes a range of illegal activities, including killing and terrorizing, extortion, poaching and kidnapping. Fatal attacks on the local population are frequent and ICCN Park Rangers are also sometimes targeted in attacks. The allocation of resources to protect people and the Park from the activities of these illegal groups is a major element of the activity of the Park Rangers, who receive support from Virunga Foundation in their work.

The re-emergence of the Rwandan backed M23 illegal militia group, supported by the RDF, in 2022 and 2023 has severely exacerbated the security situation, making operational activities difficult and hazardous. The M23 group currently controls extensive areas of the southern sector of the Park and forced the evacuation of the majority of the staff from Rumangabo, Matebe and the Rwanguba construction site since the later months of 2022. Construction work at Rwanguba recommenced late in 2022, however, only core operational staff remain at Rumangabo and Matebe locations, though Rwanguba construction continues on schedule. While the security situation in the Southern Sector is the most serious, the relocation of Congolese army resources to the Southern area, lead to an increase of activities of other illegal armed groups in areas north of the southern sector.

This development lead to the deployment of a significant increase in Rangers in the central sector. In the course of 2023 and 2024 the M23 and Rwandan army have increased the areas under their control.

Mitigation measures include regular intelligence gathering, co-operation with military forces, both national and the UN, and the implementation of detailed security procedures, which are regularly reviewed. Forward operating bases have been constructed in the northern sector, which together with working with local communities and the Congolese army have increased security and hugely reduced incident response times. Emergency transmitters distributed to local communities have also contributed to reduced reaction times and significantly lower fatalities. There are a range of standard operating security procedures covering all aspects of operations, from construction sites to tourism activities. Despite the significant resources allocated to security and all the mitigations in place, security is and will remain the major risk facing the Charity's operations.

Political and Regulatory instability

The political and related regulatory instability present in the DRC and North Kivu presents a significant risk for Virunga Foundation in its potential to influence operations in unpredictable ways. There is a relatively high degree of regulatory and legislative intervention which leads to significant compliance requirements, which increase costs, directly and indirectly, through new or revised legislation.

Examples of specific risks include dependency on the support of the ICCN, exposure to shifting political agendas, as well as the Government regulation of the electricity sector. Electricity sales being the major future income source of Virunga Foundation from its sustainable energy subsidiary, Virunga Energies, where new taxes can and have been created and raised on Virunga Energies revenue in recent years and there is the ongoing potential for the implementation of new taxes.

While Virunga Foundation has 15 years of experience in managing these risks, changes in the political and regulatory environment cannot be predicted. Specific mitigation actions include integrating contracts and activities across a wide array of supportive and influential partners such as Congolese Government institutions, the European Union, United Nations agencies and development institutions in the UK, Belgium, US, and Netherlands. Senior management staff and trustees maintain regular contact with government authorities in Kinshasa and at the provincial level enabling it to maintain largely constructive ongoing relationships.

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Solvency and Liquidity Risk

The nature and location of Virunga Foundation's work, combined with its funding model (based largely on restricted project grants), means that accurately forecasting the scale and allocation of future funding much beyond a year in advance is challenging.

While forecasting funding has improved and sources of revenue diversified, the scale of activities has expanded and level of security risk impacting on revenue generation capacity increased. Improvements to manage this risk have included a range of measures, including among others, the Finance and Audit Committee, established in 2020, which closely monitors cash flow projections and discusses with management the measures to address funding flow risks. Additionally cash flow projections are now regularly updated with a future horizon of over two years, where contracted grants plus conservatively forecast revenue from grants under negotiation, plus income from other sources, is commonly in excess of 80% of forecast requirements.

There remains a strong focus on ensuring timely audits of projects to minimize any delay in receipt of subsequent funds, however, there are unavoidable timing differences between expenditure and receipt of funds in many instances. The increase in other sources of income such as, Virunga Energies income and internet donations, as well as short term financing, all contribute to increasing the funding to enable operational continuity.

Discussions at the Finance and Audit Committee have increased the focus at a governance level on the need to establish free reserves to manage better fluctuating fund flows from grants and loans. The requirement to establish free reserves as a priority has been identified at Board level. Establishing a level of free reserves being critical to avoid having to manage any adverse cashflow developments, by delaying investments and expenditure, with the associated adverse impacts on delivery of organization objectives. The creation of free reserves remains a significant challenge due to the majority of the Charity's funding being in the form of restricted grants, however, with increasing own revenue levels it is hoped that this will become achievable in future.

Strengthening Underlying Systems

Since 2019, Virunga Foundation has been progressively making improvements to our risk management and internal control systems. Internal control work has resulted in identifying areas to be addressed and in initiating mitigating actions. The initial phase focused on adopting a more risk-based approach to risk identification and assessment. This new approach increases Virunga Foundation's ability to analyze risks and respond to opportunities, as we pursue our strategic objectives. There have been resourcing challenges in the internal control function, in part exacerbated by the security situation. In 2024 it is planned to increase the resourcing of the internal control function to meet the growing internal control demands of the expanding scope of operations. A new ERP system is being implemented in 2024 after a thorough tender / evaluation process which was completed in 2023. This new system should represent a significant increase in the capacity to improve business processes and associated controls.

Financial Review

Total income from grants and donations for the year amounted to USD 48.4 million (2022: USD 26.9 million). The most material elements of this income was received in the form of grants from, EU, USAID, Re:wild, Schmidt Philanthropies and INL, (a US state department).

Grants received are principally of a restricted nature, though all include a limited unrestricted percentage intended to cover the recognised need to contribute to general costs. Restrictions are, however, generally quite broad, for example EU grants covering Park operating costs.

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The EU is the largest single provider of donor funding to Virunga Foundation and has provided several large multi-year grants, across all key areas of operation and development, including, Park Support, Lake protection, Agricultural development, Wildlife trafficking, Transboundary conservation, as well as multiple grants to support the sustainable energy project managed by VE. These grants cover periods of between 2 and 7 years, with grants totalling in excess of 100 million USD having been awarded in recent years. A grant in the new EU grant category of Food Security has been signed, with an initial instalment of 3.7 million Euro received on a grant totalling 5 million Euro.

USAID's first grant to Virunga Foundation was signed in 2019. The relationship with USAID has proven positive and a second grant valued at 4.7 million USD for 2022 was signed in November 2021. A further grant for 2023 of 4.2 million USD was finalised and it is expected future annual grants will be secured, as part of a longer term statement of intent.

The main source of income apart from charitable grants and donations is the commercial revenue generated by Virunga Energies, whose activities are described earlier in the report. Revenue growth in Virunga Energies continues a strong upward trajectory, having increased from USD 9.6 million in 2022 to USD 10.7 million in 2023, an annual increase of 11%. The revenue is generated from a range of customers, both commercial and domestic, comprising 53 and 33% respectively of the total income.

The total spent on charitable activities in 2023 was USD 23.7 million (2022: USD 24.1 million) which relates primarily to the costs of protecting the Virunga National Park and expenditure on supporting ICCN Rangers. Expenditure on raising funds in 2023 amounted to USD 13.8 million (2022: USD 13.5 million), of which 71.2% is all spent on the development and operation of the hydropower infrastructure of Virunga Energies.

Fixed assets comprise principally of the hydropower plants and electricity distribution networks. Total net tangible fixed assets at 31 December 2023 amounted to USD 118.1 million (2022: USD 105.7 million). In accordance with UK accounting standards construction costs have been capitalised and are disclosed as fixed assets.

The net surplus for the year was USD 25.9 million (2022: USD deficit 0.5 million). The restricted and unrestricted funds at year-end amounted to USD 51.4 million and USD 48.6 million respectively (2022: USD 21.8 million and USD 52.3 million respectively).

In addition to grants and donations, Virunga Foundation uses short-term and long-term debt facilities to fund its operations. Creditors falling due within one year at 31 December 2023 amounted to USD 32.2 million (2022: USD 46.1 million). At year end 31 December 2023 long-term debt amounted to USD 20.1 million (2022: USD 22.2 million), with the largest lender, in excess of two thirds of total long term debt being the UK-based development bank, British International Investment plc, (BII), formerly known as CDC.

Virunga Energies has a significant USD 94 million intercompany debt to Virunga Foundation, based on loans provided to enable the creation of its vertically integrated energy operations (2022: USD 89.7m). These operations cover the entire value chain, from power plant construction, through generation and distribution, to customer sales. With Virunga Energies operations now generating positive cashflows, it is expected that repayments towards this debt will commence in the short to medium term. However, there is no short term pressure on Virunga Foundation to receive material repayments on this debt, due to its ongoing strong external fundraising performance.

Reserves

Virunga Foundation receives very low levels of unrestricted funding in relation to its largely restricted grant income. This income pattern, together with the significant resources required for operational activities, typically not funded by unrestricted income, has made it very challenging to establish unrestricted reserves.

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As an illustration, all of the material projects and activities of Virunga Foundation require a substantial security infrastructure, the costs of which are not all covered by restricted project income, effectively means a significant percentage of unrestricted income is required to support projects funded by restricted income.

While the Trustees continue to review how Virunga can in future generate unrestricted cash reserves, to a level acceptable to beneficiaries and partners, as well as in line with good practice, this remains a major challenge. Events throughout 2023, continuing into 2024, have been dominated by the ongoing major security issues resulting from the invasion and occupation of large areas of North Kivu by the M23 and RDF, which has largely shut down Tourism operations and adversely impacted on multiple operations. The security situation, with its adverse impact on income generating activity, as well as on requiring additional expenditure, has severely limited the scope for the planned establishment of reserves. While the ultimate aim remains to develop free reserves over time for Virunga Foundation, sufficient to cover the value of at least half a year of operational costs, this will require an increase in the level of unrestricted funds raised and most likely entering a period of greater stability. In future, efforts to increase fundraising channels will be key to creating the opportunity for establishing reserves through unrestricted income, including specifically Virunga Energies revenues, which continue to achieve impressive growth in spite of the current security situation.

As at 31 December 2023 the total consolidated funds held by the Group amounted to USD 100.0 million (2022: USD 74.1 million), of which USD 51.4 million are unrestricted (2022: USD 52.3 million), and USD 48.6 million are restricted (2022: USD 21.8 million). As at 31 December 2023 the Group had net current assets of USD 1.0 million (2022: net current liabilities of USD 10.4 million).

Going concern and uncertainties

Virunga Foundation operates in the North Kivu region of DRC, an area currently with very high inherent risks. The substantial re-emergence of the M23 illegal armed militia and the RDF in North Kivu after an absence of 10 years, when Goma was occupied, represents the major constraint and risk to operations. While Goma remains free of M23 and RDF presence, the impact on the southern sector of Virunga National Park and surrounding areas, including on Goma, has been catastrophic for the local population. As an indicator of the scale of the crisis, the UN is planning to install a further 900,000 shelters for refugees on the periphery of Goma in the course of 2024, adding to the 500,000 it installed in 2023. Virunga has been engaged by and completed UNICEF requested extensions to the fresh water pipeline it installed in 2023 to deliver clean water to refugees. It is against this background that the operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, for which the mitigations are necessarily limited.

While severely challenging situations often arise which could have severe adverse impacts on the Charity's financial situation, these situations most often also result in rapid new financial resources being made available to the Foundation. Many of the Charity's large donors, institutional and charitable, regularly react to challenging situations which arise. In assessing any going concern risk in the context of unforeseen adverse developments, it is important to take in to account the Charity's well established record of being able to attract additional funding in emergency and crisis situations.

From a financial liquidity perspective, a number of project activities require to be pre-financed before funding is received, often on the basis of the completion of an audit to confirm past expenditure was valid. The complex negotiation and approval processes often mean that even after initial agreement for new grants has been achieved, it can take several months to receive the funds, on dates which are difficult to forecast. For example, whilst Virunga's relationship with its largest funder, the EU is good, the EU is a complex organisation requiring the careful managing of relationships and co-ordination with representatives in both Brussels and Kinshasa.

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Additionally, EU funding often requires approval by DRC authorities before remittance. While the process can be protracted and exact finalisation date of the various grants difficult to predict precisely, giving rise to short term funding challenges, the track record of attracting consistent and increased funding is well established and proven. Specific examples of methods to address these cash flow timing issues includes both bridging loans and credit lines, both of which have been successfully utilised in 2024 to address cash flow issues.

The forecast level of grants and other income is considered adequate to fund operational requirements for beyond the next two years, the timing of finalisation of agreements and receipt of funds can occasionally pose challenges for the Charity in terms of cash flow management. Experience clearly proves that Virunga is well able to manage short term cash flow issues by attracting short term financing and managing operating and project costs, avoiding material impact on plans.

From a governance perspective the Finance and Audit Committee is actively engaged with management on the approval of any short term funding “bridges”, which may be required to manage cash flows, which though adequate to fund operations on an annual basis, as described, may potentially face short term challenges.

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves, which is recognised as an ongoing challenge. The generation of unrestricted income from among others, as indicated, the sale of sustainably generated electricity is a key identified future mechanism to build up a level of free reserves. The creation of reserves remains a priority for the Board.

In the course of 2024 management has continued to attract major additional financing with significant amounts both confirmed and pending confirmation. With the identified level of financing secured and close to being secured, management believes that the funding perspective remains strong. In the first six months of 2024, a BII loan of 3.5 million USD was secured, a US State Department, (INL), grant extension for an additional 2 million USD signed, a World Bank grant of 600 thousand USD obtained and a UNICEF 750 thousand USD grant signed off. In addition, two multimillion USD grants are nearing finalisation with the EU, to cover ongoing core operating costs.

Conservative revenue projections based on secured and almost secured grants, public fundraising and own revenue generation therefore indicate that revenue levels are adequate to secure planned activities through to mid-2025, by which time it is expected own revenue generation will have increased materially, most significantly from Virunga Energies activities.

In addition to multiple major funding agreements and projected own income generation, management has maintains contingency plans identifying where expenditure can be reduced with minimal operational impact, should projected income targets not be met.

While any material reduction in planned expenditure due to any unforeseen significant revenue flow reduction, would impact on planned development objectives, management is confident of its ability to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that under foreseeable scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

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Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

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Trustees' Responsibilities Statement

The Trustees (who are also directors of Virunga Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In approving this report, the Board of Trustees is also approving the Strategic Report included here in their capacity as company directors. This report was approved by the Trustees on 19 August 2024 and signed on their behalf by:



Jan Bonde Nielsen,
Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

We have audited the financial statements of Virunga Foundation ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cashflow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2023 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2023

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 30 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and taxation legislation, together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and donation income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing of grant and donation income, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2023**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London, UK

21 August 2024

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted funds	Endowment and Restricted Funds	2023	2022
		\$	\$	\$	\$
Income from:					
Grants and donations	2	3,166,327	45,222,706	48,389,033	26,902,646
Income from charitable activities	3	120,012	499	120,511	212,555
Other trading activities	4	14,428,278	-	14,428,278	10,031,749
Investment income		<u>300,191</u>	<u>98,405</u>	<u>398,596</u>	<u>131,124</u>
Total income		<u>18,014,808</u>	<u>45,321,610</u>	<u>63,336,418</u>	<u>37,278,074</u>
Expenditure on:					
Raising funds	5				
- operational costs of hydro power plants		10,092,788	(202,601)	9,890,187	12,969,916
- other trading activities		3,861,702	-	3,861,702	568,156
Charitable activities	6	<u>3,440,936</u>	<u>20,295,482</u>	<u>23,736,418</u>	<u>24,146,580</u>
Total expenditure		<u>17,395,426</u>	<u>20,092,881</u>	<u>37,488,307</u>	<u>37,684,652</u>
Net (expenditure)/income	7	619,382	25,228,729	25,848,111	(406,578)
Transfers between funds	16	<u>(1,602,507)</u>	<u>1,602,507</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(983,125)</u>	<u>26,831,236</u>	<u>25,848,111</u>	<u>(406,578)</u>
Deficit / (Surplus) attributable to non-controlling Interest		<u>56,864</u>	<u>-</u>	<u>56,864</u>	<u>(72,962)</u>
Net movement in funds attributable to the Group		<u>(926,261)</u>	<u>26,831,236</u>	<u>25,904,975</u>	<u>(479,540)</u>
Reconciliation of funds:					
Total funds brought forward		<u>52,286,619</u>	<u>21,802,572</u>	<u>74,089,191</u>	<u>74,568,731</u>
Total funds carried forward	16	<u>51,360,358</u>	<u>48,633,808</u>	<u>99,994,166</u>	<u>74,089,191</u>

All activities relate to continuing operations.

Included within endowments and restricted funds is \$26k relating to an endowment fund set up for Fallen Rangers (2022: \$26k).

The notes on pages 39 to 60 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		\$	\$
Fixed assets			
Intangible assets	9	2,116,283	2,161,853
Tangible assets	10	118,125,707	105,654,331
Investments	11	<u>46,080</u>	<u>44,850</u>
		120,288,070	107,861,034
Debtors: amounts falling due after more than one year	12	344,568	385,690
Current assets			
Stock		8,353,881	5,492,841
Debtors: amounts falling due within one year	13	17,915,906	10,900,431
Cash at bank and in hand		<u>6,903,511</u>	<u>19,291,659</u>
		33,173,298	35,684,931
Creditors: amounts falling due within one year	14	<u>(32,205,083)</u>	<u>(46,129,114)</u>
Net current assets / (liabilities)		<u>968,215</u>	<u>(10,444,183)</u>
Total assets less current liabilities		121,600,853	97,802,541
Creditors: amounts falling due after more than one year	14	(20,115,117)	<u>(22,164,917)</u>
Net assets		<u>101,485,736</u>	<u>75,637,624</u>
Group Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	48,607,975	21,776,739
Unrestricted funds	16	51,360,358	<u>52,286,619</u>
Total funds of the charitable group		<u>99,994,166</u>	<u>74,089,191</u>
Non-controlling interest		1,491,570	1,548,433
Total Funds		<u>101,485,736</u>	<u>75,637,624</u>

The financial statements were approved and authorised by the Trustees on 19 August 2024 and signed on their behalf by:



Jan Bonde Nielsen, Chairman

The notes on pages 39 to 60 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		\$	\$
Fixed assets			
Intangible fixed assets	9	-	49,713
Investments	11	<u>294,667</u>	<u>294,667</u>
		294,667	344,380
Debtors: amounts falling due after more than one year	12	96,386,274	92,177,680
Current assets			
Debtors: amounts falling due within one year	13	24,813,986	18,610,018
Cash at bank and in hand		<u>5,624,862</u>	<u>17,647,681</u>
		30,438,848	36,257,699
Creditors: amounts falling due within one year	14	<u>(29,874,078)</u>	<u>(41,304,852)</u>
Net current assets		<u>564,770</u>	<u>(5,047,153)</u>
Total assets less current liabilities		<u>97,245,711</u>	<u>87,474,907</u>
Creditors: amounts falling due after more than one year	14	<u>(4,651,959)</u>	<u>(3,430,825)</u>
Net assets		<u>92,593,752</u>	<u>84,044,082</u>
Charity Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	31,048,441	21,776,739
Unrestricted funds	16	<u>61,519,478</u>	<u>62,241,510</u>
Total funds		<u>92,593,752</u>	<u>84,044,082</u>

The surplus for the financial year dealt with in the financial statements of the parent company was \$8,549,674 (2022: deficit \$8,479,715).

The financial statements were approved by the Trustees on 19 August 2024 and signed on their behalf, by:



Jan Bonde Nielsen, Chairman

Company number: 05598718

The notes on pages 39 to 60 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities:			
Net cash provided by operating activities	18	6,496,848	11,107,726
Cash flows from investing activities:			
Interest received		398,596	131,124
Acquisition of subsidiary		-	179,463
Purchase of intangible fixed assets		(227,843)	(444,979)
Disposal of intangible fixed assets		49,713	922,930
Purchase of tangible fixed assets		(17,821,507)	(23,046,493)
Net cash used in investing activities		(17,601,041)	(22,257,955)
Cash flows from financing activities:			
Repayments of borrowings		(1,283,955)	(713,572)
Cash inflows from new borrowing		-	10,300,000
Net cash provided by financing activities		(1,283,955)	9,586,428
Change in cash and cash equivalents in the year		(12,388,148)	(1,563,801)
Cash and cash equivalents brought forward		19,291,659	20,855,460
Cash and cash equivalents carried forward	19	6,903,511	19,291,659

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company has adapted its balance sheet, as permitted by the regulations, to show debtors greater than one year as a separate line and not within current assets.

Virunga Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

Virunga Foundation operates in North Kivu, a region with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities, however, it is the reality that when emergency situations arise, unbudgeted material donations from established funders are invariably received. The global food security crisis being one such example, where a major EU grant has been received to help alleviate the impact of global food shortages in the region by investing in the creation of significant local food production and processing capacity.

The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, the mitigations for which are necessarily limited.

The physical and political risk environments overlap and interact with the financial and funding risk environments, though as indicated above, material unbudgeted funding is frequently received when unforeseen events arise, be they environmental, health or security related. Virunga Foundation is highly dependent on a limited, though increasing number of large grants to fund its operations. The timing of the initial receipt of these grants and subsequent tranches, is critical in ensuring there is adequate funding to support operations and to maintain ongoing operations, as well as to enable the implementation of key projects. Work has been done by management, with the support of the finance and audit committee, to increase the level of scrutiny and planning, to minimise risks of liquidity issues. This includes being able to access "bridge" funding, which one substantial lender has indicated a willingness to provide.

The key security challenges as described in the Trustees report relate to the significantly increased illegal armed group activities, in particular those of the M23 illegal armed group which has occupied large areas of North Kivu, including the southern sector of the Virunga National Park. The activities of M23 and other groups has lead to the displacement of an estimated 2.1 million persons which exacerbates instability and extreme humanitarian suffering in the region, including high risks of disease outbreaks, such as cholera. In these situations as part of its charitable objectives, Virunga requires to allocate resources in an effort to reduce suffering, such as the construction of a potable water drinking pipeline to the over half a million displaced persons surviving on the outskirts of Goma.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.2 Going concern (continued)

The forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, based on the already existing secured and almost secured grants. The forecast level of grant income is considered conservative, not including grants still to be negotiated in the course of the next two years. In addition management has prepared an austerity scenario budget which could be implemented with reduced expenditure, in case of an unforeseen emergency situation arising. The requirement to implement such a budget is considered unlikely, but provides confidence in the capacity of the Charity to survive an emergency event.

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves. The generation of unrestricted income from among others, the sale of sustainably generated electricity is one of the future mechanisms identified to build up a level of free reserves. However, to date unrestricted income has been required to fund ongoing operations. The creation of reserves remains a priority for the Trustees

The Trustees are satisfied that under foreseeable scenarios the Charity will have adequate funds to continue with its operations for the longer term, but specifically for the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met. While reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that in most scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on the going concern basis.

1.3 Basis of consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

Virunga Energies SAU Limited, Virunga Belgique SRL Limited, Virunga Foundation Limited, Société Provinciale d'Eau et d'Electricité du Nord-Kivu and Virunga Origins have been excluded from the consolidation as their inclusion is not material for the purpose of giving a true and fair view individually and in aggregate as permitted by section 405 of the Companies Act 2006.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.4 Group status

The company is a company limited by guarantee. The members of the company are certain of the Trustees named on page 4. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 in total.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.5 Reporting Currency

The functional and reporting currency used by the charity and group is United States Dollars and hence these accounts are reported in this currency.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent assets retained for the benefit of the charity as a capital fund. Details of the nature and purpose of each endowment fund is set out in note 16. The expendable endowment fund represents a fund from which capital and interest can be drawn down for unrestricted use.

1.7 Incoming resources

Income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations of cash, which include regular giving, public donations and appeals, are recognised as income once the company has the right to receive the donation, it is probable that the economic benefits will be received, and the amount of the donation can be measured reliably.

Incoming resources are deferred only when the donor has imposed preconditions on the expenditure of resources. Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Trading and other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.9 Intangible and tangible fixed assets

Expenditure on capital items for the parent charity is generally written off to the SOFA on the basis that the items acquired/constructed are for the benefit of the community/specific project and therefore they will not generate any future economic benefit for the charity.

Intangible and tangible fixed assets in respect of the subsidiary entities are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	0-5% straight line
Plant, machinery and equipment	-	4% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20-33% straight line
Other fixed assets	-	20% straight line
Intangible fixed assets (excl. cryptocurrencies)	-	20%-33% straight line

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

Cryptocurrencies are held on the balance sheet as intangible assets, and are accounted for under the revaluation model, and are initially recognised at cost. They are subsequently carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

1.10 Investments

Investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

- (i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) Associated undertakings
Investments in associates are valued at cost less provision for impairment.
- (ii) Social investments
Social investments are initially recognised at cost, with the carrying amount adjusted each year to reflect additional amounts invested, any repayments and accrued interest, and are assessed for impairment on an annual basis.

1.11 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.14 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.16 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.17 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.18 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.19 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

1.20 Stocks

Stocks represents parts and consumables held in respect of the hydropower stations, and are measured at the lower of cost adjusted, when applicable, for any loss of service potential and replacement cost.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. Accounting Policies (continued)

1.21 Accounting estimates and key judgements

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The significant areas of estimate and judgement include the remaining useful life of assets, impairment of assets and the recognition of grant income. Related accounting policies for these items are noted above.

2. Voluntary income

	Unrestricted funds	Restricted and Endowment funds	Total funds	<i>Total funds</i>
	2023	2023	2023	<i>2022</i>
	\$	\$	\$	\$
Donations	2,759,595	-	2,759,595	<i>1,760,676</i>
Grants	<u>341,292</u>	<u>45,288,146</u>	<u>45,629,438</u>	<i><u>25,141,970</u></i>
	<u>3,100,887</u>	<u>45,288,146</u>	<u>48,389,033</u>	<i><u>26,902,646</u></i>

In 2022, of the total income from grants and donations, \$1,657,672 was to unrestricted funds and \$25,244,974 was to restricted funds.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Incoming resources from charitable activities

	Unrestricted funds 2023 \$	Restricted funds 2023 \$	Total funds 2023 \$	Total funds 2022 \$
Tourism income	-	-	-	-
Lodge income	116,229	-	116,229	191,283
Other income	<u>3,783</u>	<u>499</u>	<u>4,282</u>	<u>21,272</u>
	<u>120,012</u>	<u>499</u>	<u>120,511</u>	<u>212,555</u>

In 2022, of the total other incoming resources, \$211,875 was to unrestricted funds and \$680 was to restricted funds.

4. Trading income

	Unrestricted funds 2023 \$	Restricted funds 2023 \$	Total funds 2023 \$	Total funds 2022 \$
Royalty income	743	-	743	855
Provision of electricity	10,465,865	-	10,465,865	9,237,271
Rent received and other trading income	<u>3,961,670</u>	<u>-</u>	<u>3,961,670</u>	<u>793,623</u>
	<u>14,428,278</u>	<u>-</u>	<u>14,428,278</u>	<u>10,031,749</u>

In 2022, of the total income from other trading activities, \$10,031,749 was to unrestricted funds and \$nil was to restricted funds.

5. Expenditure on raising funds

	Staff costs 2023 \$	Other direct costs 2023 \$	Total funds 2023 \$	Total funds 2022 \$
Hydro power plant operational costs	4,752,697	5,137,490	9,890,187	12,969,916
Other trading activities	<u>261,406</u>	<u>3,600,296</u>	<u>3,861,702</u>	<u>568,156</u>
	<u>5,014,103</u>	<u>8,737,786</u>	<u>13,751,889</u>	<u>13,538,072</u>

In 2022, of the total expenditure on raising funds, \$13,538,072 was for unrestricted funds and \$nil was for restricted funds.

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6. Analysis of expenditure on charitable activities

	Staff costs 2023 \$	Other direct costs 2023 \$	Support costs 2023 \$	Total 2023 \$	<i>Total 2022 \$</i>
Agriculture and development	926,542	2,890,829	60,775	3,878,146	2,197,644
Protection of Virunga National Park	8,620,847	10,929,401	308,024	19,858,272	21,942,876
Raising awareness	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,060</u>
	<u>9,547,389</u>	<u>13,820,230</u>	<u>368,799</u>	<u>23,736,418</u>	<u>24,146,580</u>

In 2022, of the total expenditure, \$6,371,465 was expenditure from unrestricted funds and \$17,775,115 was expenditure from restricted funds.

Included in support costs are foreign exchange losses of \$34,454 (2022: \$31,051) and governance costs of \$334,345 (2022: \$70,852).

7. Net incoming resources

This is stated after charging:

	2023 \$	2022 \$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	46,500	42,919
Fees payable to the company's auditor and its associates in respect of:		
- The audit of subsidiaries of the company	-	23,050
- Non-audit services	-	17,596
Depreciation of tangible fixed assets owned by the charitable group	5,126,432	4,129,528
Amortisation of intangible fixed assets owned by the charitable group	223,700	186,486

During the year, no Trustees received any remuneration for their services as a trustee (2022: \$nil).

During the year, no Trustees received any benefits in kind (2022: \$nil). No Trustee received reimbursement of expenses in the current year (2022: No Trustees - \$nil). Other transactions with Trustees are detailed in Note 21.

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8. Staff costs

Staff costs were as follows:

	2023	2022
	\$	\$
Wages and salaries	<u>14,561,492</u>	<u>14,464,385</u>

The average number of persons employed by the company during the year was as follows:

	2023	2022
		<i>No</i>
Charitable activities	546	507
Other trading activities	135	95
Hydropower	<u>280</u>	<u>236</u>
	961	838

Staff costs above are inclusive of amounts paid by the Charity to the Park Rangers, who are employed by ICCN (the DRC governmental department in charge of the Park). As they are not employees of the Charity the Rangers are not included in the average number of staff figures above.

The number of higher paid employees was:

	2023	2022
	No	No
In the band £60,001 - £70,000 (\$74,628 - \$87,065)	3	2
In the band £70,001 - £80,000 (\$87,066 - \$99,502)	0	1
In the band £80,001 - £90,000 (\$99,504 - \$111,940)	1	0
In the band £90,001 - £100,000 (\$111,941 - \$124,378)	0	0
In the band £100,001 - £110,000 (\$124,379 - \$136,816)	0	0
In the band £110,001 - £120,000 (\$136,817 - \$149,253)	0	0
In the band £120,001 - £130,000 (\$149,255 - \$161,691)	1	1

8. Staff costs (continued)

The key management personnel of the charity comprise the trustees and the senior management team. The total amount of employee benefits received by the senior management team for their services to the charity was \$1,146,653 (2022: \$1,096,411). The trustees receive no remuneration or benefit from the charity for acting as trustees.

Included within wages and salaries above is \$NIL (2022: \$NIL) in respect of redundancy payments.

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9. Intangible fixed assets

Group	Charity Cryptocurrency \$	Group Goodwill	Group Computer software \$	Group Other fixed assets \$	Group Total \$
Cost					
At 1 January 2023	49,713	54,708	1,477,506	3,488,820	5,070,747
Additions	-	-	206,407	21,436	227,843
Disposals	(49,713)	-	-	-	(49,713)
At 31 December 2023	<u>-</u>	<u>54,708</u>	<u>1,683,913</u>	<u>3,510,256</u>	<u>5,248,877</u>
Depreciation					
At 1 January 2023	-	-	239,883	2,669,011	2,908,894
Charge for the year	-	-	-	223,700	223,700
At 31 December 2023	<u>-</u>	<u>-</u>	<u>239,883</u>	<u>2,892,711</u>	<u>3,132,594</u>
Net book value					
At 31 December 2023	<u><u>-</u></u>	<u><u>54,708</u></u>	<u><u>1,444,030</u></u>	<u><u>617,545</u></u>	<u><u>2,116,283</u></u>
At 31 December 2022	<u><u>49,713</u></u>	<u><u>54,708</u></u>	<u><u>1,237,623</u></u>	<u><u>819,809</u></u>	<u><u>2,161,853</u></u>

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10. Tangible fixed assets

	Land and buildings	Plant and machinery	Motor vehicles	Computer equipment	Other fixed assets	Total
Group	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2023	82,094,872	41,242,595	5,520,254	473,791	161,695	129,493,207
Additions	7,875,787	8,510,798	337,501	941,969	155,452	17,821,507
Disposals	(2,776)	(116,876)	(130,223)	-	-	(249,875)
At 31 December 2023	<u>89,967,883</u>	<u>49,636,517</u>	<u>5,727,532</u>	<u>1,415,760</u>	<u>317,147</u>	<u>147,064,839</u>
Depreciation						
At 1 January 2023	8,900,000	9,461,795	4,941,366	385,220	150,495	23,838,876
Additions	3,123,935	1,261,358	120,651	620,487	-	5,126,431
Disposals	(2,776)	-	(23,399)	-	-	(26,175)
At 31 December 2023	<u>12,021,159</u>	<u>10,723,153</u>	<u>5,038,618</u>	<u>1,005,707</u>	<u>150,495</u>	<u>28,939,132</u>
Net book value						
At 31 December 2022	<u>73,194,872</u>	<u>31,780,800</u>	<u>578,888</u>	<u>88,571</u>	<u>11,200</u>	<u>105,654,331</u>
At 31 December 2023	<u>77,946,724</u>	<u>38,913,364</u>	<u>688,914</u>	<u>410,053</u>	<u>166,652</u>	<u>118,125,707</u>

Included in the above are fixed assets under the course of construction of \$27,138,120 (2022: \$20,815,117).

Included in land and buildings is freehold land at cost of \$1,250,766 (2022: \$1,248,176) which is not depreciated.

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11. Fixed asset investments

Group	Other investments \$
Cost	
At 1 January 2023	44,850
Foreign exchange movement	1,230
At 31 December 2023	<u>46,080</u>

Group investments at cost comprise:

	2023 \$	2022 \$
Listed investments at market value	-	67
Other fixed asset investments	<u>46,080</u>	<u>44,783</u>
	<u>46,080</u>	<u>44,850</u>

All the other fixed asset investments are held in Belgium by Virunga SRL, the fully owned subsidiary of Virunga Foundation.

	Shares in group undertakings \$
Company	
Cost	
At 1 January 2023 and 31 December 2023	<u>294,667</u>

Company investments at cost comprise:

	2023 \$	2022 \$
Investment in subsidiaries	<u>294,667</u>	<u>294,667</u>

Details of the principal subsidiaries and associates can be found under note number 21.

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12. Debtors due after more than one year

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Deferred tax asset	344,568	385,690	-	-
Virunga SRL	-	-	1,959,679	1,866,361
Virunga Energies SAU	-	-	93,875,344	89,711,219
Sicovir SARL	-	-	551,251	600,100
	<u>344,568</u>	<u>385,690</u>	<u>96,386,274</u>	<u>92,177,680</u>

The movement in value for the year was as follows:

	\$
Value at 1 January 2023	92,177,680
Additional loans	5,323,715
Repayments	(1,234,481)
Accrued interest	<u>119,360</u>
Value at 31 December 2023	<u>96,386,274</u>

13(a). Current Assets – Stocks

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Raw materials and consumables	8,032,544	2,020,968	-	-
Finished goods and goods for resale	<u>321,337</u>	<u>3,471,873</u>	-	-
	<u>8,353,881</u>	<u>5,492,841</u>	=	=

13(b). Current Assets - Debtors

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Due within one year				
Trade debtors	2,048,837	2,082,626	-	-
Amounts owed by group undertakings	184,669	55,720	12,562,322	9,971,175
Other debtors	5,342,831	1,489,086	1,449,136	1,366,221
Prepayments and accrued income	<u>10,339,569</u>	<u>7,272,999</u>	<u>10,802,528</u>	<u>7,272,622</u>
	<u>17,915,906</u>	<u>10,900,431</u>	<u>24,813,986</u>	<u>18,610,018</u>

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14. Creditors:
Amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Bank loan and overdrafts	3,828,694	1,593,145	-	-
Other loans	249,221	1,470,354	249,221	1,470,354
Trade creditors	4,316,153	2,670,257	63,789	67,842
Social security and other taxes	694,981	487,402	120,737	107,977
Amounts owed to group undertakings	-	-	9,522,233	-
Taxation	-	-	-	-
Other creditors	1,170,003	206,107	1,035,649	172,762
Accruals and deferred income	<u>21,946,031</u>	<u>39,701,849</u>	<u>18,882,449</u>	<u>39,485,917</u>
	<u>32,205,083</u>	<u>46,129,114</u>	<u>29,874,078</u>	<u>41,304,852</u>

Amounts falling due after one year

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Deferred income	-	-	-	-
Other loans	4,651,959	3,430,825	4,651,959	3,430,825
Bank loans	<u>15,463,158</u>	<u>18,734,092</u>	-	-
	<u>20,115,117</u>	<u>22,164,917</u>	<u>4,651,959</u>	<u>3,430,825</u>

Analysis of loans -

Amounts falling due within 1 year	4,317,986	3,063,499	249,221	1,470,354
Amounts falling due within 1-2 years	6,116,933	4,525,710	1,157,487	980,236
Amounts falling due within 2-5 years	9,414,091	8,094,822	3,494,471	2,450,589
Amounts falling due after more than 5 years	<u>4,344,022</u>	<u>9,544,385</u>	-	-
	<u>24,193,032</u>	<u>25,228,416</u>	<u>4,901,179</u>	<u>4,901,179</u>

Bank and other loans comprise the following -

- A \$9m loan from CDC repayable over the period ending 31 December 2025. Interest is charged at 5% per annum interest plus an additional 1% per annum commitment fee interest.
- A \$2.5m loan from Illeros Limited repayable over the period ending 31 December 2025. Interest is charged at 2% per annum.
- A \$4.9m loan from Schmidt Family Foundation repayable over the period ending 31 December 2025. Interest is charged at 0.25% per annum.
- A \$10.3m loan from CDC repayable over the period ending 30 June 2031. Interest is charged at 6% per annum.

Virunga Foundation has also provided a guarantee to Equity Bank in respect of development loans previously issued by Virunga Developments which were purchased by Equity Bank in 2020. At 31 December 2023 the guarantee amounted to \$1,247k, for which a corresponding amount is held in a separate bank account.

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15. Deferred taxation

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
At beginning of year	385,690	433,740	-	-
Added/(released) during the year (P&L)	<u>(41,122)</u>	<u>(48,050)</u>	-	-
At end of year	<u>344,568</u>	<u>385,690</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accelerated capital allowances	<u>344,568</u>	<u>385,690</u>	<u>-</u>	<u>-</u>

16. Statement of funds

	Brought forward	Income	Expenditure	Transfers & other gains	Carried forward
	\$	\$	\$	\$	\$
Unrestricted funds					
General funds	<u>52,286,619</u>	<u>16,301,959</u>	<u>(15,625,713)</u>	<u>(1,602,507)</u>	<u>51,360,358</u>
Restricted funds					
Protection of Virunga National Park	1,039,280	27,330,217	(16,235,844)	1,236,087	13,369,740
Agriculture and development	(77,658)	8,088,679	(4,059,638)	366,420	4,317,803
Hydro power plant construction	<u>20,815,117</u>	<u>9,902,714</u>	<u>202,601</u>	-	<u>30,920,432</u>
	<u>21,776,739</u>	<u>45,321,610</u>	<u>(20,092,881)</u>	<u>1,602,507</u>	<u>48,607,975</u>
Expendable endowment funds					
Fallen rangers fund	<u>25,833</u>	-	-	-	<u>25,833</u>
Total Restricted and Endowment funds	<u>21,802,572</u>	<u>45,321,610</u>	<u>(20,092,881)</u>	<u>1,602,507</u>	<u>48,633,808</u>
TOTAL GROUP FUNDS	<u>74,089,191</u>	<u>61,623,569</u>	<u>(35,718,594)</u>	<u>-</u>	<u>99,994,166</u>
NON-CONTROLLING INTERESTS	<u>1,548,433</u>	<u>1,712,849</u>	<u>(1,769,712)</u>	<u>-</u>	<u>1,491,570</u>
TOTAL	<u>75,637,624</u>	<u>63,336,418</u>	<u>(37,488,306)</u>	<u>-</u>	<u>101,485,736</u>

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16. Statement of funds (continued)

<i>2022 comparatives</i>	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Carried forward</i>
	\$	\$	\$	\$	\$
<i>Unrestricted funds</i>					
<i>General funds</i>	<u>60,160,321</u>	<u>11,624,530</u>	<u>(19,649,874)</u>	<u>151,642</u>	<u>52,286,619</u>
<i>Restricted funds</i>					
<i>Protection of Virunga National Park</i>	1,373,600	11,705,856	(15,578,419)	3,538,243	1,039,280
<i>Agriculture and development</i>	34,950	1,619,811	(2,196,696)	464,277	(77,658)
<i>Hydro power plant construction</i>	<u>12,974,027</u>	<u>11,995,252</u>	<u>-</u>	<u>(4,154,162)</u>	<u>20,815,117</u>
	<u>14,382,577</u>	<u>25,320,919</u>	<u>(17,775,115)</u>	<u>(151,642)</u>	<u>21,776,739</u>
<i>Expendable endowment funds</i>					
<i>Fallen rangers fund</i>	<u>25,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,833</u>
<i>Total Restricted and Endowment funds</i>	<u>14,408,410</u>	<u>25,320,919</u>	<u>(17,775,115)</u>	<u>(151,642)</u>	<u>21,802,572</u>
TOTAL GROUP FUNDS	<u>74,568,731</u>	<u>36,945,449</u>	<u>(37,424,989)</u>	<u>-</u>	<u>74,089,191</u>
NON-CONTROLLING INTERESTS	-	<u>332,625</u>	<u>(259,663)</u>	<u>1,475,471</u>	<u>1,548,433</u>
TOTAL	<u>74,568,731</u>	<u>37,278,074</u>	<u>(37,684,652)</u>	<u>1,475,471</u>	<u>75,637,624</u>

Included in Transfers & Other Gains is \$1,475,471 in respect of non-controlling interests on the acquisition of a controlling interest in Sicovir SARL.

UNRESTRICTED FUNDS

The unrestricted funds in these consolidated accounts are, as can be seen above, an amalgamation of the individual charity's unrestricted funds plus those of its subsidiaries.

RESTRICTED FUNDS

- 1) **Agriculture and development** – This consists of funding received for agricultural development around the Park, including the construction of feeder roads and cold storage facilities, as well as facilities to produce and sell, amongst others, coffee, chocolate and chia seeds. The fund is currently in deficit as expenditure has been incurred for which the charity is not currently entitled to recognise the income. Income is expected to be recognised in the subsequent financial year. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds.
- 2) **Protection of Virunga National Park (PVNP)** -This consists of protecting and conserving the wildlife and natural resources of the Virunga National Park and emergency support for rangers by means of providing food and shelter to Park rangers and their families who have been displaced by the current civil conflict in the Democratic Republic of Congo. Another part is the charity developing their websites for marketing purposes to increase public awareness and online

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donation income. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds, or for projects which have overspent and the deficit is funded by unrestricted funds.

- 3) **Hydro Power Plants** - Funding was received for the design and building of hydro power plants to provide electricity to villages surrounding Virunga National Park. Transfers from the fund during the year relate to the completed hydro power plants being transferred into unrestricted funds as the restriction on the associated income has been extinguished.

16. Statement of funds (continued)

ENDOWMENT FUNDS

Fallen Ranger fund – an expendable endowment created to secure the future of the rangers and their families for years to come. Fallen rangers leave behind families who relied on them as the main breadwinners, and an injured ranger poses a financial burden on a family. The fund will be used to not only pay for pensions for those widows and retired rangers, but also help pay for medical treatment for rangers injured in the line of duty.

17. Analysis of net assets between funds

	Endowment funds 2023 \$	Restricted funds 2023 \$	Unrestricted funds 2023 \$	Total funds 2023 \$
Intangible fixed assets	-	-	2,116,283	2,116,283
Tangible fixed assets	-	27,535,942	90,589,765	118,125,707
Fixed asset investments	-	-	46,080	46,080
Debtors due after more than 1 year	-	-	344,568	344,568
Net current assets / (liabilities)	25,833	21,072,034	(20,129,652)	968,215
Creditors due in more than one year	-	-	(20,115,117)	(20,115,117)
	<u>25,833</u>	<u>48,607,976</u>	<u>52,851,927</u>	<u>101,485,736</u>
	<i>Endowment funds 2022 \$</i>	<i>Restricted funds 2022 \$</i>	<i>Unrestricted funds 2022 \$</i>	<i>Total funds 2022 \$</i>
Intangible fixed assets	-	-	2,161,853	2,161,853
Tangible fixed assets	-	20,815,117	84,839,214	105,654,331
Fixed asset investments	-	-	44,850	44,850
Debtors due after more than 1 year	-	-	385,690	385,690
Net current assets / (liabilities)	25,833	961,622	(11,431,638)	(10,444,183)
Creditors due in more than one year	-	-	(22,164,917)	(22,164,917)
	<u>25,833</u>	<u>21,776,739</u>	<u>53,835,052</u>	<u>75,637,624</u>

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18. Reconciliation of net movement in funds to net cash flow from operating activities

	2023	2022
	\$	\$
Net income for the year (as per Statement of financial activities)	25,848,111	(406,578)
Adjustment for:		
Investment income	(398,596)	(131,124)
Depreciation of tangibles fixed assets	5,126,432	4,129,528
Amortisation of intangible fixed assets	223,700	189,277
Loss on disposal of tangible fixed assets	223,699	-
Loss on disposal of intangible fixed assets	-	65,045
Impairment of intangible fixed assets	-	-
Servicing of finance	248,572	100,462
Decrease/(increase) in stock	(2,861,040)	150,107
Decrease/(increase) in debtors	(6,974,353)	(1,015,893)
Increase/(decrease) in creditors	<u>(14,939,677)</u>	<u>8,026,902</u>
Net cash provided by operating activities	<u>6,496,848</u>	<u>11,107,726</u>

19. Analysis of cash and cash equivalents

	2023	2022
	\$	\$
Cash in hand	6,903,511	19,291,659
Bank overdraft	<u>-</u>	<u>-</u>
Total	<u>6,903,511</u>	<u>19,291,659</u>

20. Analysis of changes in net debt

	At 1 January 2023	Cash flows	Other non-cash changes	At 31 December 2023
	\$	\$	\$	\$
Cash and cash equivalents				
Cash in hand	19,291,659	(12,388,148)	-	6,903,511
Bank overdraft	-	-	-	-
	<u>19,291,659</u>	<u>(12,388,148)</u>	<u>-</u>	<u>6,903,511</u>
Borrowings				
Debt due within one year	(3,063,499)	1,283,956	(2,538,443)	(4,317,986)
Debt due after one year	(22,164,917)	-	2,289,871	(19,875,046)
	<u>(25,228,416)</u>	<u>1,283,956</u>	<u>(248,572)</u>	<u>(24,193,032)</u>
TOTAL	<u>(5,936,757)</u>	<u>(11,104,192)</u>	<u>(248,572)</u>	<u>(17,289,521)</u>

VIRUNGA FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

21. Related party transactions

Key Management Personnel

In order to fulfil VF's mandate as manager of Virunga National Park, Emmanuel de Merode has been appointed as a director of the Virunga Park (in which role he is sworn in as a Public official), which is separate from his role as CEO of the Charity.

Emmanuel holds a senior rank within the ICCN as Park Director in order to be able to command the Rangers, as well as being the CEO of VF. The Rangers, who Emmanuel oversees in his role as Park Director, are fundamental to the protection of the Park, as well as to the provision of security to the civilian population living in the vicinity of the Park, and to the staff and operations of VF. Though not a financial transaction, as no remuneration is provided by ICCN, this related party relationship is highlighted due to its significance for the operation of VF. In the event of conflicts arising from holding these two roles, Emmanuel will recuse himself from any discussions.

In 2017 The World We Want Foundation of which Paul Leander Engström, a Virunga Foundation trustee, is founder and Chairman, provided Virunga Energies SAU with a loan of \$2.5m with a 10-year duration, at a 2% per annum interest rate. As at 31 December 2023 the outstanding amount was \$1.69m (2022: \$2.08m).

Jan Bonde Nielsen is a Trustee of Farm Africa. During the year payments of \$84,594 (2022: \$162,379) were made to Farm Africa in respect of consultancy services provided for the Virunga coffee programme. No amounts were outstanding at the year end.

Subsidiary Entities

Company name	Country of registration	Percentage Shareholding
Virunga Productions CIC	United Kingdom	100%
Virunga SRL	Belgium	100%
Virunga Energies SAU*	Democratic Republic of Congo	100%
Virunga Development SARL*	Democratic Republic of Congo	100%
Virunga Energies SAU Limited*	Kenya	100%
Virunga Belgique SRL Limited*	Kenya	100%
Virunga Foundation Limited	Kenya	100%
SICOVIR SARL*	Democratic Republic of Congo	56.72%
Société Provinciale d'Eau et d'Electricité du Nord-Kivu*^	Democratic Republic of Congo	51%

* held through Virunga SRL

^ dormant

VIRUNGA FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2023

21. Related party transactions (continued)

Virunga SRL

During the year, Virunga Foundation provided Virunga SRL with further funding to cover the additional investment in SICOVIR SARL, running costs and paid for expenses on its behalf amounting to \$26,056 (2022 - \$869,541).

Virunga Foundation has advanced a long term loan to Virunga SRL. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$204,774 (2022 - \$164,238).

Virunga Energies SAU

During the year, Virunga Foundation has advanced short-term loans and paid for expenses on behalf of Virunga Energies SAU amounting to \$6,422,516 (2022 - \$2,262,711). Repayments of \$5,193,789 were made during the period. An amount of \$8,089,343 (2022 - \$6,860,615) was outstanding at the year end.

Virunga Foundation has advanced a long term loan to Virunga Energies SAU. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$25,215 (2022 - \$89,766). Additional funds of \$5,284,090 were loaned during the period and repayments of \$1,145,179 were received. The Board has resolved to waive interest charges on the loans until 31 December 2023.

During the year Virunga Energies SAU charged for electricity to Virunga Foundation and Sicovir SARL totalling \$239,477 (2022: \$371,249). At the year end \$ 63,020 (2022: \$56,856) was owed by Virunga Foundation and \$3,309 (2022: \$17,611) by Sicovir SARL.

Virunga Development SARL

Virunga Foundation has advanced a short term loan to Virunga Development SARL of \$2,339,226 (2022: \$476,807). Interest is accruing at 3% per annum on \$375,000 of this loan and interest received in the year amounted to \$6,913 (2022 - \$7,818). The remaining loan balance is interest free. Repayments of \$1,250,543 were made during the period. An amount of \$1,572,143 (2022 - \$476,807) was outstanding at the year end.

Sicovir SARL

On 12 November 2022, Virunga Foundation (via its subsidiary Virunga SRL) acquired an additional 34.78% of the share capital of SICOVIR SARL for consideration of \$600,000. At the acquisition date, net assets of \$3.42m were acquired, comprising fixed assets (\$2.59m), stock (\$0.92m), debtors (\$0.35m), cash (\$0.04m) and creditors (\$0.48m).

Virunga Foundation has advanced a loan to SICOVIR SARL of \$NIL (2022: \$300,000). Interest is charged at 5% per annum, with capital repayment due by 31 December 2023. A further loan of \$39,625 (2022: \$300,000) was advanced to SICOVIR SARL. Interest is charged at 5% per annum, with capital repayment due by 31 December 2024. Interest received in the year amounted to \$828 (2022 - \$NIL). Repayments of \$89,302 were made during the period. An amount of \$551,251 (2022 - \$600,000) was outstanding at the year end.

During the year Sicovir SARL made internal sales of \$19,323 (2022: \$Nil) to Virunga Foundation.

VIRUNGA FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2023

Virunga Productions CIC

During the year expenses of \$1,190 (2022: \$5,526) were paid on behalf of Virunga Productions C.I.C., to fund media related costs.

Virunga Foundation has advanced a loan to Virunga Productions CIC of \$394,950 (2022: \$374,121). Repayment is only required if the conditions regarding repayment occur.

Virunga Foundation Limited

During the year \$433 (2022: \$433) was provided by Virunga Foundation

VIRUNGA FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

21. Related party transactions (continued)

At the year end the following amounts were due from/(to) the subsidiaries:

	2023	2022
	\$	\$
Virunga SRL – long term loan	1,959,679	1,866,361
Virunga Energies SAU – long term loan	93,875,345	89,711,219
Virunga Energies SAU – short term loan	8,089,343	6,860,615
Virunga Development SARL	1,572,403	476,807
Virunga Productions C.I.C	375,311	374,121
Virunga SRL – short term loan	2,340,596	2,203,911
Virunga Foundation Limited	433	433
SICOVIR SARL	551,251	600,100

Subsidiary results for the year

Company name	Net Assets	Result for the year
	\$	\$
Virunga Productions CIC	(391,041)	(28,935)
Virunga SRL	(734,643)	90,258
Virunga Energies SAU	(35,810,328)	(1,127,172)
Virunga Development SARL	(24,753)	56,058
Virunga Energies SAU Limited	448	-
Virunga Belgique SRL Limited	2,453	-
Virunga Foundation Limited	128	31
SICOVIR SARL	3,446,326	59,640
Société Provinciale d'Eau et d'Electricité du Nord-Kivu	20,000	-

Other participating interests

Company name	Country of registration	Percentage Shareholding
Virunga Enzymes SARL*	Democratic Republic of Congo	15%
Virunga Origins SRL*	Belgium	40%
Virunga Chocolat SARL*	Democratic Republic of Congo	20%

*held through Virunga SRL

Accounts

Virunga Foundation

Trustees' Report and Consolidated
Financial Statements for the Year
Ended 31 December 2022

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VIRUNGA FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Chairman's Report

2022 represented a particularly challenging year for Virunga Foundation, due to the greatly heightened security challenges, which are at a level not experienced for over a decade. Despite the extreme security challenges faced, thanks to the commitment of Virunga Foundation's staff and partners, Virunga has continued to make substantial progress on its wide ranging objectives.

In the period since the completion of the 2021 audited financial statements and report, eleven ICCN Rangers and one employee tragically lost their lives while in performance of their duties. In July of 2022 two ICCN Rangers lost their lives in a traffic accident while on a service mission. In December 2022 two ICCN Rangers were killed in an attack by an illegal armed militia group and in a subsequent attack in February of 2023 another ICCN Ranger was killed. In early May of 2023 an illegal armed militia attack on a Virunga vehicle resulted in the death of four ICCN Rangers and one Virunga Energies employee, while later that same month another illegal armed militia attack on an ICCN Ranger patrol resulted in the death of two ICCN Rangers. Our thoughts are with the family, friends and colleagues of all these extremely courageous individuals. The loss of these valiant and dedicated professionals who died while serving to defend the Park and support local communities, is deeply mourned and commemorated by their many colleagues, who continue to dedicate themselves to the delivery of Virunga Foundation's vision. Achieving the vision and goals of Virunga Foundation remains, as always, dependent on the commitment and courage of the ICCN Rangers and of Virunga Staff who continue to work in extremely challenging environments.

The security situation in the Park and surrounding territory is extremely challenging, both directly as a result of the activity of the illegal armed M23 group, as well as indirectly, due to the redeployment of national Congolese army (FARDC) forces, in an attempt to halt M23's operations. Commencing in the later part of 2021 M23 have progressively taken control of significant areas of North Kivu, which include much of the Southern sector of Virunga National Park, and extensive areas of the districts adjacent to the Park, extending in places as far as the Ugandan border. With M23 having effective control over the Southern sector of the park, maintaining many regular operations is no longer possible. Specific activities have had to be suspended and the majority of staff, located in the Headquarters and at the Matebe powerplant location, have been relocated to the city of Goma, for security reasons, where they are working remotely. While there have been a number of high level regional political attempts to address the security situation, including sending in a military force from the East African community, there has been no significant improvement on the ground, with M23 continuing to control a significant area of North Kivu. In taking control of this area the M23 have killed and terrorised inhabitants of villages and caused the mass migration of a large percentage of the population in the area under its control, as described in some detail in the June 2023 UN report of the group of experts on the DRC to the Secretary General. In January of 2023 UNHCR estimated that 521,000 people had fled their homes as a direct result of M23 actions and are now homeless. A large percentage of this number are now living on the outskirts of Goma with limited food and water. As a reflection of Virunga Foundation's international reputation the ICRC has approached and engaged the Foundation to manage a project to deliver clean drinking water to the refugees surviving on the outskirts of Goma.

Just as Virunga Foundation's ability to respond rapidly to the major impact of the eruption of Mount Nyiragongo in 2021, VF's resilience has again been proven by its ability, not only to continue with the majority of its regular operations in 2022, but to make significant progress across most of its existing projects, while also initiating new ones.

On conservation activities, the "wildlife corridor" created between the Queen Elizabeth Park in Uganda and Virunga National park continues to be a major contributor to the population growth of many species, including the ungulate populations, notably elephants, but also to the increase in predator populations, such as lion, leopard and hyena. Encroachment into the Park, principally for illegal charcoal production and farming, remains an ongoing threat to the conservation goals. While the level of encroachment has increased, due to the heightened security challenges, poaching impacts remain below species populations' natural growth rates. Though the mountain gorilla population is in the area controlled by the M23, some monitoring of the habituated gorilla groups, indicates that the population remains in good condition.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Trustees report contains detailed information on conservation highlights. Many of the illegal activities within and in the proximity of the Park are directly linked to the current security challenges in all sectors of the Park, which are also detailed in the Trustees Report.

In relation to the Foundation's development goals for the local populations, despite the security challenges significant progress has been made across all areas.

Virunga Energies, with its 4 operational hydropower plants generating and selling increased volumes of electricity to a wide range of enterprises and the public across North Kivu, is central to the development and security objectives. The impact of Virunga Energies continues to be transformational. New businesses continue to be created and established ones grow as a result of the increased access to electricity, with credit and training facilities provided to many small business clients. Construction of a new hydropower plant to meet the increasing demand for power in the largest regional population centre of Goma has continued, despite the security challenges. A new high voltage line to deliver increased power to Goma was completed in 2022.

In the course of 2022 there was continued growth in the number of the Foundation supported agriculture based businesses, which add significantly to small-holder farmers' family income. Initiatives progressed in 2022 include, the chocolate business which now has the capacity to produce 10 to 15 tonnes of chocolate per month to meet international demand, a tenfold production capacity increase. The activities of Sicovir, the soap production entity, which is now controlled by Virunga Foundation, have expanded and there is a key project underway to significantly expand soap production levels, as well as to commence a significant edible oil production activity. The ongoing coffee project working with local coffee cooperatives has resulted in major increases in quality, volume and revenues, benefiting thousands of local farmers, with a significant increase in the percentage of the value chain remaining locally based.

Discussions with the EU have given rise to a major new grant to increase "food security" in reaction to the major adverse effect of the war in Ukraine on food security in Africa. This grant will be used to create a large wheat processing plant in the Lubero area, which has a high density but relatively poor population. The project will address a number of Virunga Foundation's goals, providing increased reliable incomes for farmers, increased employment and increased local food supplies. Industrial bakeries will be built to produce bread for the local population. The energy to power the mill and bakeries will be supplied from the nearby Lubero hydropower plant.

Virunga Foundation continues to receive grants, loans and donations from its many donors and lenders, ranging from large institutions, foundations and major donors, to individual public donations. The European Union continues to underpin both the conservation and the developments efforts, but is joined by other institutions donors including USAID / INL and the World Bank, which also make major contributions. Private Foundations provide key support, with both long term support from partners such as the Schmidt Family Foundation and World We Want Foundation, as well as critical support in emergency situations. The work and impact of the Virunga Foundation relies on the ongoing generosity of all its supporters, without which it could not operate.

The security challenges of the armed militia groups continues in 2023, a reality which the management, staff and partners have had to navigate and manage for many years. It remains, however, the conviction of Virunga Foundation that the only way of addressing these risks is by continuing to pursue the organisation's key strategic goals which are to support Congolese institutions in their efforts to strengthen rule of law, sustainable development and conservation.

I take this opportunity to sincerely thank the staff and partners of the Virunga Foundation for their extreme dedication to delivering on the organisation's objectives, at great personal risk, which have allowed for such extraordinary continuing progress towards the Charity's conservation and development goals.

Jan Bonde Nielsen, Chairman

VIRUNGA FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Legal and Administrative Details

Trustees

Jan Bonde Nielsen (Chairman)

François Xavier de Donnea

Joanna Natasegara

Michael Joseph

Paul Leander Engström

Annette Lanjouw

Dr Antoine Kesia-Mbe Mindua (Appointed 26 June 2022)

Company registration number:	05598718
Legal Form	Company limited by guarantee
Date of incorporation	20 October 2005
Charity registration number:	1111806
Registered Address:	48 Chancery Lane, London, WC2A 1JF
Company Secretary:	Keystone Law Limited, London.
Chief Executive Officer:	Emmanuel de Merode
Auditors:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JY.
Bankers:	KBC Bank N.V., 111 Old Broad Street, London, EC2N 1BR Trust Merchant Bank S.A, 1223 Avenue Lumumba, Lubumbashi, Democratic Republic of Congo Equity Bank Kenya Ltd, 9th Floor, Equity Centre, Hospital Road, Upper Hill. P.O. Box 75104-00200, Nairobi, Kenya
Solicitors:	Keystone Law Limited, London.

VIRUNGA FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Trustees' Report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their report and the audited consolidated financial statements of Virunga Foundation (the Charity) for the year ended 31 December 2022. The Trustees have adopted the provisions of the Charities SORP (FRS 102) in preparing the annual report and financial statements of the Charity.

Structure, Governance and Management

Structure

Virunga Foundation

Virunga Foundation is a charitable company limited by guarantee, incorporated on 20th October 2005, and registered as a charity in England and Wales, with registered charity number 1111806.

Virunga Foundation's key partnership is with the Institut Congolais pour la Conservation de la Nature, (ICCN), the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas throughout the country. With a relationship going back to 2006, in 2015 the ICCN and Virunga Foundation signed a 25 year cooperation agreement, establishing a public-private partnership, which runs until 12 April 2040. On the basis of this agreement with the Congolese Government, a major element of the charity's resources and efforts are dedicated to supporting the ICCN in protecting and re-establishing Virunga National Park and to provide support for communities around the Park.

In order to meet its objectives Virunga Foundation has established a number of subsidiary organisations and works closely with other partner organisations, as presented in the following paragraphs.

Under its Memorandum of Association, Virunga Foundation has the power to incorporate subsidiary companies to carry on any trade, which would, in the opinion of the trustees, promote or assist in furthering the Objects of the charity. Virunga Foundation has one main subsidiary, Virunga SRL, (which itself has a number of subsidiaries) and one related company, Virunga Productions CIC. Virunga Foundation also works in close cooperation with a Belgian charity, Fonds Virunga Belgique and two US legal entities, which own the aircraft operated by Virunga Foundation. The formal objects of all limited liability companies in the group are of social purpose. In addition to Virunga SRL, there is only one other directly held and controlled subsidiary, a Kenyan Limited liability company, whose sole purpose is to enable Virunga Foundation to maintain banking facilities in Kenya, for reasons of increased financial resilience. As at the time of signing of the audited accounts there had been no activity in this Kenyan entity.

Subsidiary entities

Virunga SRL

Virunga SRL is a 100% owned subsidiary Belgian limited liability company, incorporated by Virunga Foundation in August 2013, to act as a holding company for limited companies, (Société Anonyme), registered in the Democratic Republic of Congo, (DRC). Virunga SRL ensures any profits generated by its subsidiary companies will not be taxed twice, by means of the double taxation treaty existing between Belgium and the DRC. All of the Virunga Foundation subsidiary entities registered in DRC pay their taxes exclusively in the DRC.

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Virunga Belgique SRL Ltd

In the course of 2021 a Kenyan registered subsidiary, Virunga Belgique SRL Ltd was established, solely to enable the establishment of Virunga Belgique SRL bank accounts in Kenya, in order to increase financial resilience. At the time of the signing of the audited accounts there has been no activity in this entity. It is foreseen that this account and company will be closed in the near future, as it has been identified that there is adequate financial flow resilience provided by existing Group Equity Bank Kenya accounts held by Virunga Foundation and Virunga Energies.

Virunga Energies SAU

Virunga Energies SAU is a Congolese limited liability company 100% owned by Virunga SRL. Virunga Energies SAU is engaged in the construction, operation and commercialisation of run-of-river hydroelectric projects in the proximity of the Park. These projects include the construction of generating plant, operation of the plant, construction and operating distribution networks and the sale of electricity to end customers, commercial and domestic. Any profit generated from these activities will be transferred to Virunga Foundation via Virunga SRL. The company currently utilises surplus energy to generate blockchain code and bitcoin, with limited capital investment, to augment and diversify revenue. The electrical generation activity related to blockchain code creation has additional benefits as it provides a base load resistance which can be used both to test newly commissioned plant, as well as to avoid turbines being static during periods of low demand.

The development of hydro-power projects around the Park has been shown to support the conservation and protection of the Park in two key ways:

- i. by providing communities living around the Park with access to electricity and jobs, resulting in development opportunities which will enable the Park to be and to be seen as, a source of beneficial change and opportunity for the local population. Over time it is expected to reduce communities' reliance on unsustainable resources from the Park. E.g. illegal charcoal and firewood, as well as land encroachment for farming;
- ii. by providing an unrestricted revenue stream that can be used by Virunga Foundation to support its charitable objects.

Virunga Energies SAU Ltd

Virunga Energies SAU Ltd is a Kenyan private limited company established on 23 Aug 2021 in Kenya. The sole purpose of this entity is to act as the beneficial owner of Virunga Foundation bank accounts established with Equity Bank in Kenya. The Company and its Equity Bank accounts are under the full control and management of Virunga Foundation, being established to reduce risks, by increasing the number of active banking facilities in Africa. At the time of signing of the audited accounts there had been no activity in this entity.

Virunga Development SARL

Virunga Development is a Congolese limited liability company, a 100% subsidiary of Virunga SRL, established in 2013 to contribute to Virunga Foundation's overall charitable objectives through the management and support of sustainable development opportunities around the Park. These opportunities include the development & operation of industrial parks in the proximity of the Park, and agriculture projects, with all energy requirement met by the hydroelectricity generated by Virunga Energies SAU. Another key activity includes the provision of small business loans for sustainable business initiatives.

VIRUNGA FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2022

Virunga Productions CIC

Virunga Productions CIC was established in 2013. A Community Interest Company (CIC) is a UK limited liability company that must use its profits and assets for the public good. The objects of Virunga Productions CIC are to carry on any activities, including TV and movie productions, which support and promote the conservation, protection and improvement of the wildlife and habitat in and around Virunga National Park. Virunga Foundation is the sole shareholder and has effective control of Virunga Productions CIC.

Sicovir SARL

Sicovir is a Congolese limited liability company, 56.72% owned by Virunga SRL, which was created in October 2013. Virunga SRL's shareholding in Sicovir was increased from 20% to 56.72% in November 2022. Sicovir produces various soap types from sustainable palm oil, purchased from producers located in the proximity of the Park. The commercial products of Sicovir, are sold at lower prices than non-local alternatives, with their production being enabled by energy from Virunga Energies SAU. There are significant expansion plans for the company, including edible oil production, enabled by EU grants.

Société Provinciale d'Eau et d'Electricité, North Kivu, (SPEE-NK)

SPEE-NK is a Congolese joint venture organisation, formed together with the provincial Governor for North Kivu to provide clean water to areas of Goma. This joint venture entity is 51% owned by Virunga Development SARL, (a 100% subsidiary of Virunga SRL), with the remainder held by the provincial government. As at the time of the signing of the audited accounts there had been no activity in this entity.

Virunga Origins SRL

Virunga Origins SRL is a Belgian limited liability company, established in 2022 and 40% owned by Virunga SRL. Virunga Origins was established to market cocoa products, grown and produced in the vicinity of the Park by local communities, predominantly to the European market.

Virunga Chocolat SARL

Virunga Chocolat SARL is a Congolese limited liability company, 20% owned by Virunga SRL established in 2020. Virunga Chocolat SARL produces high quality chocolate products from cocoa grown by local farmers, which is marketed and sold, both domestically and in international markets.

Virunga Enzymes SARL

Virunga Enzymes SARL is a successful Congolese limited liability company, 15% owned by Virunga SRL, established in 2015. It produces the plant-based enzyme ("papain") extracted from the latex of Papaya trees which is exported primarily to Europe, where it is used in a wide range of pharmaceutical and health food products.

Related Entities

Fonds Virunga Belgique

Fonds Virunga Belgique is a non-profit association, (ASBL/VZW), based in Belgium. It undertakes fundraising and awareness campaigns for the benefit of the Park (through Virunga Foundation). While Fonds Virunga Belgique has no formal legal relationship with Virunga Foundation, it maintains strong co-operation with the Foundation and donates all the funds it raises to Virunga Foundation.

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Virunga Foundation USA Inc. & Virunga Airwing LLC

Virunga Foundation USA Inc. & Virunga Airwing LLC are two USA registered entities which own the aircraft leased to and operated by Virunga Foundation. Virunga Foundation retains US registration for the aircraft, which it leases from Virunga Airwing LLC, to ensure compliance with the highest international operating standards. These two USA registered entities are treated as one single entity from a US tax perspective, and are legally independent of Virunga Foundation.

Partnerships etc.

US CAF Friends Fund

In December 2019, a formal contract was established with CAF America, which manages a US Equivalency Determined, "Friends Fund", for the sole benefit of Virunga Foundation. This Fund enables tax effective donations from legal persons subject to US, (individual or corporate), to be made to Virunga Foundation

Farm Africa

Commencing in 2018, Virunga Foundation has worked closely with Farm Africa, another England and Wales registered charity, to harness their expertise on the improvement of all stages of the coffee, from cultivation to market, value chain. Joint activities with Farm Africa are focussed on improving the cultivation, production and marketing of coffee grown by two independent farming co-operatives operating in the vicinity of the Park.

Others

Virunga Foundation maintains close working relationships with nature conservation organisations such as the United Nations Education Science and Culture Organisation (UNESCO), the Ugandan Wildlife Authority, (UWA), the Zoological Society of London, the Frankfurt Zoological Society, the Wildlife Conservation Society, the International Union for the Conservation of Nature, (IUCN), Meise Botanic Garden and the World Wildlife Fund, (WWF).

Governance

Virunga Foundation is a charity registered with the Charity Commission of England and Wales having the legal form of a company limited by guarantee. Virunga Foundation is managed by its trustees, in accordance with, all relevant legislation and guidance published by the Charity Commission of England and Wales, as well as with UK corporate legislation governing the operation of limited companies. The Trustees are all members of the Board of Trustees of Virunga Foundation, being the governing body of the Charity.

Charity Governance Code

The revised charity governance code was refreshed in December 2020. The Trustees view is that the Board complies with the revised code. The Charity Governance Code, the Charity Commission Guidance CC3 and the Articles of Association have all been shared with Trustees.

There are currently seven trustees, with a diverse range of professional skills and experience, enabling them to contribute substantively to the governance oversight of the wide range of activities undertaken by the Charity. Trustees continue to consider the composition of the Board in relation to ensuring the Board comprises individuals with appropriate experience across all key areas of the Charity's operations

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A Finance and Audit Committee was established in 2020 which includes an independent external representative to further strengthen financial oversight, in particular from a UK Charity perspective. The Committee meets regularly and maintains an overview of all material financial matters and key risks based on management reports, on which it reports back on at Board meetings. Additionally notes of all Committee meetings are shared with all Trustees, subsequent to each Committee meeting.

The Charity's Articles were updated in March and September 2021 to clarify Member and Trustee interaction and to expand the grounds for termination of Membership, in order to comply with good governance practice. The Virunga Foundation Board continues to assess whether there are ways in which it can improve its performance in relation to the Charity Governance Code.

Strategic Report

The disclosure of strategic report activities as required under the Charities SORP (FRS 102) registered in England and Wales are met through various disclosures within this Trustees Report.

Management

The senior executive of the Virunga Foundation is its Chief Executive Officer, (CEO), who is appointed by and responsible to the Board.

The CEO has executive responsibility and authority to manage and operate Virunga Foundation as defined in the articles of association, which were most recently updated in 2021 to comply with all relevant legislative obligations and good governance practice.

In order to deliver on the objectives of the Charity, the CEO oversees a team of managers, employed to manage and co-ordinate the wide-ranging operations of the Charity in and around the Virunga National Park.

The CEO reports to the Chairman of the Board.

The CEO also holds a formal position with the ICCN, being that of the Chief Warden of the Virunga National Park. There is a potential conflict of interest related to the holding both positions of, CEO of Virunga Foundation and Virunga Park Chief Warden, of which the Board and the Charity Commission are cognisant. A specific Board instruction is in place to manage this conflict of interest.

Employees

Virunga Foundation employed 507 staff in 2022 and its main subsidiary Virunga Energies 224 staff, making a total of 731 in 2022, compared to 734 in 2021.

In the course of 2022 Virunga Energies employed between 500 and 2,000 daily/temporary workers on its ongoing projects, (construction and maintenance). The majority of these workers are employed through local agreements, in accordance with the national labour law. These agreements support equitable sharing of the jobs within communities where the underlying level of unemployment is very high. Rotating 22-day contracts permit the provision of additional income to a much wider population base.

Section 172 Statement

Virunga Foundation is governed by its charitable objects, as presented in the Public benefit section of this report. The activities of the charity are assessed on how they contribute to meeting its charitable objectives. Measurement of contribution ranges from metrics on conservation goals, to development goals such as employment creation, delivery of renewable energy and increasing the effectiveness of small farmholdings. As a charity with a wide ranging, but integrated conservation, development and rule of law strategy, Virunga Foundation has a very broad range of stakeholders.

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Key stakeholders to whom the charity are accountable include, local, regional and national authorities, employees and local populations benefiting from the Charity's work. Other key stakeholder groups include funders, who have a significant ongoing commitment in supporting the Charity's work and require regular and detailed reporting on its projects, activities and outcomes. As one of the world's pre-eminent national parks and Africa's oldest, there is significant public interest in Virunga National Park, which generates support, as well as creating communication obligations on the Charity.

Managing and delivering on a wide ranging but integrated strategy requires the oversight of multiple interdependencies, political, financial, environmental and security. Trustees are kept apprised of developments across all areas, with specific updates being issued whenever particularly challenging situations arise. Challenges in recent times have included major security challenges in 2022 due to the presence of illegal armed groups, most notably the M23 which occupied significant areas, both in and surrounding the Southern sector of the Park. When appropriate, senior management request Trustee input and approval for remedial or other significant actions.

Trustees are kept updated on developments, often unpredictable, so as to be in a position to support management as required in taking appropriate action. Decisions taken by Trustees in the course of 2022 include responsive reactions to, the Rwanguba hydropower plant project and additional investment in a soap factory to become the majority shareholder, as well as in taking a minority stake in a predominantly chocolate, marketing and distribution business, Virunga Origins.

Trustees are aware of the complex range of relationships and partnerships which the Charity's management has to manage in order to deliver on its strategy. The Board composition reflects the need for a divergent set of skills, experience and contacts to be present among Board members, in order to support management in a variety of contexts, local, national and international, across a range of functional areas.

The Board has approved a set of organisation policies which help ensure it provides appropriate oversight, both directly, as well as through its Finance and Audit sub-committee. These policies include; Staff code of conduct and ethics policy, Anti bribery and corruption policy, Conflicts of Interest policy, Procurement Policy, Risk Management Policy and Complaints and Whistleblowing policy (supported by confidential email and phone complaints access).

It is by means of these and other policies, as well as through reporting, both proactive and reactive, from senior management, that the Trustees are enabled to fulfil their section 172 obligations.

Public Benefit

In carrying out their activities, the Trustees ensure that Virunga Foundation activities are in accordance with the Charity Commission's guidance on public benefit.

Virunga National Park is part of the territory under the control of the ICCN, a national institution of the Democratic Republic of Congo responsible for managing protected areas countrywide.

As background to the public benefit objectives, Virunga Foundation's contract to manage the Virunga National Park, which runs until 12 April 2040, is central to its charitable public benefit objectives. Located in North Kivu in the east of the Democratic Republic of Congo, (DRC), Virunga National Park is Africa's oldest national park, founded in 1925 and was designated a World Heritage Site in 1979. In 1994, the Park was designated as a, 'World Heritage Site in Danger', by UNESCO, which indicated it was subject to the imminent threat of comprehensive destruction. The loss of the flora and fauna of the Park would represent an irreversible loss to humanity, therefore actions taken to save and restore the Park are for the public benefit. Virunga Foundation's primary purpose is to prevent the loss or destruction of the Park, working with the Congolese authorities to do so. Virunga Foundation is the only organisation providing direct support for the management and protection of the Park, providing over 90% of the Park's funding.

As part of its charitable objectives, Virunga Foundation also plays a key role in the economic and social development of a region which continues to be plagued by a decades' long period of armed conflict.

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In 2013 Virunga Foundation launched the Virunga Alliance, an extensive multi-faceted programme dedicated to creating a healthy and peaceful post conflict economy through the sustainable development of resources in and around the Park. These activities include the generation of hydroelectricity, the distribution and delivery of this electricity, the active development of fisheries, agribusiness and other sustainable business activities and tourism.

The Charity's Objects, all considered to be for the public benefit are set out in the Articles of Association as follows:

- i. the promotion for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and biodiversity of the Protected Areas of Africa including Virunga National Park in the Democratic Republic of Congo, and the wildlife within the Protected Areas of Africa including Virunga National Park, including by means of the promotion of effective management;
- ii. the relief of financial need, hardship or poverty of people living and/or working in and around the Virunga National Park;
- iii. the promotion for the benefit of the public of sustainable development that supports the conservation of the physical and natural environment and biodiversity of the Virunga National Park including through,
- iv. the preservation, conservation and the protection of the environment and the sustainable use of natural resources;
- v. the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities living in and around the Virunga National Park; and
- vi. the promotion of sustainable means of achieving economic growth and regeneration;
- vii. to facilitate the administration of the law and the preservation of public order for the benefit of the public;
- viii. to promote conflict resolution and reconciliation for the public benefit between institutions, organisations, groups and people in and around the Virunga National Park; and
- ix. the education of the public on environmental issues including biodiversity, conservation, sustainability, and management of the wildlife Parks, reserves and protected conservation areas of Africa and the wildlife within them, including Virunga National Park, and in subjects relating to sustainable development.

Objectives, Progress and Achievements

In order to deliver on its charitable objects Virunga Foundation has initiated and manages an extensive and diverse range of projects, which together have as their objective, the establishment of a sustainable social and natural environment in North Kivu, with the goal, among others, of supporting the conservation of the Virunga National Park.

The individual projects often contribute to simultaneously progressing several charitable objectives.

The project objectives are categorised under the headings of, conservation, security and rule of law, sustainable development, poverty reduction and education, (across all of the aforementioned objectives).

The following sections of the Report present a summary of Virunga Foundation's achievements during 2022 in line with agreed strategic objectives, as well as future objectives.

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Conservation

Virunga's conservation strategy has three overall objectives: preserving species diversity, restoring and maintaining healthy population numbers and ensuring that appropriate measures are in place to protect critically important and unique ecosystems.

The conservation strategy is delivered through two main processes: 1) the preservation of ecosystem integrity by maintaining effective boundaries and providing stability within those boundaries to guarantee stable or increasing populations and 2) with respect to maintaining the park's uniquely high levels of endemism, an EDGE approach (Ecologically Distinct Globally Endangered) is adopted in order to define the park's critically important species.

These species, including the park's population of great apes and other large mammals including lions, hippos and elephants, are considered keystone species and are the subject of "extreme conservation" strategies that seek to intensify protection, establish zero poaching regimes in areas of active restoration, improve veterinary support, and strengthen monitoring and surveillance.

In 2022, Virunga focused on the implementation and strengthening of this strategy as well as intensifying protection in bio-diverse rich areas considered to be under extreme threat. The priority in these areas is to identify and eliminate threats to keystone species and their habitats. These efforts include the establishment of the following:

- ❖ Zero poaching regimes that seek to limit all human activity in the targeted areas
- ❖ Deployment of camera traps and bioacoustic sensors
- ❖ Active disease monitoring of wildlife
- ❖ Habitat restoration and invasive species management
- ❖ Regular population monitoring of key species
- ❖ Emergency veterinary care for key species
- ❖ Fire management
- ❖ Applied research (invasive species test plots, animal collaring)

Ecologic-al Zone	Park Sector	Habitat Type	Key Species	Known Threats
Ishasha Corridor	Central	Open grasslands and wooded savanna, with gallery forests	-Large herbivores including hippos, elephants, buffalo, topi and Uganda kob -Large carnivores including lions and hyenas -Chimpanzees are also present in the gallery forest along the Ishasha River	Land invasion, poaching, poisoning, armed group movement, human-wildlife conflict, invasive plant species
Lake Edward	Central / North	Wetlands	Hippos, Sitatunga, rare birds such as the Shoebill and fish stock	Armed groups who extort money from legal fishermen, or fish themselves using techniques that cause significant damage to the environment; illegal oil exploitation

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Ecologic-al Zone	Park Sector	Habitat Type	Key Species	Known Threats
Mt. Tshiaberimu	North	High-montane forest	Eastern lowland gorilla (Graueri), Hamlyn's owl faced monkey	Land invasion, armed group movement, deforestation
Mikeno Sector	South	High-montane forest	Mountain gorilla (G.b.beringei), forest elephant	Armed conflict, deforestation

Great Apes

Virunga National Park is the only national park containing three taxa of great apes.

Mountain Gorillas (*Gorilla beringei beringei*)

Regular monitoring of mountain gorillas was almost fully suspended in 2022 due to active combat in the Mikeno sector, however, some progress was made by drawing on the direct observations of the park's team of community trackers, who are sufficiently integrated into the local community to be able to undertake the work without provoking undue suspicion from belligerent parties in the area. The work remains high risk, and is quite intermittent in order to minimise risks. It nevertheless has enabled the park to establish a reasonable measure of the state of the mountain gorilla population, which does not appear to have suffered any fatalities as a result of combat (one adult male, SB Baraka was found dead, but a necropsy has established that it was a natural death).

Since 2015, the park's population of mountain gorillas has maintained a natural growth rate of around 5% annually. Pending updated census data, the population in 2022 is estimated to be around 350 individuals in the DRC of which 235 are habituated. The global population is approximately 1,075 spread across the Virunga Massif and Bwindi Impenetrable Forest. In 2022, at least 6 new births were registered in Virunga although that actual number is expected to be higher and will be confirmed once it is possible to fully re-access the area.

Eastern Lowland Gorillas (*Gorilla beringei graueri*)

Unlike its close cousin the mountain gorilla, which is found in three countries spanning the Greater Virunga Landscape, the eastern lowland gorilla is found only in the lowland forests of eastern Congo, with the northern limit of their range located at Mt. Tshiaberimu in Virunga National Park. The population on Mt. Tshiaberimu is cut off from the larger global population to the west and southwest of the park. Years of insecurity and encroachment have pushed this population to the brink of extinction. In the 1990s, there were an estimated 25 lowland gorillas in this area. As of 2022, only 7 individuals remain. Primatologists studying Virunga's lowland gorillas have classified the Tshiaberimu population as non-viable, meaning without intervention, it cannot survive.

Given the above, the restoration and protection of Mt. Tshiaberimu's ecosystem and its critically endangered population of eastern lowland gorillas has become a major priority for Virunga. As such, the park has taken the decision to reinforce its resident population with rescued gorillas currently residing at the GRACE sanctuary near Butembo. While the project is still in the preparatory phase, Virunga is making significant efforts to restore the habitat on Mt. Tshiaberimu, to secure the site through the construction of added infrastructure and to gather as much data as possible on the resident gorillas' health status and ranging behaviour.

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As there has never been a successful reintroduction of eastern lowland gorillas careful consideration must be given and all possible risks must be taken into account. Virunga is coordinating with scientists from around the globe who are assisting in this project.

Chimpanzees (*Pan troglodytes schweinfurthii*)

Virunga is home to significant populations of eastern chimpanzees as they are found in all three of the park's sectors.

In the southern sector, they reside in the small forest enclave around Rumangabo, as well as in the Tongo forests to the west. The Tongo chimpanzees were once habituated, however, due to the prolonged presence of FDLR militia in this area, the park is no longer able to monitor them regularly and the population number is unknown. There are believed to be around 40 individuals living around Rumangabo, all of which are habituated and benefit from daily monitoring by park staff.

It was recently observed that a substantial chimpanzee population lives in the gallery forest along the Ishasha River, in the park's central sector. While this has long been expected, the recent deployment of camera traps in this area have confirmed their presence. In the northern sector, chimpanzees are known to be present in the upper and lower Semliki Valley. Exact population figures are not available, however, the park believes their populations are likely stable given the low demographic pressure in this area.

Elephants (*Genus: Loxodonta*)

Virunga is home to two taxonomic groups of elephants: savanna (*Loxodonta africana*) and forest (*Loxodonta cyclotis*). The park's savanna elephants reside mainly around Lake Edward (namely in the Rwindi Plains, Ishasha Valley and the Kasindi Plains) and can therefore be regularly observed and monitored by rangers. The population of forest elephants are mostly found on the slopes of the Virunga Massif as well as the lowland forests of the Semliki Valley. There are also intermittent populations of forest elephants in the gallery forests of the central sector. Due to canopy cover and difficult terrain, monitoring forest elephants proves to be challenging. Camera traps, however, affirm their presence and the park believes the population to be stable.

The park's population of savanna elephants is at its highest for the last 30 years. As of 2022, the total population of savanna elephants in Virunga is estimated to be around 800 individuals. The population received a major boost when nearly 700 individuals from Uganda's Queen Elizabeth National Park migrated into Virunga in 2020, located mainly in the Ishasha Corridor, where they remained throughout 2022. Prior to this major population increase, the park estimated its elephant population at around 120. This increase indicates that security measures undertaken to remove threats to the elephants must be working on some level. Installation of an electric fence on the southern corridor of the Ishasha Valley has played a major role in helping to prevent human wildlife conflict, something which has historically constituted a serious threat to their wellbeing as well as that of the local population. Elephants play an important role in the restoration of the Ishasha Corridor which also has positive impacts on other key wildlife such as lions and their prey.

Four elephant poaching related deaths were reported in 2022 out of a total estimated population of 800 (0.5%). This coincides with an acute period of insecurity in the central sector following the movement of Mai Mai and other armed groups into the Ishasha Valley after they were pushed north by M23 rebels towards the end of 2022. The establishment of a zero poaching zone in this area is hoped to keep poaching numbers at a low level in the coming years.

Hippopotamuses (*Hippopotamus amphibius*)

In comparison to historical numbers reaching upwards of 30,000 individuals (the largest ever recorded on the planet), the park's population of hippopotamus remains threatened. They are hunted by armed groups and the local population, for meat and body parts, such as teeth, considered a lesser valuable form of ivory. Poaching of these animals was at an all time high in the 2000s, however, the park has made significant progress in reducing the threats to their safety and we are slowly starting to see their numbers rebound.

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There are an estimated 1300 - 1500 individuals residing in Virunga National Park today, mostly in Lake Edward and its immediate tributaries.

Twelve hippo poaching related deaths occurred in 2022 (0.75%). It can also be noted that the park lost 15 hippos to an anthrax outbreak in the Ishasha River in the month of April, however, the outbreak was contained by the quick reaction of park management and in coordination with Ugandan Wildlife Authorities.

Lions (*Panthera leo*)

The park's central sector has historically been considered a lion stronghold, however poaching, snaring, retaliatory killings and habitat fragmentation led to a significant population decline over the last two decades in this area. More recently the economic strain put on local communities during the COVID-19 pandemic has contributed to an alarming trend in the poaching of these animals for body parts, (namely fat and paws).

In light of the poaching situation, the park set up a dedicated research and monitoring station in Kinyonzo in 2022, with the goal to intensify monitoring and develop strategies that deal with the threats faced by lions and their prey. Surveillance, through camera traps, drones and foot patrols, has revealed that there are several prides still ranging in the Ishasha Valley. Pending census data, preliminary observations estimate between 30-50 individuals in this area.

Other Unique Fauna

The addition of new surveillance technology, including camera traps and drones, has allowed the park to observe numerous species of rarely seen wildlife including significant numbers of large felines including leopards and African golden cats. Honey badgers, aardvarks, porcupines, and pangolins are also regularly caught on camera traps. For the first time in the park's history, a sitatunga was photographed near Kamandi Bay in late 2022. Shoebills were also observed in the wetlands around Lulimbi and Hamlyn's owl-faced monkey was routinely seen on Mt. Tshiaberimu.

Habitat Protection

Habitat destruction caused through encroachment by humans and invasive vegetation poses the biggest risk to the park's ability to maintain its key ecosystems. In 2022, the estimated percentage of land illegally occupied was 14%, while the preceding measurement in June 2021 had measured this at 13.3%. While there are indications that this percentage is slowly decreasing in certain parts of the central sector, other areas like the southern sector (south and southwest of Rumangabo, extending down towards Goma-Sake) are still under extreme threat of deforestation, due to land invasion for illegal agriculture and the illegal production of charcoal. Sustained long-term efforts are required to significantly and permanently reduce these occupations. Effectively addressing the illegal land invasions requires alternative means of subsistence for the local populations outside the park being identified, which the park is seeking to address through its Virunga Alliance Initiative.

In 2022, the park launched a strategy for the control and eradication of invasive species of plants in the Ishasha Valley. Observations over the past year have indicated the rapid progression of several invasive species in this area, which appear to be causing bush encroachment and displacement of savanna grasses. The species of most concern are *Dichrostachys cinerea* (common name: siko bush) and the non-native species of *Maerua subcordata*. Research plots have been set up around Kinyonzo in order to test best methods of control. In coordination with the Ugandan Wildlife Authority, (UWA), Virunga has started a joint invasive species management program in 2023.

Security / Rule of Law & Human Rights

The ICCN Rangers are the key resource enforcing the rule of law within the Park boundaries, a task which they perform to high standards and at very high levels of personal risk. In July of 2022 two Rangers died in a traffic accident while on duty and in December 2022 two Rangers were killed by an illegal armed militia group.

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In February 2023 one Ranger was killed in an illegal militia attack. In early May of 2023 four Rangers and one Virunga Energies employee died as the result of an attack on their vehicle, then in late May 2023, two Rangers were killed while on patrol. All those Rangers who have lost their lives while working to protect the Park in recent years were killed by members of the numerous illegal armed groups, which operate in and around the Park. Members of the general population living in the proximity of the Park also pay the highest price, with many being killed each year, most often in indiscriminate attacks by these illegal armed groups.

In the course of 2022 levels of insecurity in and around the Park increased greatly. It was assessed that one illegal armed group alone, the ADF, had killed 160 members of the public and kidnapped 66, (of whom most were freed after large ransom payments were paid by families). There have been multiple incidents involving the ADF, including clashes with the Congolese army and also with the Ugandan army, which has entered DRC in pursuit of the group which also operates in Uganda.

The increase in recorded armed incidents in the Park, from 33 in 2021 to 96 in 2022, is a measure of the significantly increased security challenge. The re-emergence of the M23 illegal armed group in 2021 has created the major security challenge. The M23 is operating in the southern sector of the Park where they control significant areas of the Park and the adjoining region, including the areas where, the Park Headquarters, Matebe powerplant and Rwanguba powerplant construction site are located. As a result of M23 presence non-essential staff located in occupied areas have been relocated to Goma.

The levels of insecurity and violence in North Kivu are not readily conveyed in figures. Local populations are regularly terrorized and have had to flee their homes to seek safety in other areas. In January of 2023 UNHCR estimated that there were 521 thousand internally displaced persons, many living in makeshift camps on the outskirts of Goma.

While the Park Rangers provide greatly welcomed assistance and security for specific local populations, they are greatly outnumbered by the numerous illegal armed groups and as a result can only provide limited protection. Despite the ICCN Park Rangers often facing and fending off military style attacks, a qualified opinion from the ICRC, affirms that the Rangers are not a military nor a paramilitary force.

While illegal activities of M23, Mai Mai, ADF and other illegal armed groups increased in 2022, Virunga with support of the Rangers, achieved notable success in working with local communities and the Congolese military, (FARDC), to improve security infrastructure and services for a number of communities in the Central and Northern sectors of the Park. This cooperation with communities and FARDC increased the security situation, increasing the law enforcement capabilities and enabled the ongoing development of sustainable businesses and trade.

In the course of 2022 Park Rangers arrested over 2,100 individuals in the Park for a range of offences, with illegal agriculture and fishing activities comprising over two thirds of the arrests.

All employees of Virunga Foundation and its subsidiaries are required to sign the Foundation's code of conduct and ethics, which sets high standards for personal responsibility and behaviours. The code specifically precludes any acts of corruption, or breaches of the prevailing laws, as well as requiring compliance with Virunga Foundation's own rules and regulations. Virunga Foundation operates a complaints phone line and email address by which complaints about any aspect of the work of the organization or the behaviour of its employees can be reported. The number of this line and email address are highly publicized in all of the areas where Virunga Foundation is present, either directly or through partner organisations.

Human Rights training is provided to all Rangers on a regular basis, in accordance with UN guidelines and is a key element of Virunga Foundation's support for the Rangers. This training enables and ensures that their interventions comply with best practice with regard to observing and implementing best human rights practices.

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Sustainable Development & Poverty reduction

Virunga Energies

Providing access to reliable and affordable energy is one of Virunga Foundation's key commitments to the 5 million people living in the proximity of the Virunga National Park. Virunga Energies was established in 2013 and has invested in excess of \$100m constructing a network of hydro-electric generation and electricity distribution assets with support from, the European Union, the World Bank, BII, USAID, The Howard Buffett Foundation, The Schmidt Family Foundation, and The World We Want Foundation. The provision of sustainable and reliable electricity directly supports one of Virunga Foundation's primary charitable objectives, development and poverty reduction. Virunga Energies' electricity provides a key resource which supports the drive and ingenuity of the local population in creating new businesses. These businesses provide employment and raise living standards, creating a positive growth cycle.

A Congolese registered commercial subsidiary, Virunga Energies SAU, is run as a social enterprise, where dividends will eventually be re-invested to support both, the goal of poverty alleviation in the region and the conservation activities of the Park.

Revenue has grown significantly in recent years. In 2017 revenue was just over 1 million USD, but by 2022 had grown to in excess of 9.5 million USD, with 2023 revenue forecast at 11 million USD.

The growth in revenue is expected to increase substantially once a number of projects are completed which will increase the capacity to deliver all of the current generating capacity. Key among these projects being the completion of a new 45 km high voltage transmission line to Goma, as well as expansion of the customer distribution network for the Luviro 14.6 MW powerplant, which became operational in 2021. The Luviro distribution area includes a 100 hectare business park on the edge of Butembo, the largest town in the area. The construction site for a new major hydropower plant, Rwanguba, has commenced and is predicted to have a generating capacity of 13 MW in its first phase and 26 MW in its second phase. The completion of this project, forecast for completion, end 2024, will double the energy which can be delivered to Goma, along with the existing Matebe plant. Despite the ongoing major security issues and disruption in progress caused by the presence and activities of M23, construction of the Rwanguba powerplant continues. Commissioning of the Rwanguba plant is critical, as the demand for energy in Goma is now equivalent or higher than production at peak demand times. The connection of a new area in Goma, Grand Goma, in 2023 has further increased demand and consumption. At present identifying large customers who have energy demands during off peak demand periods are being sought, such as a solar farms which require an alternative power source for customers in the hours of darkness.

By the end of 2022, sustainably generated electricity was being supplied to close to over 26,000 customers, (domestic and small and medium sized enterprises in North Kivu), an increase of 4,000 customers in the course of the 2022. These numbers will have increased significantly by the end of 2023.

In addition to commercial and domestic customers, Virunga Energies delivers free electricity with a range of social benefits to the communities in proximity of its transmission network. Free electricity is provided to thirty two public service institutions, including schools and hospitals. There are major benefits for hospitals and dispensaries which are able to keep medication in refrigeration 24/7. Free public street lighting makes a major contribution to public safety, particularly for women, with an estimated 893,000+ individuals now benefiting from public lighting. Areas with street lighting have experienced a measurable increase in evening commercial activity.

While 2021 saw the connection of a water pump in Goma powered by Virunga Energies which ensures the distribution of clean drinking water to around 300,000 individuals in Goma, it is expected that a second pump will be connected in the course of 2023 to greatly expand the population with access to this core service.

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Virunga Energies plays a major and essential role in contributing to the charitable development objectives of Virunga Foundation, enabling job creation, increasing quality of life and providing an alternative to joining an illegal armed militia. As described, Virunga Energies can be seen as an engine driving development across multiple sectors, playing a critical role in the development model, with an estimate of over 11,000 sustainable jobs having been created thanks to the provision of reliable environmentally low impact hydropower. Virunga Energies provides an estimated 70% of the power to Goma, the major regional centre, with a population in excess of 2 million. As the customer base has increased, so has the effectiveness of the team supporting the network and providing customer support, with Virunga Energies viewed as the most reliable energy supplier for Goma.

An aligned project has been initiated, based on a successful 2021 pilot scheme, to supply electric pressure cookers to households connected to the network, which enables households to cook meals at a lower cost and much more rapidly than with the traditional charcoal use. This project has the aim of transitioning households from charcoal, (created from trees cut down, often in the park), to sustainable electricity for cooking.

Tourism

Tourism has played a key role in Virunga Foundation's work, both as an effective tool to communicate to an international audience the value of the Park as well as a source of income. Tourism activities have made a meaningful contribution towards Virunga Foundation's operating costs, however, over the past four years successive events have forced the suspension of some or all of tourism activities in the Park. These events included, in sequence, an Ebola outbreak, COVID pandemic, followed by major security issues, largely caused by the insurgency of the M23 illegal armed group.

During 2022, Tchequera Island Tented Camp on Lake Kivu was the only tourism activity that was able to continue due to the security situation. International visitor numbers to Tchequera have dropped considerably, but local tourism increased with the introduction of lunch options being introduced. Visitor numbers for 2022 are low, with 369 international visitors. National Visitors that visited the camp either on day trips or overnighting were 3,416, with 70% being Congolese nationals.

During 2022, there were renovations to Tchequera Island Camp, with the reconstruction of two sleeping tents and the main dining tent. The kitchen was renovated and a small dining room was built for the staff.

The potential for tourist activity remains high, with tourist lodges being renovated and the opening of a café-restaurant in Goma underway. The key obstacle to reopening of the tourist activities, other than Tchequera which remains open, is the security situation within the Park, as management will only reopen a site when it is fully confident it can ensure the safety of customers. The number of local tourists visiting Tchequera during 2022, is an encouraging sign for the development potential of national tourism at all of the tourist sites when the security situation again permits visitors.

Virunga Development. (VD)

The activities of Virunga Development, (VD), are aligned with the development and poverty reduction objectives of Virunga Foundation. During 2022 key activities were the provision of loans to local entrepreneurs in association with Equity Bank and the development of business parks. The loans are provided by Equity bank, but backed with a guarantee from Virunga Foundation, with funding provided by the Schmidt Family Foundation. These loans are provided in an innovative manner, whereby the borrower repays the loan via a small surcharge on their unit electricity cost. This repayment technique means that businesses will only be repaying loans when they are consuming electricity, and therefore for seasonal, or other fluctuating activity businesses, repayments will be lower at times of low commercial activity. The loans fund a very wide area of business activities, including, milling, refrigeration, ovens, welding machinery, carpentry machinery, small scale manufacturing, oil presses and agricultural processing.

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At the end of 2022, the amount lent totalled \$1.1 million, provided to 574 small and medium sized enterprises. In addition to receiving the loans, borrowers can access a range of development support services. In the course of 2022 entrepreneurs in receipt of loans received training in marketing, communication, accounting and reporting. This training was given by local providers funded by Virunga Development using grant funding received specifically to develop sustainable local businesses. Initiatives are underway to make the provision of these loans faster and their management more effective.

A key VD project is the establishment of business parks, which aim to provide an infrastructure to support and enable entrepreneurs to establish and grow this businesses in a secure and supported environment. 2021 saw the establishment of a business park on the edge of Goma on an area of 6 hectares with capacity for up to 120 small or medium sized enterprises located in units constructed. This industrial park will provide a supportive environment for businesses which includes physical space and security not readily available in the city, in addition access to water, power and pre-constructed buildings. Take up of these units has been positive and the construction of four additional warehouses of approximately 800m² is planned.

Support for and promotion of the role of women in enterprise and society is a central objective supported by VD's work. Close to 10% of the SMEs in the Goma and Rutshuru areas where Virunga Energies provides electricity are owned and run by women. The percentage of female employees at male owned SMEs is 15%, compared with 53% at male owned businesses.

There is an existing industrial park in Mutwanga, in the northern sector of the Park, which already houses companies successfully producing coffee and chai seeds, as well as a chocolate manufacturing factory.

Agriculture

A key element of Virunga's development agenda is supporting sustainable agricultural projects to create long term reliable employment for individuals, through the creation of a more stable and higher local value creating agriculture sector. A wide range of projects located adjacent to all the sectors of the Park benefit from Virunga Foundation interventions, ranging from the provision of education and training, to the supply of processing equipment. In total, 10,270 households, 32 farmers' associations and 6 private companies benefit from technical production support. 2,398 farmers now have access to local based, high quality, coffee and oil palm processing plants for their commodities.

Virunga Foundation supports agriculture activities along the, "production to market" value chain across its wide range of products. From 2023, wheat, sugar and vanilla production will be added to the range of supported agriculture products. A planned flour mill funded by the EU as part of its food security programme represents a major development project which will also involve the establishment of two industrial bakeries providing a local supply of bread. Once in operation the flour mill is projected to be able to produce 50 tonnes of flour per day and the two bakeries, up to 300,000 loaves per day.

In the Northern sector coffee, cocoa and palm oil are the main projects, while in the Southern and Central sectors the projects include, vegetables, maize and fish. Support in the form of training and education, as well as facilitating small business loans, is provided through Virunga Development's donor funded programmes.

Sustainable Palm Oil

A sustainable palm oil project, "The palms of Kivu" has been replacing the old palm trees in the Mutwanga region with 74,000 seedling trees of an improved variety, which has already been planted in around twenty villages. Yields have not yet increased, but will do so once the new seedling trees reach maturity which is expected to be reflected in increased yields from the 3rd quarter of 2023. A planned new oil press was installed in Mutwanga and there are plans for the installation of additional palm oil presses across the region. A key consumer of the palm oil is the Sicovir soap factory, of which Virunga Foundation is now a majority shareholder. Despite the insecurity in the region in 2022 the progress made in the year should improve price stability which will increase security for farmers, as well as increasing food security.

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Coffee

The coffee project involves working closely with two partner cooperatives, with over 10,000 participating farmers. Farmers are provided with material and educational support, including on the marketing of their products.

Since Virunga commenced working to support coffee farmers and their cooperatives in recent years the yield increase per hectare has been measured at 75%. The increased yields have been achieved through a combination of, education from Virunga Agronomists, improvement in plant stock and reliable demand. It is expected that yields will continue to increase as plant stock continues to improve and mature. Marketing and selling the coffee under the Virunga Origins brand assists in ensuring demand for the production.

This coffee project is supported by Virunga Development as part of the larger development agenda for local communities and is not a revenue generating activity for the company.

Cocoa

The “Virunga Origins”, Cocoa project which commenced commercial operations in September 2020, continues to develop very successfully. Operating the first chocolate factory in DRC, products are sold both nationally as well as internationally, (Burundi, Kenya and Europe). Several hundred small producers sell their ripe cocoa beans to the Cocoa factory, contributing to the legal economy, whereas previously a share of their sales were “diverted” to support the, “conflict economy”, facilitating the continuation of the regional insecurity. New developments in 2022 included a solar powered roaster which will increase production, enabling the production of an expanded product range. The purchase of a cocoa press has enabled the production of cocoa butter which will be used in the production of chocolate spread, drinks, cocoa powder and cocoa mass. In terms of output, the expansion of the plant, already completed, will increase production capacity from 1 tonne to between 10 and 15 tonnes per month.

Maize

In the Rutshuru area, support provided to the maize farming sector has transformed the local economy. The creation of 145 mills, many enabled by loans from the Virunga Development loan scheme, enables flour to be produced locally rather than requiring to be imported. In 2022 a 10% yield increase was achieved by farmers working with Virunga. With the war in Ukraine continuing to have a major adverse impact on food supply to Africa, causing major inflation of food prices, improving the capacity to grow and process food locally is critical, and is a key objective of the EU funded food security project.

Chia Seeds

Virunga Foundation has a 15% investment, via its Belgian subsidiary Virunga SRL, in Virunga Enzymes, a company which processes chia seeds at a plant at the Mutwanga business park location. This agricultural business which produces high quality chia seeds for use in the international pharmaceutical industry continues to experience high demand for its products. An investment in a locally based processing plant is underway, which will ensure a larger share of the value chain and hence revenue is captured locally, with the associated benefits for local communities in terms of employment and increased reliable income.

Fish

The fishing projects all relate to fish sourced from Lake Edward, in large part focussed on enabling the creation of a “cold chain” to increase the value of fish caught and reduce waste. A 5th cold storage container was added in 2022 which brought daily ice sales to around 400kg per day, with the ice being critical for the cool boxes required for the transport of the fish within the region. The measured sales of fish from the recognised legitimate fisheries on Lake Edward is in the region of 10 million USD per annum, excluding local sales and illegal fishing operations. A study is underway to identify and describe the economic model which underpins the fishing and natural resource management of Lake Edward.

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Virunga Origins

Virunga Origins is the brand under which agricultural based products from the proximity of the Park, produced in association with one of the Virunga Alliance partners, are sold. A key objective being to achieve international sales at the same or greater level than local sales for Origins products. In the course of 2022 the annual sales target of 45,000 Euro was exceeded, with 17,000 Euro in online sales and 31,000 Euro in business to business sales. A partnership with one of Belgium's best known supermarkets is currently being established. As well as generating increasing funds for Virunga Foundations objectives, the marketing of products increases public awareness of the Park and of the threats it is facing.

Education

VF's environmental education program is now fully operational. The audience has been segmented into adults and children. Messages, topics, and delivery vary extensively between these groups. Weekly radio shows are broadcast around the park targeting the adult group, (in Swahili), which cover a specific topics in each broadcast, with guests invited to share their perspectives and thoughts. Additionally, multiple events and talks are organised to communicate and update on the activities of the Virunga Alliance. School visits to different park installations are organised throughout the year. The island of Tchegeza hosted several groups of children from local schools. The pupils were taken on guided nature walks, watched videos, and, at the end of the day, engaged in discussions on the environment. Another critical aspect of environmental education is supporting school teachers in presenting the topics, as well as providing them with information about the park.

Fundraising

Strategy and approach

Virunga Foundation's long term strategy is for the Park to become self-sufficient through income generated from activities undertaken by its subsidiaries, notably Virunga Energies, rather than being dependent on external grant funding.

Significant resources, grant and loan funds are therefore invested in creating the means to generate long term reliable income sources. The major investment for income generation to date has been Virunga Energies where over 100 million USD has been invested in creating a fully vertically integrated hydro based power utility, which in 2022 generated gross revenue of 9.6 million USD, (2021 7.2 million USD). Virunga Energies has, however, the capacity to generate multiple times this revenue when its 2021 commissioned plant, Luviro, significantly increases its existing customer base and when a new plant currently under construction, Rwanguba, comes on line in 2025, to serve the proven and growing market in Goma.

Other sustainable sources of income include income generated by Virunga Development, as well as from investments in Sicovir, Chocolate, Origins and Chia seed companies, with all of these companies being customers of Virunga Energies. Recent major EU grants to support food processing, under the EU food security programme, have significant potential to increase Virunga Development's revenues in the near future.

Fundraising Channels

While the long term strategy to achieve financial independence remains, in the medium term Virunga Foundation continues to invest in a range of fundraising activities. In recent years there has been increased investment in fundraising with the addition of resourcing, to support in particular through on-line giving channels. These online initiatives have generated significant increases in the level of smaller and medium donations, which now exceed 1.5 million USD per annum.

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The increase in co-ordination of on-line giving actions with website content has proven to be an effective very low cost of increasing online generated revenue.

Institutional and Foundation Donors

The major source of Virunga Foundation's income remains institutional and foundation donors. While the composition of these large scale donors has altered over time, large institutional and foundation grants continue to comprise in excess of 90% of total income.

The European Union (EU) remains Virunga's principal donor, and is therefore currently the key partner in the supporting the charity's activities including the conservation and development of Virunga National Park. The EU supports major projects with a range of objectives including the preservation of the flora and fauna of the Park, as well as improving the quality of life for people living in the proximity of the Park. The EU support encompasses all programs: park operations, tourism, electricity, agriculture, entrepreneurship support, etc. The level of EU support is a reflection of EU confidence in Virunga Foundation as a trusted reliable partner with a well proven track record of delivering on projects, in what is recognised internationally as a very challenging environment.

Other institutional donors include the World Bank and USAID. USAID signed its first grant contract with a value of 1.6 million USD in 2019. A grant of 4.7 million USD was received for 2022. Based on the successful delivery on initial USAID project work, USAID has become the second largest donor and significant efforts are being made to ensure all of their rigorous reporting requirements continue to be met. A further grant of 4.2 million USD has been agreed for 2023, as the second year of a multi-year funding commitment. Another US state body was added to the list of institutional donors in 2021, the INL Bureau, which has now also become a substantial donor.

Major project funding is also raised from a number of Charitable Foundations. The pool of charitable funders includes among others, The World We Want, 11th Hour, The Schmidt Family Foundation, Re:wild and Last Chance for Animals,(LCA). Virunga Foundation holds an "Equivalency Determination" with the Schmidt Family Foundation, which recognises Virunga Foundation as being equivalent to a US charitable organisation from the perspective of a US donor, in relation to taxable deductibility of donations.

Public Fundraising

The proportion of funds raised from the general public, as indicated, is not a major fundraising mechanism but continues to generate a material and increasing revenue stream. As well as contributing valuable, largely unrestricted funds, public fundraising plays a major role in increasing public awareness of the unique nature of the Park and the risks it is constantly facing. In excess of 1.5 million USD was raised through public fundraising in 2022.

Individual donors give through a range of fundraising platforms, largely online, via providers such as Donorbox, The Giving Block, Just Giving and a Friends Fund with CAF America. The CAF Friends Fund has a US charitable equivalency determination which provides US tax paying donors with tax deductibility for their gifts. Supporters also contribute to the Park via alternative channels such as workplace giving programs, Virunga's online stores and directly to Virunga Bank accounts in the UK and Belgium

Fundraising Obligations

The Charity did not receive any complaints in the course of 2022, or up to the end of July 2023, relating to its fundraising activity. The only proactive fundraising undertaken is via a page on the website and occasional emergency appeals, also web based. Individual donations arise from general public awareness of the work of the Charity, which is created through both conventional and social media channels, as well as word of mouth. The charity does not make any unsolicited fundraising approaches to individuals via marketing tools such as, email, text, or cold calling by any method and does not engage third party fundraisers, or fundraising volunteers. Due to the international scope and nature of the Charity's operations, there are no fundraising staff employed in the UK.

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Virunga Foundation is registered with the UK Fundraising Regulator. Due to the predominance of institutional and foundation grant funding, Virunga Foundation is very focussed on meeting the exacting reporting and review requirements of donors through the performance of frequent independent audits and the provision of tailored financial audit reports, as well as on generating monitoring and evaluation reports.

Investment Policy and Performance

In accordance with its Articles of Association, the charity has the power to invest funds in any manner the Trustees deem appropriate, but only after obtaining such advice, as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification.

The Trustees, taking into account liquidity required to operate the charity, have operated the practice of maintaining funds in current accounts in order to make funds available for operations at short notice. There are therefore no investments of cash made with a view to long term value growth. Available funds are rather allocated to covering operating costs and own investments in projects to increase long term sustainable income generation.

Risk Management

In October 2019, the Trustees formally adopted a Risk Management Policy for Virunga Foundation. This policy defines the risk management approach adopted by the Trustees, as well as the relative responsibilities of the Trustees and Senior Management in implementing procedures to ensure compliance with this policy. The output from the risk management process is a risk register summarizing the key areas of organization risk, identifying current and proposed mitigations, to provide a post mitigation risk rating for identified risk categories. A risk appetite statement, to frame Virunga Foundation's risk management approach was developed in the first quarter of 2022 and formally adopted by the Foundation Board in June 2022. The risk appetite statement was updated in January 2023 when it was presented to the Finance and Audit Committee.

Responsibility

Responsibility for risk management is shared among the Board of Trustees and the Management of the Foundation. The Board has the overall responsibility for reviewing and maintaining sound and effective risk management and internal control systems.

Management's role is to design and implement these systems, and to report to the Board, and Finance & Audit Committee on the risks identified and how they are managed.

Virunga Foundation Risk Management Framework

The Finance & Audit Committee supports the Board in monitoring risk exposure and in providing input to the operating effectiveness of the underlying risk management and internal control systems. Acting on behalf of the Board, the Finance and Audit Committee oversees the following process on a regular basis:

Reviewing the principal organizational risks and control measures in order to mitigate or reduce such risks, assessing the strengths and weaknesses of the overall risk management and internal control systems and action plans, to address identified weaknesses or improve the assessment process;

Reviewing the business process and operations as reported by Internal Control, including action plans to address the identified control weaknesses, as well as status updates and monitoring the implementation of audit recommendations; and

Reviewing any reports from the external auditor on any control issues identified in the course of their work and discussing with the external auditor any areas of interest/concern.

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The Finance & Audit Committee reports its findings to the Board, which then considers these findings in forming its own view on the effectiveness of the Foundation's risk management systems.

2022 Review of Risk Management

Virunga Foundation's activities take place in the North Kivu Province of the Democratic Republic of Congo, which is a high-risk environment both in terms of physical security, as well as in the potential for fraud.

The critical risks to operational continuity and the measures in place to manage such risks are the following:

Security Risk

North Kivu is a region with an inherently high security risk due to the combination of limited law enforcement resources and a significant presence of illegal armed groups. These groups survive from a range of illegal activities, including extortion, poaching and kidnapping. Fatal attacks on the local population and ICCN Park Rangers often occur due to the activities of these groups. The allocation of resources to protect people and the Park from the activities of these illegal groups is a main activity of the Park Rangers, who receive support from Virunga Foundation in their work. The institution of the DRC military control in 2021, and the intervention of Uganda People's Defense Force were intended to reduce the activities of illegal armed groups, but have proven ineffective.

The resurgence of the M23 illegal militia group in 2022 has severely exacerbated the security situation making operational activities difficult and hazardous. The M23 group currently controls extensive areas of the southern sector of the Park and forced the evacuation of the majority of the staff from Rumangabo, Matebe and the Rwanguba construction site in the later months of 2022. Construction work at Rwanguba recommenced late in 2022, however, only core staff remain at Rumangabo and Matebe locations. While the security situation in the Southern Sector is the most serious, the relocation of Congolese army resources to the Southern area, lead to an increase of activities of other illegal armed groups in areas north of the southern sector. This development lead to the deployment of a significantly increased number of Park Rangers in the central sector.

Risk mitigation measures include regular intelligence gathering, co-operation with military forces, both national and the UN, and the implementation of detailed security procedures, which are regularly reviewed. Forward operating bases have been constructed in the northern sector, which together with working with local communities and the Congolese army have increased security and hugely reduced incident response times. Emergency transmitters distributed to local communities have also contributed to reduced reaction times. There are a range of standard operating security procedures covering all aspects of operations, from construction sites to tourism activities. Despite the significant resources allocated to security and all the mitigations in place, security is and will remain the major risk facing the Charity's operations.

Political and Regulatory instability

The political and related regulatory instability in the DRC and North Kivu presents a significant risk for Virunga Foundation in its potential to influence operations in unpredictable ways. There is a relatively high degree of regulatory and legislative intervention leading to significant compliance requirements, which increase costs, directly and indirectly, through new or revised legislation.

Examples of specific risks include dependency on the support of the ICCN, exposure to shifting political agendas, as well as the Government regulation of the electricity sector. Electricity generation being the major future income source of Virunga Foundation income, from its sustainable energy subsidiary, Virunga Energies. In 2022 for example a new tax was introduced on the revenue generated by Virunga Energies against which no operating or other costs may be charged.

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While Virunga Foundation has 15 years of experience in managing these risks, changes in the political and regulatory environment cannot be predicted. Specific mitigation actions include integrating contracts and activities across a wide array of supportive and influential partners such as Congolese Government institutions, the European Union, United Nations agencies and development institutions in the UK, Belgium, US, Scandinavia and the Netherlands. Senior management staff and trustees maintain regular contact with government authorities in Kinshasa and at the provincial level, enabling the maintenance of largely constructive and harmonious relationships.

Solvency and Liquidity Risk

The nature and location of Virunga Foundation's work, combined with its funding model (based largely on restricted project grants), means that accurately forecasting the scale and allocation of future funding, beyond a year is challenging.

While the challenge of identifying future funding has grown, the ability of the organisation to manage future revenue has increased. Improvements have involved a range of measures, including among others, the Finance and Audit Committee, established in 2020, closely monitoring cash flow projections and discussing with management the measures to address funding flow risks. Cash flow projections are now regularly updated with a future horizon of over two years, where contracted grants plus conservatively forecast revenue from grants under negotiation plus income from other sources, commonly represent in excess of 80% of forecast funding requirements.

There remains a strong focus on ensuring timely audits of projects to minimize any delay in receipt of subsequent funds, however, there are unavoidable timing differences between expenditure and receipt of funds in many instances. The increase in other sources of income such as, Virunga Energies income and internet donations, as well as short term financing, all contribute to enabling operational continuity

Discussions at the Finance and Audit Committee have increased the focus at a governance level on the need to establish free reserves to manage better fluctuating fund flows from grants and loans. The requirement to establish free reserves as a priority has been identified at Board level. Establishing a level of free reserves being critical to avoid having to manage any adverse cashflow developments by delaying investments and expenditure, with the associated adverse impacts on delivery of organization objectives. The creation of free reserves remains a significant challenge due to the majority of the Charities funding being the form of restricted grants, however, progress has been made on this in 2023, which management have communicated to the Finance and Audit Committee.

Strengthening Underlying Systems

Since 2019, Virunga Foundation has been progressively making improvements to its management and internal control systems. Internal control work has resulted in identifying areas to be addressed and in initiating mitigating actions. The initial phase focused on adopting a more risk-based approach to risk identification and assessment. This new approach increases Virunga Foundation's ability to analyze risks and respond to opportunities, as we pursue our strategic objectives. There have been resourcing challenged in the internal control function in part exacerbated by the security situation. In 2023 it is planned to increase the resourcing of the internal control function to meet the growing internal control demands of the expanding scope of operations.

Financial Review

Total income from grants and donations for the year amounted to USD 26.9 million (2022: USD 26.4 million). The most material elements of this income was received in the form of grants from the EU, USAID, Re:wild, Schmidt Philanthropies and INL, (a US state department).

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Grants received are principally of a restricted nature, though all include a limited unrestricted percentage intended to cover the recognised need to contribute to general costs. Restrictions are, however, generally quite broad, for example EU grants covering Park operating costs.

The EU is the largest single provider of donor funding to Virunga Foundation and has provided several large multi-year grants, across all key areas of operation and development, including, Park Support, Lake protection, Agricultural development, Wildlife trafficking, Transboundary conservation, as well as multiple grants to support the sustainable energy project managed by VE. These grants cover periods of between 2 and 7 years, with grants totalling in excess of 100 million USD having been awarded in recent years. A grant in the new EU grant category of Food Security has been signed, with an initial instalment of 3.7 million Euro received on a grant totalling 5 million Euro

USAID's first grant to Virunga Foundation was for 1.6 million USD, signed in 2019. The relationship with USAID has proven positive and a second grant valued at 4.7 million USD for 2022 was signed in November 2021. A further grant for 2023 of 4.2 million USD has been finalised and it is expected future annual grants will be secured, as part of a longer term statement of intent.

The main source of income apart from charitable grants and donations is the commercial revenue generated by Virunga Energies, whose activities are described earlier in the report. Revenue growth in Virunga Energies continues a strong upward trajectory, having increased from USD 7.2 million in 2021 to USD 9.6 million in 2022, an annual increase of 33%. The revenue is generated from a range of customers, both commercial and domestic, comprising 53 and 33% respectively of the total income.

The total spent on charitable activities in 2022 was USD 24.5 million (2021: USD 19.5 million) which relates primarily to the costs of protecting the Virunga National Park and expenditure on supporting ICCN Rangers. Expenditure on trading and raising funds in 2022 amounted to USD 11.6 million (2021: USD 10.32 million), of which 10.9 million is spent on the development and operation of the hydropower infrastructure of Virunga Energies, the remainder, 0.6 million USD being spent on other trading and fundraising activities.

Fixed assets comprise principally of the hydropower plants and electricity distribution networks. Total net tangible fixed assets at 31 December 2022 amounted to USD 105.7 million (2021: USD 84.6 million). In accordance with UK accounting standards construction costs have been capitalised and are disclosed as fixed assets.

The net surplus for the year was USD 0.5 million (2021: USD 4.7 million). The restricted and unrestricted funds at year-end amounted to USD 21.8 million and USD 52.3 million respectively (2021: USD 14.4 million and USD 60.2 million respectively).

In addition to grants and donations, Virunga Foundation uses short-term and long-term debt facilities to fund its operations. Creditors falling due within one year at 31 December 2022 amounted to USD 46.1 million (2021: USD 38.4 million). At year end 31 December 2022 long-term debt amounted to USD 22.2 million (2021: USD 15.0 million), with the largest lender, in excess of two thirds of total long term debt being the UK-based development bank, British International Investment plc, (BII), formerly known as CDC.

Virunga Energies has a significant USD 89.7 million intercompany debt to Virunga Foundation, based on loans provided to enable the creation of its vertically integrated energy operations. These operations cover the entire value chain, from power plant construction, through generation and distribution, to customer sales. With Virunga Energies operations now generating positive cashflows, it is expected that repayments towards this debt will commence in the short to medium term. However, there is no short term pressure on Virunga Foundation to receive material repayments on this debt, due to its ongoing strong external fundraising performance.

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Reserves

Virunga Foundation receives very low levels of unrestricted funding in relation to its largely restricted grant income. This income pattern, together with the significant resources required for operational activities, typically not funded by unrestricted income, are necessary to support the restricted projects has made it very challenging to establish unrestricted reserves.

As an illustration, all of the material projects and activities of Virunga Foundation require a substantial security infrastructure, the costs of which are not all covered by restricted project income, which effectively means a significant percentage of unrestricted income is required to support essential activities not specifically covered by restricted funding.

While the Trustees continue to review how Virunga can in future generate unrestricted cash reserves, to a level acceptable to beneficiaries and partners, as well as in line with good practice, this remains a major challenge. Events in 2021 and throughout 2022 continuing into 2023, have included COVID impacts which forced the closure of tourism, a volcanic eruption and a major increase in illegal armed group activity, which lead to illegal militia control of a significant area of the Park and surrounding districts. These events have limited the scope for the establishment of reserves, due to effectively living through a serious of emergencies, both natural and human caused. While the ultimate aim remains to develop free reserves over time for Virunga Foundation, sufficient to cover the value of at least half a year of operational costs, which at current expenditure levels would represent in the region of 8 million USD. Generating this level of free reserves will require a major increase in the level of unrestricted funds raised. Though levels of unrestricted reserves are highly material at 56 million USD at 31 December 2022, they are not free reserves as they represent largely fixed assets which are highly illiquid. Success in increasing fundraising channels has increased the scope for establishing reserves through increased levels of unrestricted income, as well as the significant potential of contributions from Virunga Energies, which is projected to generate in excess of 11 million USD of unrestricted income in 2023.

As at 31 December 2022 the total consolidated funds held by the Group amounted to USD 74.1 million (2021: USD 74.6 million), of which USD 52.3 million are unrestricted (2021: USD 60.2 million), and USD 21.8 million are restricted (2020: USD 14.3 million). As at 31 December 2022 the Group had net current liabilities of USD 10.4 million.

Going concern and uncertainties

Virunga Foundation operates in the North Kivu region of DRC, an area with very high inherent risks, primarily; physical security, political instability and serious public health issues. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. The substantial re-emergence of the M23 illegal armed militia in North Kivu since late 2021 after an absence of 10 years has been a critical contributory factor to security risks increasing, both directly and indirectly. As referred to earlier in this report, the activities of the M23 in the southern sector of Virunga National Park and surrounding areas have been catastrophic for the local population. In January 2023 the UN estimated 2.1 million people have fled their homes in North Kivu as a result of the activities of illegal armed militias. There are in excess of half a million internally displaced persons living on the outskirts of the city of Goma, and the WHO has declared a cholera outbreak in the area. It is against this background that the operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, for which the mitigations are necessarily limited.

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While severely challenging situations often arise which could have severe adverse impacts on the Charity's financial situation, these situations most often also result in rapid new financial resources being made available to the Foundation. Many of the Charity's large donors, institutional and charitable, regularly react to challenging situations which arise. In recent years examples include significant additional funding provided to address impacts of volcanic eruption, COVID and Ebola impacts and security issues. Specific recent examples include, a major EU "food security" grant as a result of the impact of the Russian invasion of Ukraine on grain supplies to Africa and grants from the US INL state bureau to assist in security enforcement in the Park. Therefore, in assessing any going concern risk in the context of unforeseen adverse developments, the Charity's history of being able to attract additional funding in emergency situations needs to be taken into account.

From financial liquidity perspective, a number of project activities require to be pre-financed before funding is received, often on the basis of the completion of an audit to confirm past expenditure was valid. The complex negotiation and approval processes often mean that even after initial agreement for new grants has been achieved, it can take several months to receive the funds, on dates which are difficult to forecast. For example, whilst Virunga's relationship with its largest funder, the EU is good, the EU is a complex organisation requiring the careful managing of relationships and co-ordination with representatives in both Brussels and Kinshasa. Additionally, EU funding often requires approval by DRC authorities before remittance. While the process can be protracted and exact finalisation date of the various grants difficult to predict precisely, the track record of attracting consistent and increased funding is well established and proven.

The forecast level of grants and other income is considered adequate to fund operational requirements for beyond the next two years. The timing of finalisation of agreements and receipt of funds can occasionally pose challenges for the Charity in terms of cash flow management. Experience over many years clearly proves that Virunga is well able to manage short term cash flow issues by attracting bridging finances and managing operating and project costs, avoiding material impact on plans.

In order to mitigate risks associated with the timing of funding, there has been an increase in the detail and regularity of cash flow projection preparation. The cash projection horizon has been extended from 18 months to over two years and is presented regularly by the CFO to the Board Finance and Audit sub-committee. The Committee challenges assumptions and projections in order to enable the early identification of potential future liquidity issues. The Committee is also actively engaged with management on the development of any short term funding "bridges", which may be required to manage cash flows, which though adequate to fund operations on an annual basis, as described, may potentially face short term challenges

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves, which is recognised as an ongoing challenge. The generation of unrestricted income from among others, the sale of sustainably generated electricity is a key identified future mechanism to build up a level of free reserves. Management has though made progress on the establishment of free reserves in the course of 2023 and has communicated to the Finance and Audit Committee its intentions and plans for systematically creating free reserves from the expanded sources of revenue.

In the course of 2022 and in early 2023 management has continued to attract major funding with significant amounts both confirmed as well as in progress towards completion. With the level of funding agreements secured and those nearing completion, management believes that the funding perspective remains strong. For illustration, at the end of 2022 another significant EU grant agreement was signed relating to the EU food security programme, to the value of 5 million Euro, with the initial tranche of 3.66 million Euro being received in January 2023. There are, as indicated, a number of future grants under discussion, including one for 8 million Euro which is expected to be received in the third quarter of 2023, to support the ongoing development of agricultural projects as a key element of the development strategy.

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FOR THE YEAR ENDED 31 DECEMBER 2022

Conservative revenue projections based on secured and almost secured grants, public fundraising and own revenue generation indicate that revenue levels are adequate to secure planned activities through to mid-2025, by which time it is expected own revenue generation will have increased materially.

In addition to multiple major funding agreements and projected own income generation, management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met.

While the reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that under foreseeable scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Trustees' Responsibilities Statement

The Trustees (who are also directors of Virunga Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In approving this report, the Board of Trustees is also approving the Strategic Report included here in their capacity as company directors. This report was approved by the Trustees on 13 September 2023 and signed on their behalf by:



Jan Bonde Nielsen,
Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Virunga Foundation ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 26 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and taxation legislation, together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

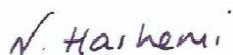
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and donation income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing of grant and donation income, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London, UK

26 September 2023

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Unrestricted funds	Endowment and Restricted Funds	2022	2021
		\$	\$	\$	\$
Income from:					
Grants and donations	2	1,657,672	25,244,974	26,902,646	26,414,274
Income from charitable activities	3	211,875	680	212,555	576,665
Other trading activities	4	10,031,749	-	10,031,749	7,283,474
Investment income		<u>55,859</u>	<u>75,265</u>	<u>131,124</u>	<u>214,139</u>
Total income		<u>11,957,155</u>	<u>25,320,919</u>	<u>37,278,074</u>	<u>34,488,552</u>
Expenditure on:					
Raising funds	5				
- operational costs of hydro power plants		12,969,916	-	12,969,916	10,317,929
- other trading activities		568,156	-	568,156	-
Charitable activities	6	<u>6,371,465</u>	<u>17,775,115</u>	<u>24,146,580</u>	<u>19,505,651</u>
Total expenditure		<u>19,909,537</u>	<u>17,775,115</u>	<u>37,684,652</u>	<u>29,823,580</u>
Net (expenditure)/income	7	(7,952,382)	7,545,804	(406,578)	4,664,972
Transfers between funds	16	<u>151,642</u>	<u>(151,642)</u>	<u>-</u>	<u>-</u>
Net movement in funds		(7,800,740)	7,394,162	(406,578)	4,664,972
Surplus attributable to non-controlling interests		(72,962)	-	(72,962)	-
Net movement in funds attributable to the Group		<u>(7,873,702)</u>	<u>7,394,162</u>	<u>(479,540)</u>	<u>4,664,972</u>
Reconciliation of funds:					
Total funds brought forward		<u>60,160,321</u>	<u>14,408,410</u>	<u>74,568,731</u>	<u>69,903,759</u>
Total funds carried forward	16	<u>52,286,619</u>	<u>21,802,572</u>	<u>74,089,191</u>	<u>74,568,731</u>

All activities relate to continuing operations.

Included within endowments and restricted funds is \$26k relating to an endowment fund set up for Fallen Rangers (2021: \$26k).

The notes on pages 39 to 59 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		\$	\$
Fixed assets			
Intangible assets	9	2,161,853	2,386,525
Tangible assets	10	105,654,331	84,603,375
Investments	11	<u>44,850</u>	<u>1,390,435</u>
		107,861,034	88,380,335
Debtors: amounts falling due after more than one year	12	385,690	433,740
Current assets			
Stock		5,492,841	5,642,946
Debtors: amounts falling due within one year	13	10,900,431	9,836,488
Cash at bank and in hand		<u>19,291,659</u>	<u>23,616,536</u>
		35,684,931	39,095,970
Creditors: amounts falling due within one year	14	<u>(46,129,114)</u>	<u>(38,378,336)</u>
Net current assets / (liabilities)		<u>(10,444,183)</u>	<u>717,634</u>
Total assets less current liabilities		97,802,541	89,531,709
Creditors: amounts falling due after more than one year	14	<u>(22,164,917)</u>	<u>(14,962,978)</u>
Net assets		<u>75,637,624</u>	<u>74,568,731</u>
Group Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	21,776,739	14,382,577
Unrestricted funds	16	<u>52,286,619</u>	<u>60,160,321</u>
Total funds		<u>74,089,191</u>	<u>74,568,731</u>
Non-controlling interest	16	1,548,433	-
		<u>75,637,624</u>	

The deficit for the financial year dealt with in the financial statements of the parent company was \$8,140,715 (2021: surplus \$6,981,330).

The financial statements were approved and authorised by the Trustees on 13 September 2023 and signed on their behalf by: Jan Bonde Nielsen, Chairman



VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		\$	\$
Fixed assets			
Intangible fixed assets	9	49,713	1,037,688
Investments	11	<u>294,667</u>	<u>294,667</u>
		344,380	1,332,355
Debtors: amounts falling due after more than one year	12	92,177,680	91,440,179
Current assets			
Debtors: amounts falling due within one year	13	18,610,018	15,192,335
Cash at bank and in hand		<u>17,647,681</u>	<u>22,928,708</u>
		36,257,699	38,121,043
Creditors: amounts falling due within one year	14	<u>(41,304,852)</u>	<u>(33,468,601)</u>
Net current assets		<u>(5,047,153)</u>	<u>4,652,442</u>
Creditors: amounts falling due after more than one year	14	<u>(3,430,825)</u>	<u>(4,901,179)</u>
Net assets		<u>84,044,082</u>	<u>92,523,797</u>
Charity Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	21,776,739	14,382,577
Unrestricted funds	16	<u>62,241,510</u>	<u>78,115,387</u>
Total funds		<u>84,044,082</u>	<u>92,523,797</u>

The deficit for the financial year dealt with in the financial statements of the parent company was \$8,140,715 (2021: surplus \$6,981,330).

The financial statements were approved by the Trustees on 13 September 2023 and signed on their behalf, by:



Jan Bonde Nielsen, Chairman

Company number: 05598718

The notes on pages 39 to 59 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2022 \$	2021 \$
Cash flows from operating activities:			
Net cash provided by operating activities	18	11,107,726	24,411,629
Cash flows from investing activities:			
Interest received		131,124	214,139
Acquisition of subsidiary		179,463	
Purchase of intangible fixed assets		(444,979)	(2,180,337)
Disposal of intangible fixed assets		922,930	730,813
Purchase of tangible fixed assets		(23,046,493)	(5,651,207)
Purchase of investments		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(22,257,955)</u>	<u>(6,886,592)</u>
Cash flows from financing activities:			
Repayments of borrowings		(713,572)	(2,566,472)
Cash inflows from new borrowing		<u>10,300,000</u>	<u>1,261,963</u>
Net cash provided by financing activities		<u>9,586,428</u>	<u>(1,304,509)</u>
Change in cash and cash equivalents in the year		(1,563,801)	16,220,528
Cash and cash equivalents brought forward		<u>20,855,460</u>	<u>4,634,932</u>
Cash and cash equivalents carried forward	19	<u>19,291,659</u>	<u>20,855,460</u>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company has adapted its balance sheet, as permitted by the regulations, to show debtors greater than one year as a separate line and not within current assets.

Virunga Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

Virunga Foundation operates in North Kivu, a region with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities, however, it is the reality that when emergency situations arise, unbudgeted material donations from established funders are invariably received. The global food security crisis being one such example, where a major EU grant has been received to help alleviate the impact of global food shortages in the region by investing in the creation of significant local food production and processing capacity.

The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, the mitigations for which are necessarily limited.

The physical and political risk environments overlap and interact with the financial and funding risk environments, though as indicated above, material unbudgeted funding is frequently received when unforeseen events arise, be they environmental, health or security related. Virunga Foundation is highly dependent on a limited, though increasingly diverse number of large grants to fund its operations. The timing of the initial receipt of these grants and subsequent tranches, is critical in ensuring there is adequate funding to support operations and to maintain ongoing operations, as well as to enable the implementation of key projects. Work has been done by management, with the support of the finance and audit committee, to increase the level of scrutiny and planning, to minimise risks of liquidity issues. This includes developing free reserves, as well as being able to access "bridge" funding, which one substantial lender has indicated a willingness to provide.

The key security challenges as described in the Trustees report relate to the significantly increased illegal armed group activities, in particular those of the M23 illegal armed group which has occupied large areas of North Kivu, including the southern sector of the Virunga National Park. The activities of M23 and other groups has led to the displacement of an estimated 2.1 million persons which exacerbates instability and extreme humanitarian suffering in the region, including high risks of disease outbreaks, such as cholera. In these situations as part of its charitable objectives, Virunga requires to allocate resources in an effort to reduce suffering, such as the construction of a potable water drinking pipeline to the over half a million displaced persons surviving on the outskirts of Goma.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies (continued)

1.2 Going concern (continued)

The forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, based on the already existing secured and almost secured grants. The forecast level of grant income is considered conservative, not including grants still to be negotiated in the course of the next two years. In addition management has prepared an austerity scenario budget which could be implemented with reduced expenditure, in case of an unforeseen emergency situation arising. The requirement to implement such a budget is considered unlikely, but provides confidence in the capacity of the Charity to survive an emergency event.

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves. The generation of unrestricted income from among others, the sale of sustainably generated electricity is one of the future mechanisms identified to build up a level of free reserves. To date unrestricted income has been required to fund ongoing operations, however plans to establish free reserves are being implemented by management.

The Trustees are satisfied that under foreseeable scenarios the Charity will have adequate funds to continue with its operations for the longer term, but specifically for the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met. While reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that in most foreseeable scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on the going concern basis.

1.3 Basis of consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis.

Virunga Energies SAU Limited, Virunga Belgique SRL Limited, Virunga Foundation Limited, Société Provinciale d'Eau et d'Electricité du Nord-Kivu and Virunga Origins have been excluded from the consolidation as their inclusion is not material for the purpose of giving a true and fair view individually and in aggregate as permitted by section 405 of the Companies Act 2006.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.4 Group status

The company is a company limited by guarantee. The members of the company are certain of the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 in total.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies (continued)

1.5 Reporting Currency

The functional and reporting currency used by the charity and group is United States Dollars and hence these accounts are reported in this currency.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent assets retained for the benefit of the charity as a capital fund. Details of the nature and purpose of each endowment fund is set out in note 16. The expendable endowment fund represents a fund from which capital and interest can be drawn down for unrestricted use.

1.7 Incoming resources

Income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations of cash, which include regular giving, public donations and appeals, are recognised as income once the company has the right to receive the donation, it is probable that the economic benefits will be received, and the amount of the donation can be measured reliably.

Incoming resources are deferred only when the donor has imposed preconditions on the expenditure of resources. Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Trading and other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. Accounting Policies (continued)

1.9 Intangible and tangible fixed assets

Expenditure on capital items for the parent charity is generally written off to the SOFA on the basis that the items acquired/constructed are for the benefit of the community/specific project and therefore they will not generate any future economic benefit for the charity.

Intangible and tangible fixed assets in respect of the subsidiary entities are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	0-5% straight line
Plant, machinery and equipment	-	4% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20-33% straight line
Other fixed assets	-	20% straight line
Intangible fixed assets (excl. cryptocurrencies)	-	20%-33% straight line

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

Cryptocurrencies are held on the balance sheet as intangible assets, and are accounted for under the revaluation model, and are initially recognised at cost. They are subsequently carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

1.10 Investments

Investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are valued at cost less provision for impairment.
- (ii) **Social investments**
Social investments are initially recognised at cost, with the carrying amount adjusted each year to reflect additional amounts invested, any repayments and accrued interest, and are assessed for impairment on an annual basis.

1.11 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

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1. Accounting Policies (continued)

1.14 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.16 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.17 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.18 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.19 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

1.20 Stocks

Stocks represent parts and consumables held in respect of the hydropower stations, and are measured at the lower of cost adjusted, when applicable, for any loss of service potential and replacement cost.

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1. Accounting Policies (continued)

1.21 Accounting estimates and key judgements

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The significant areas of estimate and judgement include the remaining useful life of assets, impairment of assets and the recognition of grant income. Related accounting policies for these items are noted above.

Impairment of stock

On reviewing the stock valuation held at Matebe and Rwanguba, in consideration of extraordinary security situation at these locations, management has taken the view that it is prudent to fully provide against the stock valuation of materials held at these two locations, as at 31 December 2022. While the stock system as at 31 December 2022 recorded stock at cost value held at the two sites totalling \$2.017m, (Matebe \$0.799m and Rwanguba \$1.218m), the security situation was too high risk to undertake a stock count. Furthermore, the ongoing severe security situation means that while construction work continues at the Rwanguba site, the security over stock held at both sites cannot be assured. On the basis that management is not able to ensure the physical security and integrity of the locations where stock is currently stored, management concluded that providing against the full accounting cost value of stock held at these locations was the appropriate action.

There are extensive comments on the security situation as it impacts Virunga Foundation's operations, including incidents and risks, presented in the Chairman and Trustees' reports to the 2022 Audited Accounts. There are multiple references to security impacts throughout the Trustees Report, but most specifically in the "Security / Rule of Law & Human Rights", section of the Report.

2. Voluntary income

	Unrestricted funds	Restricted and Endowment funds	Total funds	<i>Total funds</i>
	2022	2022	2022	<i>2021</i>
	\$	\$	\$	<i>\$</i>
Donations	1,755,465	5,211	1,760,676	<i>4,191,282</i>
Grants	<u>(97,793)</u>	<u>25,239,763</u>	<u>25,141,970</u>	<i><u>22,222,992</u></i>
	<u>1,657,672</u>	<u>25,244,974</u>	<u>26,902,646</u>	<i><u>26,414,274</u></i>

In 2021, of the total income from grants and donations, \$5,237,847 was to unrestricted funds and \$19,965,786 was to restricted funds.

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3. Incoming resources from charitable activities

	Unrestricted funds 2022 \$	Restricted funds 2022 \$	Total funds 2022 \$	Total funds 2021 \$
Tourism income	-	-	-	126,623
Lodge income	191,283	-	191,283	305,651
Other income	<u>20,592</u>	<u>680</u>	<u>21,272</u>	<u>144,391</u>
	<u>211,875</u>	<u>680</u>	<u>212,555</u>	<u>576,665</u>

In 2021, of the total other incoming resources, \$522,904 was to unrestricted funds and \$53,761 was to restricted funds.

4. Trading income

	Unrestricted funds 2022 \$	Restricted funds 2022 \$	Total funds 2022 \$	Total funds 2021 \$
Royalty income	855	-	855	83,333
Provision of electricity	9,237,271	-	9,237,271	7,143,327
Rent received and other trading income	<u>793,623</u>	<u>-</u>	<u>793,623</u>	<u>56,814</u>
	<u>10,031,749</u>	<u>-</u>	<u>10,031,749</u>	<u>7,283,474</u>

In 2021, of the total income from other trading activities, \$7,283,474 was to unrestricted funds and \$nil was to restricted funds.

5. Expenditure on raising funds

	Staff costs 2022 \$	Other direct costs 2022 \$	Total funds 2022 \$	Total funds 2021 \$
Hydro power plant operational costs	5,339,926	7,629,990	12,969,916	10,317,929
Other trading activities	<u>34,113</u>	<u>534,043</u>	<u>568,156</u>	<u>-</u>
	<u>5,374,039</u>	<u>8,164,033</u>	<u>13,538,072</u>	<u>10,317,929</u>

In 2021, of the total expenditure on raising funds, \$10,317,929 was for unrestricted funds and \$nil was for restricted funds.

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6. Analysis of expenditure on charitable activities

	Staff costs 2022 \$	Other direct costs 2022 \$	Support costs 2022 \$	Total 2022 \$	<i>Total 2021 \$</i>
Agriculture and development	269,140	1,919,230	9,274	2,197,644	2,326,254
Protection of Virunga National Park	8,821,206	13,029,067	92,603	21,942,876	17,174,828
Raising awareness	-	6,033	27	6,060	4,569
	<u>9,090,346</u>	<u>14,954,330</u>	<u>101,903</u>	<u>24,146,580</u>	<u>19,505,651</u>

In 2021, of the total expenditure, \$6,571,086 was expenditure from unrestricted funds and \$12,934,565 was expenditure from restricted funds.

Included in support costs are foreign exchange losses of \$31,051 (2021: \$39,538) and governance costs of \$70,852 (2021: \$65,388).

7. Net incoming resources

This is stated after charging:

	2022 \$	2021 \$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	42,919	46,224
Fees payable to the company's auditor and its associates in respect of:		
- The audit of subsidiaries of the company	23,050	23,492
- Non-audit services	17,596	41,896
Depreciation of tangible fixed assets owned by the charitable group	4,129,528	4,208,271
Amortisation of intangible fixed assets owned by the charitable group	186,486	674,245

During the year, no Trustees received any remuneration for their services as a trustee (2021: \$Nil).

During the year, no Trustees received any benefits in kind (2021: \$Nil). No Trustee received reimbursement of expenses in the current year (2021: No Trustees - \$nil). Other transactions with Trustees are detailed in Note 20.

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8. Staff costs

Staff costs were as follows:

	2022	2021
	\$	\$
Wages and salaries	<u>14,464,385</u>	<u>12,769,127</u>

The average number of persons employed by the company during the year was as follows:

	2022	2021
	No	No
Charitable activities	507	512
Other trading activities	95	-
Hydropower	<u>236</u>	<u>222</u>
	838	734

Staff costs above are inclusive of amounts paid by the Charity to the Park Rangers, who are employed by ICCN (the DRC governmental department in charge of the Park). As they are not employees of the Charity the Rangers are not included in the average number of staff figures above.

The number of higher paid employees was:

	2022	2021
	No	No
In the band £60,001 - £70,000 (\$82,506 - \$96,256)	1	1
In the band £70,001 - £80,000 (\$96,257 - \$110,007)	2	1
In the band £80,001 - £90,000 (\$110,008 - \$123,757)	0	1
In the band £100,001 - £110,000 (\$137,509 - \$151,259)	1	1
In the band £110,001 - £120,000 (\$151,260 - \$165,010)	1	0

8. Staff costs (continued)

The key management personnel of the charity comprise the trustees and the senior management team. The total amount of employee benefits received by the senior management team for their services to the charity was \$1,096,411 (2021: \$1,157,485). The trustees receive no remuneration or benefit from the charity for acting as trustees.

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9. Intangible fixed assets

Group	Charity Cryptocurrency \$	Group Goodwill	Group Computer software \$	Group Other fixed assets \$	Group Total \$
Cost					
At 1 January 2022	1,037,688	-	1,190,744	2,691,224	4,919,656
On acquisition	-	54,708	-	639,379	694,087
Additions	-	-	286,762	158,217	444,979
Disposals	(987,975)	-	-	-	(987,975)
At 31 December 2022	<u>49,713</u>	<u>54,708</u>	<u>1,477,506</u>	<u>3,488,820</u>	<u>5,070,747</u>
Depreciation					
At 1 January 2022	-	-	239,883	2,293,248	2,533,131
On acquisition	-	-	-	186,486	186,486
Charge for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,277</u>	<u>189,277</u>
At 31 December 2022	<u>-</u>	<u>-</u>	<u>239,883</u>	<u>2,669,011</u>	<u>2,908,894</u>
Net book value					
At 31 December 2022	<u>49,713</u>	<u>54,708</u>	<u>1,237,623</u>	<u>819,809</u>	<u>2,161,853</u>
At 31 December 2021	<u><u>1,037,688</u></u>	<u><u>-</u></u>	<u><u>950,861</u></u>	<u><u>397,976</u></u>	<u><u>2,386,525</u></u>

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10. Tangible fixed assets

	Land and buildings	Plant and machinery	Motor vehicles	Computer equipment	Other fixed assets	Total
Group	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2022	67,961,284	29,808,366	5,356,238	409,880	160,695	103,696,463
On acquisition	1,014,117	1,704,741	23,399	7,994	-	2,750,251
Additions	<u>13,119,471</u>	<u>9,729,488</u>	<u>140,617</u>	<u>55,917</u>	<u>1,000</u>	<u>23,046,493</u>
At 31 December 2022	<u>82,094,872</u>	<u>41,242,595</u>	<u>5,520,254</u>	<u>473,791</u>	<u>161,695</u>	<u>129,493,207</u>
Depreciation						
At 1 January 2022	6,273,285	7,499,013	4,816,965	353,330	150,495	19,093,088
On acquisition	139,608	453,780	19,661	3211	-	616,260
Charge for the year	<u>2,487,107</u>	<u>1,509,002</u>	<u>104,740</u>	<u>28,679</u>	<u>-</u>	<u>4,129,528</u>
At 31 December 2022	<u>8,900,000</u>	<u>9,461,795</u>	<u>4,941,366</u>	<u>385,220</u>	<u>150,495</u>	<u>23,838,876</u>
Net book value						
At 31 December 2021	<u>61,687,999</u>	<u>22,309,353</u>	<u>539,273</u>	<u>56,550</u>	<u>10,200</u>	<u>84,603,375</u>
At 31 December 2022	<u>73,194,872</u>	<u>31,780,800</u>	<u>578,888</u>	<u>88,571</u>	<u>11,200</u>	<u>105,654,331</u>

Included in the above are fixed assets under the course of construction of \$20,815,117 (2021: \$12,974,027).

Included in land and buildings is freehold land at cost of \$1,248,176 (2021: \$1,061,387) which is not depreciated.

	Motor Vehicles \$	Other fixed assets \$	Total \$
Company			
Cost			
At 1 January 2022 and 31 December 2022	<u>549,905</u>	<u>150,495</u>	<u>700,400</u>
Depreciation			
At 1 January 2022 and 31 December 2022	<u>549,905</u>	<u>150,495</u>	<u>700,400</u>
Net book value			
At 31 December 2021 and 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>

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11. Fixed asset investments

Group	Other investments \$
Cost	
At 1 January 2022	1,390,435
Foreign exchange movement	(6)
Acquisition of controlling interest*	(1,345,579)
	<u> </u>
At 31 December 2022	<u><u>44,850</u></u>

* The acquisition resulted in Virunga Foundation obtaining a controlling interest, and therefore the investments are eliminated on consolidation.

Group investments at cost comprise:

	2022 \$	2021 \$
Listed investments at market value	67	73
Other fixed asset investments	<u>44,783</u>	<u>1,390,362</u>
	<u><u>44,850</u></u>	<u><u>1,390,435</u></u>

All the other fixed asset investments are held in Belgium by Virunga SRL, the fully owned subsidiary of Virunga Foundation.

	Shares in group undertakings \$
Company	
Cost	
At 1 January 2022 and 31 December 2022	<u><u>294,667</u></u>

Company investments at cost comprise:

	2022 \$	2021 \$
Investment in subsidiaries	<u><u>294,667</u></u>	<u><u>294,667</u></u>

Details of the principal subsidiaries and associates can be found under note number 21.

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12. Debtors due after more than one year

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Deferred tax asset	1,245,804	433,740	-	-
Virunga SRL	-	-	1,866,361	1,777,487
Virunga Energies SAU	-	-	89,711,219	89,662,692
Sicovir SARL	-	-	600,100	-
	<u>1,245,804</u>	<u>433,740</u>	<u>92,177,680</u>	<u>91,440,179</u>

The movement in value for the year was as follows:

	\$
Value at 1 January 2022	91,440,179
Additional loans	2,031,700
Repayments	(1,472,839)
Accrued interest	<u>178,640</u>
Value at 31 December 2022	<u>92,177,680</u>

13(a). Current Assets – Stocks

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Raw materials and consumables	2,020,968	1,833,846	-	-
Finished goods and goods for resale	<u>3,471,873</u>	<u>3,809,101</u>	-	-
	<u>5,492,841</u>	<u>5,642,947</u>	-	-

13(b). Current Assets - Debtors

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Due within one year				
Trade debtors	2,082,626	1,411,053	-	-
Amounts owed by group undertakings	55,720	-	9,971,175	7,716,427
Other debtors	1,489,086	2,825,382	1,366,221	1,120,874
Prepayments and accrued income	<u>7,272,999</u>	<u>5,600,053</u>	<u>7,272,622</u>	<u>5,697,642</u>
	<u>10,900,431</u>	<u>9,836,488</u>	<u>18,610,018</u>	<u>14,534,943</u>

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14. Creditors:
Amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Bank loan and overdrafts	1,593,145	3,339,623	-	-
Other loans	1,470,354	-	1,470,354	-
Trade creditors	2,670,257	2,283,998	67,842	795,142
Social security and other taxes	487,402	91,238	107,977	91,238
Taxation	-	622	-	-
Other creditors	206,107	392,285	172,762	316,451
Accruals and deferred income	<u>39,701,849</u>	<u>32,270,570</u>	<u>39,485,917</u>	<u>32,265,770</u>
	<u>46,129,114</u>	<u>38,378,336</u>	<u>41,304,852</u>	<u>33,468,601</u>

Amounts falling due after one year

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Deferred income	-	-	-	-
Other loans	3,430,825	4,901,179	3,430,825	4,901,179
Bank loans	<u>18,734,092</u>	<u>10,061,799</u>	<u>-</u>	<u>-</u>
	<u>22,164,917</u>	<u>14,962,978</u>	<u>3,430,825</u>	<u>4,901,179</u>

Analysis of loans -

Amounts falling due within 1 year	3,063,499	3,339,623	1,470,354	-
Amounts falling due within 1-2 years	4,525,710	3,062,765	980,236	1,470,354
Amounts falling due within 2-5 years	8,094,822	11,900,213	2,450,589	3,430,825
Amounts falling due after more than 5 years	<u>9,544,385</u>	-	<u>-</u>	-
	<u>25,228,416</u>	<u>18,302,601</u>	<u>4,901,179</u>	<u>4,901,179</u>

Bank and other loans comprise the following -

- A \$9m loan from BII repayable over the period ending 31 December 2025. Interest is charged at 5% per annum interest plus an additional 1% per annum commitment fee interest.
- A \$2.5m loan from Illeros Limited repayable over the period ending 31 December 2025. Interest is charged at 2% per annum.
- A \$4.9m loan from Schmidt Family Foundation repayable over the period ending 31 December 2025. Interest is charged at 0.25% per annum.
- A \$10.3m loan from BII repayable over the period ending 30 June 2031. Interest is charge at 6% per annum.

Virunga Foundation has also provided a guarantee to Equity Bank in respect of development loans previously issued by Virunga Developments which were purchased by Equity Bank in 2020. At 31 December 2022 the guarantee amounted to \$1,369k, for which a corresponding amount is held in a separate bank account.

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15. Deferred taxation

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
At beginning of year	433,740	477,692	-	-
Added/(released) during the year (P&L)	(48,050)	(43,952)	-	-
At end of year	<u>385,690</u>	<u>433,740</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Accelerated capital allowances	<u>385,690</u>	<u>433,740</u>	<u>-</u>	<u>-</u>

16. Statement of funds

	Brought forward	Income	Expenditure	Transfers & other gains	Carried forward
	\$	\$	\$	\$	\$
Unrestricted funds					
General funds	<u>60,160,321</u>	<u>11,624,530</u>	<u>(19,649,874)</u>	<u>151,642</u>	<u>52,286,619</u>
Restricted funds					
Protection of Virunga National Park	1,373,600	11,705,856	(15,578,419)	3,538,243	1,039,280
Agriculture and development	34,950	1,619,811	(2,196,696)	464,277	(77,658)
Hydro power plant construction	<u>12,974,027</u>	<u>11,995,252</u>	<u>-</u>	<u>(4,154,162)</u>	<u>20,815,117</u>
	<u>14,382,577</u>	<u>25,320,919</u>	<u>(17,775,115)</u>	<u>(151,642)</u>	<u>21,776,739</u>
Expendable endowment funds					
Fallen rangers fund	<u>25,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,833</u>
Total Restricted and Endowment funds	<u>14,408,410</u>	<u>25,320,919</u>	<u>(17,775,115)</u>	<u>(151,642)</u>	<u>21,802,572</u>
TOTAL GROUP FUNDS	<u>74,568,731</u>	<u>36,945,449</u>	<u>(37,424,989)</u>	<u>-</u>	<u>74,089,191</u>
NON-CONTROLLING INTERESTS	<u>-</u>	<u>332,625</u>	<u>(259,663)</u>	<u>1,475,471</u>	<u>1,548,433</u>
TOTAL	<u>74,568,731</u>	<u>37,278,074</u>	<u>(37,684,652)</u>	<u>1,475,471</u>	<u>75,637,624</u>

Included in Transfers & Other Gains is \$1,475,471 in respect of non-controlling interests on the acquisition of a controlling interest in Sicovir SARL.

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16. Statement of funds (continued)

<i>2021 comparatives</i>	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Carried forward</i>
	\$	\$	\$	\$	\$
<i>Unrestricted funds</i>					
<i>General funds</i>	<u>52,683,154</u>	<u>14,469,005</u>	<u>(16,889,015)</u>	<u>9,897,177</u>	<u>60,160,321</u>
<i>Restricted funds</i>					
<i>Protection of Virunga National Park</i>	1,033,666	9,999,597	(10,619,871)	960,208	1,373,600
<i>Agriculture and development</i>	7,054,697	2,780,673	(2,314,694)	(7,485,726)	34,950
<i>Hydro power plant construction</i>	<u>9,106,409</u>	<u>7,239,277</u>	<u>-</u>	<u>(3,371,659)</u>	<u>12,974,027</u>
	<u>17,194,772</u>	<u>20,019,547</u>	<u>(12,934,565)</u>	<u>(9,897,177)</u>	<u>14,382,577</u>
<i>Expendable endowment funds</i>					
<i>Fallen rangers fund</i>	<u>25,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,833</u>
<i>Total Restricted and Endowment funds</i>	<u>17,220,605</u>	<u>20,019,547</u>	<u>(12,934,565)</u>	<u>(9,897,177)</u>	<u>14,408,410</u>
TOTAL OF FUNDS	<u><u>69,903,759</u></u>	<u><u>34,488,552</u></u>	<u><u>(29,823,580)</u></u>	<u><u>-</u></u>	<u><u>74,568,731</u></u>

UNRESTRICTED FUNDS

The unrestricted funds in these consolidated accounts are, as can be seen above, an amalgamation of the individual charity's unrestricted funds plus those of its subsidiaries.

RESTRICTED FUNDS

- 1) **Agriculture and development** – This consists of funding received for agricultural development around the Park, including the construction of feeder roads and cold storage facilities, as well as facilities to produce and sell, amongst others, coffee, chocolate and chia seeds. The fund is currently in deficit as expenditure has been incurred for which the charity is not currently entitled to recognise the income. Income is expected to be recognised in the subsequent financial year. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds.
- 2) **Protection of Virunga National Park (PVNP)** -This consists of protecting and conserving the wildlife and natural resources of the Virunga National Park and emergency support for rangers by means of providing food and shelter to Park rangers and their families who have been displaced by the current civil conflict in the Democratic Republic of Congo. Another part is the charity developing their websites for marketing purposes to increase public awareness and online donation income. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds, or for projects which have overspent and the deficit is funded by unrestricted funds.
- 3) **Hydro Power Plants** - Funding was received for the design and building of hydro power plants to provide electricity to towns and villages surrounding Virunga National Park. Transfers from the fund during the year relate to the completed hydro power plants being transferred into unrestricted funds as the restriction on the associated income has been extinguished.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Statement of funds (continued)

ENDOWMENT FUNDS

Fallen Ranger fund – an expendable endowment created to secure the future of the rangers and their families for years to come. Rangers killed in the performance of their duties leave behind families who relied on them as the main breadwinners, and long term injured rangers are a financial burden on their family. The fund will be used to not only pay for pensions for those widows and retired rangers, but also help pay for medical treatment for rangers injured in the line of duty.

17. Analysis of net assets between funds

	Endowment funds 2022 \$	Restricted funds 2022 \$	Unrestricted funds 2022 \$	Total funds 2022 \$
Intangible fixed assets	-	-	2,161,853	2,161,853
Tangible fixed assets	-	20,815,117	84,839,214	105,654,331
Fixed asset investments	-	-	44,850	44,850
Debtors due after more than 1 year	-	-	385,690	385,690
Net current assets / (liabilities)	25,833	961,622	(11,431,638)	(10,444,183)
Creditors due in more than one year	-	-	(22,164,917)	(22,164,917)
	<u>25,833</u>	<u>21,776,739</u>	<u>53,835,052</u>	<u>75,637,624</u>
	<i>Endowment funds 2021 \$</i>	<i>Restricted funds 2021 \$</i>	<i>Unrestricted funds 2021 \$</i>	<i>Total funds 2021 \$</i>
Intangible fixed assets	-	-	2,386,525	2,386,525
Tangible fixed assets	-	12,974,027	71,629,348	84,603,375
Fixed asset investments	-	-	1,390,435	1,390,435
Debtors due after more than 1 year	-	-	433,740	433,740
Net current assets / (liabilities)	25,833	1,408,550	(716,749)	717,634
Creditors due in more than one year	-	-	(14,962,978)	(14,962,978)
	<u>25,833</u>	<u>14,382,577</u>	<u>60,160,321</u>	<u>74,568,731</u>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2022	2021
	\$	\$
Net income for the year (as per Statement of financial activities)	(406,578)	4,664,972
Adjustment for:		
Investment income	(131,124)	(214,139)
Depreciation of tangibles fixed assets	4,129,528	4,208,271
Amortisation of intangible fixed assets	189,277	674,245
Loss on disposal of tangible fixed assets	-	15,122
Loss on disposal of intangible fixed assets	65,045	-
Impairment of intangible fixed assets	-	69,144
Servicing of finance	100,462	-
(Increase)/decrease in stock	(1,867,261)	(807,494)
(Decrease)/increase in debtors	(1,015,893)	(5,507,375)
Increase in creditors	<u>8,026,902</u>	<u>21,308,883</u>
Net cash provided by operating activities	<u>11,107,726</u>	<u>24,411,629</u>

19. Analysis of cash and cash equivalents

	2022	2021
	\$	\$
Cash in hand	19,291,659	23,616,536
Bank overdraft	<u>-</u>	<u>(2,761,076)</u>
Total	<u>19,291,659</u>	<u>20,855,460</u>

20. Analysis of changes in net debt

	At 1 January 2022	Cash flows	Other non-cash changes	At 31 December 2022
	\$	\$	\$	\$
Cash and cash equivalents				
Cash in hand	23,616,536	(4,324,877)	-	19,291,659
Bank overdraft	(2,761,076)	2,761,076	-	-
	20,855,460	(1,563,801)	-	19,291,659
Borrowings				
Debt due within one year	(578,547)	713,572	(3,198,524)	(3,063,499)
Debt due after one year	(14,962,978)	(10,300,000)	3,098,061	(22,164,917)
	(15,541,525)	(9,586,428)	(100,463)	(25,228,416)
TOTAL	<u>5,313,935</u>	<u>(11,150,229)</u>	<u>(100,463)</u>	<u>(5,936,757)</u>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Related party transactions

Key Management Personnel

In order to fulfil VF's mandate as manager of Virunga National Park, Emmanuel de Merode has been appointed as a director of the Virunga Park (in which role he is sworn in as a Public official), which is separate from his role as CEO of the Charity.

Emmanuel holds a senior rank within the ICCN as Park Director in order to be able to command the Rangers, as well as being the CEO of VF. The Rangers, who Emmanuel oversees in his role as Park Director, are fundamental to the protection of the Park, as well as to the provision of security to the civilian population living in the vicinity of the Park, and to the staff and operations of VF. Though not a financial transaction, as no remuneration is provided by ICCN, this related party relationship is highlighted due to its significance for the operation of VF. In the event of conflicts arising from holding these two roles, Emmanuel will recuse himself from any discussions.

In 2017 The World We Want Foundation of which Paul Leander Engström, a Virunga Foundation trustee, is founder and Chairman, provided Virunga Energies SAU with a loan of \$2.5m with a 10-year duration, at a 2% per annum interest rate. As at 31 December 2022 the outstanding amount was \$2.08m (2021: \$2.47m).

During the year Jan Bonde Nielsen made payments of \$nil (2021: \$97,463) to a consultant on behalf of the Virunga Foundation for fundraising consultancy services. The consultancy engaged Birgitte Kleftakis, a daughter of Jan Bonde Nielsen, for which she received \$nil (2021: \$16,500).

Jan Bonde Nielsen is a Trustee of Farm Africa. During the year payments of \$162,379 were made to Farm Africa in respect of consultancy services provided for the Virunga coffee programme. No amounts were outstanding at the year end.

Subsidiary Entities

Company name	Country of registration	Percentage Shareholding
Virunga Productions CIC	United Kingdom	100%
Virunga SRL	Belgium	100%
Virunga Energies SAU*	Democratic Republic of Congo	100%
Virunga Development SARL*	Democratic Republic of Congo	100%
Virunga Energies SAU Limited*	Kenya	100%
Virunga Belgique SRL Limited*	Kenya	100%
Virunga Foundation Limited	Kenya	100%
SICOVIR SARL*	Democratic Republic of Congo	56.72%
Société Provinciale d'Eau et d'Electricité du Nord-Kivu**^	Democratic Republic of Congo	51%

Other participating interests

Company name	Country of registration	Percentage Shareholding
Virunga Enzymes SARL*	Democratic Republic of Congo	15%
Virunga Origins SRL*	Belgium	40%
Virunga Chocolat SARL*	Democratic Republic of Congo	20%

* held through Virunga SRL ^ dormant

VIRUNGA FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Related party transactions (continued)

Virunga SRL

During the year, Virunga Foundation provided Virunga SRL with further funding to cover the additional investment in SICOVIR SARL, running costs and paid for expenses on its behalf amounting to \$869,541 (2021 - \$7,693).

Virunga Foundation has advanced a long term loan to Virunga SRL. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$164,238 (2021 - \$144,844).

Virunga Energies SAU

During the year, Virunga Foundation has advanced short-term loans and paid for expenses on behalf of Virunga Energies SAU amounting to \$2,262,711 (2021 - \$563,069). Repayments of \$2,026,613 were made during the period. An amount of \$6,860,615 (2021 - \$6,121,725) was outstanding at the year end.

Virunga Foundation has advanced a long term loan to Virunga Energies SAU. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$89,766 (2021 - \$35,764). Additional funds of \$1,431,600 were loaned during the period and repayments of \$1,472,839 were received. The Board has resolved to waive interest charges on the loans until 31 December 2023.

During the year Virunga Energies SAU charged for electricity to Virunga Foundation and Sicovir SARL totalling \$371,229. At the year end \$56,856 was owed by Virunga Foundation and \$17,611 by Sicovir SARL.

Virunga Development SARL

Virunga Foundation has advanced a short term loan to Virunga Development SARL of \$476,807. Interest is accruing at 3% per annum on \$375,000 of this loan and interest received in the year amounted to \$7,818 (2021 - \$11,542). The remaining loan balance is interest free.

Sicovir SARL

On 12 November 2022, Virunga Foundation (via its subsidiary Virunga SRL) acquired an additional 34.78% of the share capital of SICOVIR SARL for consideration of \$600,000, taking Virunga Foundation's holding in the company to 56.72%. At the acquisition date, net assets of \$3.42m were acquired, comprising fixed assets (\$2.59m), stock (\$0.92m), debtors (\$0.35m), cash (\$0.04m) and creditors (\$0.48m). Virunga Foundation's share of the net assets acquired is \$1.99m.

Virunga Foundation has advanced a loan to SICOVIR SARL of \$300,000. Interest is charged at 5% per annum, with capital repayment due by 31 December 2023. A further loan of \$300,000 was advanced to SICOVIR SARL. Interest is charged at 5% per annum, with capital repayment due by 31 December 2024.

Virunga Productions CIC

During the year expenses of \$5,526 were paid on behalf of Virunga Productions C.I.C., to fund media related costs.

Virunga Foundation has advanced a loan to Virunga Productions CIC of \$374,121. Repayment is only required if the conditions regarding repayment occur.

Virunga Origins SRL

During the year \$433 was provided by Virunga Foundation to Virunga Origins SRL.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

21. Related party transactions (continued)

At the year end the following amounts were due from/(to) the subsidiaries:

	2022	2021
	\$	\$
Virunga SRL – long term loan	1,866,361	1,777,487
Virunga Energies SAU – long term loan	89,711,219	89,662,692
Virunga Development SARL	476,807	468,988
Virunga Productions C.I.C	374,121	368,595
Virunga SRL – short term loan	2,203,911	1,259,006
Virunga Foundation Limited	433	-
SICOVIR SARL	600,100	-

Subsidiary results for the year

Company name	Net Assets	Result for the year
	\$	\$
Virunga Productions CIC	(364,270)	(5,178)
Virunga SRL	(514,788)	(155,318)
Virunga Energies SAU	(34,683,155)	(1,260,973)
Virunga Development SARL	80,810	(6,383)
Virunga Energies SAU Limited	448	-
Virunga Belgique SRL Limited	2,453	-
Virunga Foundation Limited	97	-
SICOVIR SARL	3,577,710	168,582
Société Provinciale d'Eau et d'Electricité du Nord-Kivu	20,000	-

Other participating interests

Company name	Country of registration	Percentage Shareholding
Virunga Enzymes SARL*	Democratic Republic of Congo	15%
Virunga Origins SRL*	Belgium	40%
Virunga Chocolat SARL*	Democratic Republic of Congo	20%

*held through Virunga SRL

Accounts

Virunga Foundation

Trustees' Report and Consolidated
Financial Statements for the Year
Ended 31 December 2021

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VIRUNGA FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Chairman's Report

2021 was another challenging year for Virunga Foundation, yet despite the challenges faced, the Foundation continued to make progress on many of its objectives, as presented in the Trustees' report.

During 2021, violent militia attacks in the Central and Southern Sectors of the Park cost the lives of eight ICCN Rangers. Our thoughts are with the family, friends and colleagues of all these extremely courageous individuals. Their sacrifices are deeply mourned and commemorated by their many colleagues, who continue to dedicate themselves to the delivery of Virunga Foundation's vision. The work of Virunga Foundation in pursuit of its charitable objectives remains as always, dependent on the commitment and courage of the ICCN Rangers.

The security situation in the Park remains extremely challenging as several illegal armed groups attempt to increase their presence in and around the Park. These groups prey on the local populations, where they extort money through various extortion activities, including frequent kidnappings, too often associated with extreme violence. The assassination of the Italian ambassador as he travelled through Virunga drew world attention, but only adds to existing list of terrible tragedies affecting the people of North Kivu. Virunga Foundation has worked closely with the Congolese wildlife agency, the Institut Congolais pour la Conservation de la Nature, (ICCN), and other state security agencies, as well as the UN mission in Congo, to increase protection for the civilian population living around the Park. In its efforts to uphold the rule of law, the Foundation's work has included dialogue with local communities and strengthening civilian protection efforts. Several initiatives have been implemented, including the construction of forward operating bases and provision of escorted convoys for dangerous areas. Despite these initiatives the threat of violence remains a daily reality for many of the population, as highlighted by the significant re-emergence of the M23 militias in the southern sector of the Park. M23's attacks have provoked tens of thousands of internally displaced and international refugees.

With the official notification of the end of the 2-year Ebola outbreak in May of 2021, the public health priority was rapidly replaced by the need to address the global COVID 19 Pandemic, where Virunga Foundation was able to draw on its expertise and experience gained in its role in supporting the Ebola campaign, including as part of the Ebola Response Committee. The Covid-19 response effort focussed on staff security, protection of the great ape populations, as well as on public health in general. The Foundation hired expert medical officers specifically to support staff and to define and implement the wildlife protection measures, while also adapting its development efforts to support community resilience. Although direct COVID19 mortality rates continue to appear relatively low compared with many areas of the world, the indirect impact on the economy has been very significant, increasing poverty and violence.

The most significant unforeseen event of 2021 was the major volcanic eruption on the flank of Mount Nyiragongo on 21 May. While the number of fatalities was thankfully relatively low, the impacts on the wellbeing of the population were significant. A series of violent aftershocks in the days after the eruption led to large scale population displacements, including an evacuation of Goma for several days. Critical infrastructure, water and electricity were cut off to over 2 million people in the city of Goma. An emergency response was immediately initiated, with teams working in shifts, 24 hours a day. Virunga staff were able to restore power within a week and water within a month of the eruption, thereby averting a severe health threat to the Goma population (the WHO issued a warning of a serious risk cholera outbreak if clean water supplies were not restored). The major contribution of the Virunga Foundation to managing the impacts of the eruption were widely recognised, including by the DRC's Prime Minister, who specifically acknowledged the Foundation's contribution during a visit to the area. While the impact of the eruption inevitably affected progress on some of the Virunga Foundation's planned projects, the speed and effectiveness of the response reflected the depth of experience and capability of the Foundation and its staff in limiting the potentially extremely adverse impact of this natural disaster.

In another challenging year from a security and public health perspective, progress on conservation work has continued, with several positive developments. The mountain gorilla population continues to grow at its

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FOR THE YEAR ENDED 31 DECEMBER 2021

natural rate, while there has been some growth of the critically endangered lowland gorilla population and continued rapid growth in the large savannah mammal populations, especially the elephant and other herbivore species.

The “wildlife corridor” created between the Queen Elizabeth Park in Uganda and Virunga National park in recent years has been a major contributor to many of the species population growth, including the ongoing increase in ungulate populations, which has also led to the increase in predator populations, such as lion, leopard and hyena. Encroachment into the Park, principally for illegal charcoal production and farming, remains an ongoing threat to the conservation and other goals of the Foundation. While the overall level of encroachment has not increased significantly, it remains an important management concern. The illegal activities within the Park are directly linked to addressing the complex rule of law and development challenges, at the core of Virunga’s vision of creating a vibrant sustainable economy which supports the local populations living around the Park.

In relation to the goal of developing opportunities for the local populations, the Foundation has initiated a significant range of successful projects. The most important are the activities of Virunga Energies, a subsidiary of the Foundation, with its 4 operational hydropower plants which generate and sell electricity to a wide range of enterprises and the public in North Kivu. The impact of Virunga Energies has been transformational, ranging from being the first provider of electricity in a number of localities, to the provision of free electricity to a range of social structures such as schools and hospitals. The supply of electricity to a water pumping operation in Goma has improved the lives of hundreds of thousands of individuals who previously did not have access to potable water. A wide range of new businesses have started as a result of the increased access to electricity, with credit and training facilities available to many small business clients. In 2021 there was continued and increased success of a number of the Foundation supported agriculture based businesses, which add significantly to small-holder farmers’ family income. One such initiative is a chocolate business which is currently scaling up to 15 tons of chocolate per month to meet international demand. Another key project involves working with local coffee cooperatives, which has resulted in major increases in quality, volume and revenues, benefiting thousands of local farmers.

Virunga Foundation continues to receive grants, loans and donations from its many donors and lenders, ranging from large institutions, foundations and major donors, to individual public donations. The European Union continues to underpin both the conservation and the developments efforts, but is joined by other institutions donors including USAID / INL and the World Bank which also make major contributions. Private Foundations provide key support, with both long term support from partners such as the Schmidt Family Foundation and World We Want Foundation, as well as critical support for emergencies. The work and impact of the Virunga Foundation relies on the ongoing generosity of all its supporters, without which it could not operate.

2021 was to a degree dominated by the unpredictable eruption of Mount Nyiragongo, which added significantly to the scale of the challenges faced. The eruption was, however, a challenge Virunga’s staff embraced, showing the resilience of the organisation under exceptionally difficult circumstances.

The security challenges of the armed militia groups continues in 2022, a reality which the management, staff and partners have had to navigate and manage for many years. It remains, however, the conviction of Virunga Foundation that the only way of addressing these risks is by continuing to pursue the organisation’s key strategic goals which are to support Congolese institutions in their efforts to strengthen rule of law, sustainable development and conservation.

I would like to sincerely thank the staff and partners of the Virunga Foundation for their extreme dedication at significant personal risk, which have allowed for such extraordinary progress towards the Charity’s conservation and development goals.

Jan Bonde Nielsen, Chairman

VIRUNGA FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Legal and Administrative Details

Trustees

Jan Bonde Nielsen (Chairman)

François Xavier de Donnea

Clare Back (Resigned 16 March 2021)

Joanna Natasegara

Michael Joseph

Paul Leander Engström

Annette Lanjouw

Dr Antoine Kesia-Mbe Mindua (Appointed 26 June 2022)

Company registration number:	05598718
Legal Form	Company limited by guarantee
Date of incorporation	20 October 2005
Charity registration number:	1111806
Registered Address:	48 Chancery Lane, London, WC2A 1JF
Company Secretary:	Keystone Law Limited, London.
Chief Executive Officer:	Emmanuel de Merode
Auditors:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JY.
Bankers:	KBC Bank N.V., 111 Old Broad Street, London, EC2N 1BR Trust Merchant Bank S.A, 1223 Avenue Lumumba, Lubumbashi, Democratic Republic of Congo Equity Bank Kenya Ltd, 9th Floor, Equity Centre, Hospital Road, Upper Hill. P.O. Box 75104-00200, Nairobi, Kenya
Solicitors:	Keystone Law Limited, London.

VIRUNGA FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Trustees' Report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their report and the audited consolidated financial statements of Virunga Foundation (the Charity) for the year ended 31 December 2021. The Trustees have adopted the provisions of the Charities SORP (FRS 102) in preparing the annual report and financial statements of the Charity.

Structure, Governance and Management

Structure

Virunga Foundation is a charitable company limited by guarantee, incorporated on 20th October 2005, and registered as a charity in England and Wales, with registered charity number 1111806.

Virunga Foundation's key partnership is with the Institut Congolais pour la Conservation de la Nature, (ICCN), the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas throughout the country. With a relationship going back to 2006, in 2015 the ICCN and Virunga Foundation signed a 25 year cooperation agreement, establishing a public-private partnership, which runs until 12 April 2040. On the basis of this agreement with the Congolese Government, a major element of the charity's resources and efforts are dedicated to supporting the ICCN in protecting and re-establishing Virunga National Park and to provide support for communities around the Park.

In order to meet its objectives Virunga Foundation has established a number of subsidiary organisation and works closely with other partner organisations, as presented in the following paragraphs.

Under its Memorandum of Association, Virunga Foundation has the power to incorporate subsidiary companies to carry on any trade, which would, in the opinion of the trustees, promote or assist in furthering the Objects of the charity. Virunga Foundation Limited has one main subsidiary, Virunga SRL, (which itself has subsidiaries), one related company, Virunga Productions CIC and works in cooperation with a Belgian charity, Fonds Virunga Belgique and two US legal entities which own the aircraft operated by Virunga Foundation. The formal objects of all limited liability companies in the group are of social purpose in nature. In addition to Virunga SRL, there is only one other directly held and controlled subsidiary, a Kenyan Limited liability company, whose sole purpose is to enable Virunga Foundation to have banking facilities in Kenya, for reasons of increased financial resilience. As at the time of signing of the audited accounts there had been no activity in this entity.

Subsidiary entities

Virunga SRL

Virunga SRL is a 100% owned subsidiary limited liability company, registered in Belgium, incorporated by Virunga Foundation in August 2013, to act as a holding company for limited companies, (Société Anonyme), registered in the Democratic Republic of Congo, (DRC). Virunga SRL ensures any profits generated by its subsidiary companies will not be taxed twice, due to the double taxation treaty existing between Belgium and the DRC. All entities of the Virunga Foundation Entities registered in DRC pay their taxes exclusively in the DRC.

Virunga Belgique SRL Ltd

In the course of 2021 a Kenyan registered subsidiary, Virunga Belgique SRL Ltd, which was established, solely to enable the establishment of SRL bank accounts in Kenya, in order to increase financial resilience. At the time of the signing of the audited accounts there has been no activity in this entity.

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Virunga Energies SAU

Virunga Energies SAU is a limited liability company 100% owned by Virunga SRL. Virunga Energies SAU is engaged in the development, construction, operation and commercialisation of run-of-river hydroelectric projects in the proximity of the Park. These projects encompass the construction of generating plant, operation of the plant, construction and operating distribution networks and the sale of electricity to end customers, commercial and domestic. Any surplus generated from these activities is transferred to Virunga Foundation via Virunga SRL. The company has been operating a trial scheme to generate blockchain code and bitcoin, to augment and diversify revenue with limited capital investment. This activity is likely to be increased in future based on the positive assessment of the model, which is based on the utilisation of unused surplus hydropower generation capacity, which would otherwise be lost. The generation activity has additional benefits as it creates a base load resistance which can be used both to test newly commissioned plant as well as avoiding having turbines being static in periods of low demand.

The Trustees determined that the development of hydro-power projects around the Park would promote the conservation and protection of the Park in two key ways:

- i. by providing communities living around the Park with access to electricity and jobs, resulting in development opportunities which will enable the Park to be and to be seen as, a source of beneficial change and opportunity. Over time it is expected to reduce communities' reliance on unsustainable resources of the Park (e.g. illegal charcoal and firewood);
- ii. by providing an unrestricted revenue stream that can be used by Virunga Foundation to support its charitable objects.

Virunga Energies SAU Ltd

Virunga Energies SAU Ltd is a private limited company established on 23 Aug 2021 in Kenya. The sole purpose of this entity is to act as the beneficial owner of Virunga Foundation bank accounts established with Equity Bank in Kenya. The Company and its Equity Bank accounts are under the full control and management of Virunga Foundation, being established to reduce risks, by increasing the number of active banking facilities in Africa. At the time of signing of the audited accounts there had been no activity in this entity.

Virunga Development SARL

Virunga Development is a limited liability company, a 100% subsidiary of Virunga SRL, established in 2013 to contribute to Virunga Foundation's overall charitable objectives through the management and support of sustainable development opportunities around the Park. These opportunities include the development & operation of industrial parks in the proximity of the Park, with all energy requirement met by the hydroelectricity generated by Virunga Energies SAU.

Société Provinciale d'Eau et d'Electricité, North Kivu, (SPEE-NK)

SPEE-NK is a joint venture organisation, formed together with the provincial Governor for North Kivu to provide clean water to areas of Goma. This joint venture entity is 51% owned by Virunga Development SARL, (a 100% subsidiary of Virunga SRL), with the remainder held by the provincial government. As at the time of the signing of the audited accounts there had been no activity in this entity.

Sicovir SARL

Sicovir is a limited liability company, 20% owned by Virunga SRL, which was created in October 2013. Sicovir produces various sorts of soap from sustainable palm oil purchased from producers located in the proximity of the Park. The commercial products of Sicovir, are sold at lower prices than non-local alternatives, with their production being enabled by energy from Virunga Energies SAU.

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Virunga Enzymes SARL

Virunga Enzymes SARL is a limited liability company, 15% owned by Virunga SRL, established in 2015. It produces the plant-based enzyme ("papain") extracted from the latex of Papaya trees.

Virunga Chocolat SARL

Virunga Chocolat SARL is a limited liability company, 20% owned by Virunga SRL established in 2020. Virunga Chocolat SARL produces high quality chocolate products from cocoa grown by local farmers, for sale both domestically and in multiple international markets.

Virunga Productions CIC

Virunga Productions CIC was established in 2013. A Community Interest Company (CIC) is a limited liability company that must use its profits and assets for the public good. The objects of Virunga Productions CIC are to carry on any activities, including TV and movie productions, which support and promote the conservation, protection and improvement of the wildlife and habitat in and around Virunga National Park. Virunga Foundation is the majority shareholder and has effective control of Virunga Productions CIC.

Related Entities

Fonds Virunga Belgique

Fonds Virunga Belgique is a non-profit association, (ASBL/VZW), based in Belgium. It undertakes fundraising and awareness campaigns for the benefit of the Park (through Virunga Foundation). While Fonds Virunga Belgique has no formal legal relationship with Virunga Foundation, it maintains strong co-operation with the Foundation and contributes all funds raised to Virunga Foundation.

Virunga Foundation USA Inc. & Virunga Airwing LLC

Virunga Foundation USA Inc. & Virunga Airwing LLC are two USA registered entities which own the aircraft leased to Virunga Foundation to support of its operations. Virunga Foundation retains US registration for the aircraft, which it leases from Virunga Airwing LLC, to ensure compliance with the highest international operating standards. These two USA registered entities are treated as one single entity from a US tax perspective, and are legally independent of Virunga Foundation.

Partnerships etc.

US CAF Friends Fund

In December 2019, a formal contract was established with CAF America, which manages a US Equivalency Determined, Friends Fund, for the sole benefit of Virunga Foundation. This Fund enables tax effective donations from legal persons subject to US, (individual or corporate), to be made to Virunga Foundation

Farm Africa

Commencing in 2018, Virunga Foundation has worked closely with Farm Africa, another England and Wales registered charity, to harness their expertise on the improvement of coffee cultivation. Joint activities with Farm Africa are focussed on improving the cultivation, production and marketing of coffee grown by two independent farming co-operatives operating in the vicinity of the Park.

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Others

Virunga Foundation maintains close working relationships with nature conservation organisations such as the United Nations Education Science and Culture Organisation (UNESCO), the Zoological Society of London, the Frankfurt Zoological Society, the Wildlife Conservation Society, the International Union for the Conservation of Nature, (IUCN), Meise Botanic Garden and the World Wildlife Fund, (WWF).

Governance

Virunga Foundation is a charity registered with the Charity Commission of England and Wales having the legal form of a company limited by guarantee. Virunga Foundation is managed by its trustees, in accordance with, all relevant legislation and guidance published by the Charity Commission of England and Wales, (CC,) as well as with UK corporate legislation governing the operation of limited companies. The Trustees are all members of the Board of Trustees of Virunga Foundation, being the governing body of the Charity.

Charity Governance Code

The revised charity governance code was refreshed in December 2020. The Trustees view is that the Board complies substantially with the revised code, however, a more detailed review is required to identify potential areas for improvement in relation to the current code. The Charity Governance Code, the Charity Commission Guidance CC3 and the Articles of Association have all been shared with Trustees. The Board is comprised of a highly experienced group of individuals with a wide range of skills.

Trustees continue to consider the composition of the Board in relation to ensuring the Board comprises individuals with experience across all key areas of the Charity's operations. There are currently seven trustees, with a diverse range of professional skills and experience, enabling them to contribute substantively to the governance oversight of the wide range of activities undertaken by the Charity.

One Trustee resigned in the first quarter of 2021. An extensive recruitment process was undertaken in the late 2021 and the first part of 2022 to identify a suitable new Trustee who will be formally appointed in 2022.

A Finance and Audit Committee was established in 2020 which includes an external representative to further strengthen financial oversight, in particular from a UK Charity perspective, as well as to provide objective input. The Committee meets regularly and maintains an overview of all financial and key risks based on management reports.

The Charity's Articles were updated in March and September 2021 to clarify Member and Trustee interaction and to expand grounds for termination of Membership to meet good governance practice. The Virunga Foundation Board continues to assess and identify ways in which it can improve its performance in relation to the Charity Governance Code.

Strategic Report

The disclosure of strategic report activities as required under the Charities SORP (FRS 102) registered in England and Wales are met through various disclosures within this Trustees Report.

Management

The senior executive of the Virunga Foundation is its Chief Executive Officer, (CEO), who is appointed by and responsible to the Board.

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The CEO has executive responsibility and authority to manage and operate Virunga Foundation as defined in the articles of association, which were most recently updated in 2021 to comply with all relevant legislative obligations and good governance practice.

In order to deliver on the objectives of the Charity, the CEO oversees a team of managers, employed to manage and co-ordinate the wide-ranging operations of the Charity in and around the Virunga National Park.

The CEO reports formally to the Chairman of the Board.

The CEO also holds a formal position with the ICCN, being that of the Chief Warden of the Virunga National Park. There is a potential conflict of interest related to the holding of both positions of, CEO of Virunga Foundation and Virunga Park Chief Warden, of which the Board and the Charity Commission are aware. A specific Board instruction is in place to manage this conflict of interest.

Employees

Virunga Foundation employed 512 staff in 2021 and its main subsidiary Virunga Energies 222 staff making a total 734 in 2021, compared to 736 in 2020.

Virunga Energies employs between 1,200 and 1,800 daily workers on its ongoing projects, (construction and maintenance). These workers are employed in accordance with the national labour law, through local agreements, which support a fair sharing of the jobs within communities where the underlying level of unemployment is very high. These rotating 22-day contracts permit the provision of additional income to a much wider population base, than would otherwise be achievable.

Section 172 Statement

Virunga Foundation is governed by its charitable objects, as presented in the Public benefit section of this report. These charitable objects set out the purpose of the charity. The activities of the charity are assessed on how they achieve progress towards meeting the charitable objectives, which ranges from metrics on conservation goals and achievements, to development goals such as employment creation and delivery of potable water. As a charity with a wide ranging, but integrated, conservation, development and rule of law strategy, Virunga Foundation has a very broad range of stakeholders. Key stakeholders to whom the charity are accountable include, local, regional and national authorities, including the national nature conservation body, employees and local populations benefiting from the Charity's work. Other key stakeholder groups include funders, who have a significant ongoing commitment in supporting the Charity's work and require regular and detailed reporting on projects, activities and outcomes. As one of the world's pre-eminent national parks and Africa's oldest, there is significant public interest in Virunga National Park which provides support, but also creates communication obligations on the Charity as the official Park managing entity.

Managing and delivering on wide ranging but integrated strategy requires oversight of multiple interdependencies, political, financial, and environmental and security. The Board is kept apprised of developments across all areas, with specific updates being issued when particularly challenging situations arise, regardless of the nature. Challenges in recent times have ranged from the impact of a volcanic eruption to ongoing high levels of illegal armed group activities. When appropriate, senior management request Board input and approval for remedial or other actions.

With a very wide and diverse range of stakeholders the Charity has to meet the expectations of very different groupings, which it achieves through maintaining strong relationships, ranging from those with the local communities among whom employment opportunities are shared to ensure equitable practice, to regular and close communication with major funding partners on the impact of their grants.

Trustees are kept updated on developments, often unpredictable, so as to be in a position to support management as required in taking appropriate action. Decisions taken by the Board in the course of 2021

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include responsive reactions to, eruption, new hydropower plant and the creation of a new public / private water company partnership.

Trustees are aware of the complex range of relationships and partnerships which the Charity's management has to manage in order to deliver on its strategy. The Board composition reflects the need for a divergent set of skills, experience and contacts to be present among Board members, in order to support management in a variety of contexts, local, national and international, across a range of functional areas.

The Board has approved a set of organisation policies which help ensure it provides appropriate oversight, both directly, as well as through its Finance and Audit sub-committee. These policies include; Staff code of conduct and ethics policy, Anti bribery and corruption policy, Conflicts of Interest policy, Procurement Policy, Risk Management Policy and Complaints and Whistleblowing policy (supported by confidential email and phone complaints access).

It is by means of these policies, as well as through reporting, both proactive and reactive, from senior management, that the Trustees are enabled to fulfil their section 172 obligations.

Public Benefit

In carrying out their activities, the Trustees ensure that Virunga Foundation activities are in accordance with the Charity Commission's guidance on public benefit.

Virunga National Park is part of the territory under the control of the ICCN, the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas countrywide.

As background to the public benefit objectives, Virunga Foundation's contract to manage the Virunga National Park, which runs until 12 April 2040, is central to its charitable public benefit objectives. Located in North Kivu in the east of the Democratic Republic of Congo, (DRC), Virunga National Park is Africa's oldest national park, founded in 1925 and was designated a World Heritage Site in 1979. In 1992, the Park was designated as a, 'World Heritage Site in Danger', by UNESCO, which indicated, being subject to the imminent threat of comprehensive destruction. Its loss would represent an irreversible loss to humanity, therefore actions taken to save and restore the Park are for the public benefit. Virunga Foundation's primary purpose is to prevent the loss or destruction of the Park, working with the Congolese authorities to do so. Virunga Foundation is the only organisation providing direct support for the management and protection of the Park, providing over 90% of the Park's funding.

As part of its charitable objectives, Virunga Foundation also plays a key role in the economic and social development of a region which is recovering from a catastrophic decades' long period of armed conflict. In 2013 Virunga Foundation launched the Virunga Alliance, an extensive multi-faceted programme dedicated to creating a healthy and peaceful post conflict economy through the sustainable development of resources in and around the Park, including tourism; the generation of hydroelectricity and the active development of fisheries and agribusiness.

The Charity's Objects, all considered to be for the public benefit are set out in the Articles of Association as follows:

- i. the promotion for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and biodiversity of the Protected Areas of Africa including Virunga National Park in the Democratic Republic of Congo, and the wildlife within the Protected Areas of Africa including Virunga National Park, including by means of the promotion of effective management;
- ii. the relief of financial need, hardship or poverty of people living and/or working in and around the Virunga National Park;

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- iii. the promotion for the benefit of the public of sustainable development that supports the conservation of the physical and natural environment and biodiversity of the Virunga National Park including through,
- iv. the preservation, conservation and the protection of the environment and the sustainable use of natural resources;
- v. the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities living in and around the Virunga National Park; and
- vi. the promotion of sustainable means of achieving economic growth and regeneration;
- vii. to facilitate the administration of the law and the preservation of public order for the benefit of the public;
- viii. to promote conflict resolution and reconciliation for the public benefit between institutions, organisations, groups and people in and around the Virunga National Park; and
- ix. the education of the public on environmental issues including biodiversity, conservation, sustainability, and management of the wildlife Parks, reserves and protected conservation areas of Africa and the wildlife within them, including Virunga National Park, and in subjects relating to sustainable development.

Objectives, Progress and Achievements

In order to deliver on its charitable objects Virunga Foundation has initiated and manages an extensive and diverse range of projects, which together have as their objective, the establishment of a sustainable social and natural environment in North Kivu, with the goal, among others, of supporting the conservation of the Virunga National Park.

The individual projects often contribute to simultaneously progressing on several charitable objectives.

The project objectives are categorised under the headings of, conservation, security and rule of law, sustainable development, poverty reduction and education, (across all of the aforementioned objectives).

The following sections of the Report present a summary of Virunga Foundation's achievements during 2021 in line with agreed strategic objectives, as well as future objectives.

Conservation

Virunga National Park is one of the World's most important conservation areas as reflected by its UNESCO World Heritage Site classification, as well as its recognition by multiple international nature and conservation organisations. Virunga National Park is critical for biodiversity conservation due to the unique role it plays linking distinct and very different areas in the Albertine Rift, from the glaciers of the Rwenzori Mountains, active and extinct volcanoes, to the dense forests of the Congo Basin and the Savannah. The continuity between these habitats remains due to the past and present efforts of the ICCN Rangers. Conservation efforts in 2021 continued to make progress across the Park with the overall aims of achieving ecosystem integrity and achieving increased or stable wildlife populations.

Gorillas

During 2021 the population of mountain gorilla continued to grow, being counted at 229 individuals in the ten 10 family groups habituated to human presence, being around double the number of those estimated in the non-habituated groups. 17 births and 5 deaths were recorded in the population in the course of 2021, with no cases of poaching. The continuing growth of the population underlines the transition of the species status from, "critically endangered" to, "endangered", status in 2018. The threats to the population, however, remain high and in 2021 the high level of activity of the M23 illegal armed group within the area occupied by

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mountain gorillas created a significant risk, both directly, as well as in reducing the ability of Park Rangers to patrol in the sector. Tourism was suspended in the gorilla sector throughout 2021 due to COVID exposure risk and also due to the M23 presence.

The lowland gorilla population remains threatened, however, individual births in 2020 and 2021 indicates the potential recovery of the population. A human habituation process is hoped to enable the presence of a veterinarian in future. The relatively safe security situation in the area of the lowland gorillas is hoped to enable the introduction of a group of lowland gorillas from another location to increase the local population.

Elephant

The increase in the savannah elephant population in 2020 continued in 2021, with the population now estimated at 700 individuals, has been a very positive development. Their natural migration from the adjoining Queen Elizabeth National Park in Uganda reflects the success of a "Wildlife corridor" between the two parks. The creation of an electric fence on the edge of the park extending 35 kilometres, (19 kilometres constructed in 2021), has contributed towards the success of this project. The fence provides security for the elephants as well as protection for local residents against any incursions and also for the Park Rangers against illegal armed groups. The population increase has also contributed to an increase in poaching with six recorded instances in 2021. Discussions with the Ugandan Wildlife Authority have taken place with a view to introducing tracking collars to assist monitoring.

The forest elephant population, a critically endangered species, is present in the Mikeno sector, but is difficult to monitor. Camera traps, however, affirm their regular movement in the area. Their population is believed to be stable.

Other conservation projects

Multiple groups of chimpanzees comprising 44 individuals were monitored on an almost daily basis with no poaching being observed in this group. Tension was noticed in a family group located by Rumangabo, due to the cutting down of trees within their territory. A local community forest project was initiated to address the issue and to enable the continuing growth of this family group.

The population of hippopotamus around Lake Edward remains threatened. They are hunted by illegal armed groups for meat and for their tusks. The instances of poaching were reduced in 2021 due to the creation of a secure zone to the south west of the lake and additionally they are relatively secure in the southern parts of the lake and adjoining rivers. A recent aerial and ground based census estimated the population at 1,280 individuals.

Large carnivores, lions, hyenas and leopards are increasingly present in the central sector of the Park, in part due to migration from Uganda. This increase is attributable to the reductions in insecurity and poaching and in the increase in food sources, notably the increase in ungulate populations. The increase in ungulate populations is attributable to improved pasture resulting from Park initiatives.

Habitat Protection

The overall area of Park land being illegally occupied remains stable, even if the deforestation and illegal occupations increase in multiple Park sectors. In November of 2021 the estimated percentage of land illegally occupied was 14%, while the preceding measurement in June 2021 had measured this at 13.3%.

The loss of forest cover results principally from charcoal production and the expansion of illegal farming. In 2021 there was a significant increase identified in deforestation of several areas in the southern and central sectors of the Park, which are used to produce charcoal sold in Goma. Conversely there was regrowth of

forest cover in the central and northern sectors due to the fence construction at the Park boundary and to a certain extent, particularly in the northern sector, due to the deterioration of the security situation for local populations.

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A wide range of initiatives continue to minimise illegal occupation of Park, including; community education, participatory Park demarcation projects, fence construction, working with local authorities and deployment of Rangers. If required stronger measures are implemented involving, informing those who have illegally occupied Park lands, recovering the land and initiating legal procedures. In 2021 efforts were concentrated in areas on the periphery of Goma where areas of the Park are illegally marketed and sold by individuals with the support of some local authorities.

Security / Rule of Law & Human Rights

The ICCN Rangers are the key resource enforcing the rule of law within the Park boundaries, a task which they perform to high standards and at very high levels of personal risk. In the course of 2021 six Rangers losing their lives while performing their duties during an attack by an illegal armed group in January 2021, with a further two Rangers being killed in two separate attacks in October and November of 2021. All those Rangers who gave their lives working to protect the Park were killed by members of the numerous illegal armed groups, which operate in and around the Park. Members of the general population living in the proximity of the Park also pay the highest price, with many lose their lives each year, most often in indiscriminate attacks by these illegal armed groups.

In the course of 2021 levels of insecurity in and around the Park have increased greatly. In operations against one illegal armed group alone, the ADF, it was assessed that there were 160 members of the public killed and 66 kidnappings, (of whom most freed after relatively large ransom payments). The levels of insecurity and violence in North Kivu where the Park is situated, are not readily conveyed in figures. Local populations are regularly terrorized and have to flee their homes to seek safety in other areas. While the Park Rangers provide greatly welcomed assistance and often security for specific local populations, they are greatly outnumbered by the numerous illegal armed groups and can only provide limited protection as a result.

The re-emergence of the M23 illegal armed group in 2021 has created significant challenge in the southern sector of the Park. There have been multiple incidents, including clashes with the Congolese army and also with the Ugandan army which has entered DRC in pursuit of the group which also operates in Uganda.

The operation of two daily convoys on the major road route which traverses the Park, with the protection of Park Rangers, has greatly reduced the number of security incidents. In 2021 not a single armed incident occurred on the 70 kilometres of road crossing the Park, compared to approximately 300 in 2016 prior to the introduction of the convoys.

Security remains a top priority for Virunga Foundation with significant resources expended in supporting the Rangers in their law enforcement activities, as well as continually investing to increase the security environment. These investments include, among others, establishing protected bases for Rangers in high risk locations, as well as in the gathering of intelligence to support targeted security initiatives. A significant expansion of Rangers is underway with 149 newly Rangers recruited in 2021, expected to be fully operational by 2022, bringing the total number to close to 800 individuals.

All employees of Virunga Foundation and its subsidiaries are required to sign the code of conduct and ethics, which sets high standards for personal responsibility and behaviours. The code specifically precludes any acts of corruption, or breaches of the prevailing laws of, as well as requiring compliance with Virunga Foundation's own rules and regulations.

Virunga Foundation operates a complaints phone line and email address by which complaints about any aspect of the work of the organization or the behaviour of its employees can be reported. The number of this line and email address are highly publicized in all of the areas where Virunga Foundation is present, either directly or through partner organisations.

Human Rights training is provided to all Rangers on an agreed regular basis, in accordance with UN guidelines and is a key element of Virunga Foundation's support for the Rangers, to enable and ensure that their interventions comply with best practice with regard to observing best human rights practices.

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Sustainable Development & Poverty reduction

Virunga Energies

Providing access to reliable and affordable energy is one of Virunga Foundation's key commitments to the 5 million people living in the proximity of the Virunga National Park. Virunga Energies was established in 2013 and has already invested over 100m USD in a network of hydro-electric generation and electricity distribution assets with the support of, the European Union, the World Bank, CDC, USAID, The Howard Buffett Foundation, The Schmidt Family Foundation, and The World We Want Foundation. The provision of sustainable and reliable electricity directly supports one of Virunga Foundation's primary charitable objectives, that of development and poverty reduction. Virunga Energies' electricity provides a key resource which enables the drive and ingenuity of the local population to create new businesses. These businesses provide employment and raise living standards, creating a positive growth cycle.

A Congolese registered commercial entity, Virunga Energies SAU, is run as a social enterprise, where dividends will eventually be re-invested to support both, the goal of poverty alleviation in the region and the conservation activities of the Park.

Revenue has grown significantly in recent years. In 2017 revenue was just over 1 million USD, but by 2021 had grown to in excess of 7.2 million USD, with 2022 revenue forecast at 10.4 million USD.

The growth in revenue is expected to increase substantially once a number of projects are completed which will increase the capacity to deliver all of the generating capacity, among these being the completion of a new 45 km high voltage transmission line to Goma, as well as expansion of the customer distribution network for the Luviro 15.4 MW powerplant which became operational in 2021. The Luviro distribution area includes a 100 hectare business park on the edge of Butembo, the largest town in the area. The construction site for a new major hydropower plant, Rwanguba, has commenced and is predicted to have a generating capacity of 13 MW in its first phase and 26 MW in its second phase. The completion of this project, forecast for completion, end 2024, will double the energy which can be delivered to Goma, along with the existing Matebe plant.

By the end of 2021, sustainably generated electricity was being supplied to around 22,000 customers, (domestic and small and medium sized enterprises in North Kivu), an increase of over 6,000 customers in the course of the year. New connections continue at a rate of approximately 17 domestic customers per day and 19 small or medium sized enterprises per month. One new model of connection was initiated in 2021, "mutual connections", which allows five households, (typically with low incomes), to share a connection, each household having their own prepaid meter.

In addition to commercial and domestic customers Virunga Energies delivers free electricity with a range of social benefits to the communities in proximity of its transmission network. Free electricity is provided to around 40 public service institutions, including schools and hospitals. There are major benefits for hospitals and dispensaries which are able to keep medication in refrigeration 24/7. Public lighting makes a major contribution to public safety, particularly for women, with an estimated 565,000 individuals now benefiting from public lighting. In 2021 approximately 300 new street lights were installed in poorer sectors of Goma.

2021 also saw the connection of a water pump in Goma powered by Virunga Energies which ensures the distribution of clean drinking water to around 300,000 individuals in Goma. This initiative may be followed by others, if the formal management structures around the distribution of water becomes more transparent and public service oriented.

The generation of energy from hydropower avoids the carbon dioxide emissions which would otherwise be generated from burning fossil fuels and represents a saving of over 63 thousand tonnes of carbon emissions in the period from 2016. With the increase in production as Luviro generation and transmission increase and

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the eventual commissioning of the Rwanguba plant, there will be a more than doubling of the carbon offsetting capacity.

The eruption of Nyiragongo in May of 2021 and the associated lava flows, which extended to the edge of Goma damaged the transmission line to Goma. The efforts of the staff in addressing this unpredictable event were beyond what could have been expected, with power being re-established promptly by creating a connection to a Rwandan network. This was followed by teams working 24/7 over three weeks to re-establish power delivery to Goma, including critically, power to water pumping equipment, reducing the risk of a cholera outbreak, which was warned by the WHO. The performance of the team was widely recognised, including by the DRC Prime Minister, who visited the workplace to congratulate the team for their achievements.

Virunga Energies plays a major and essential role in contributing to the charitable development objectives of Virunga Foundation, with its impact growing annually.

Tourism

Tourism plays a key role in Virunga Foundation's work, both as an effective tool to communicate to an international audience the value of the Park and as a source of income. Tourism activities make a meaningful contribution towards Virunga Foundation's operating costs, however, over the past three years there have been successive events which have caused the suspension of some or all of tourism activities in the Park.

At the start of 2021, after COVID restrictions were lifted, tourism activities in the southern sector of the Park had a promising reopening, however, the eruption of the Nyiragongo volcano, as well as activity of the illegal armed group M23 in the gorilla sector caused the suspension of tourism in the southern sector. In the central and northern sector illegal armed group activity also meant that tourism activities there had to be suspended. The Tchegeza Island tented camp on Lake Kivu was however open all year. Visitor numbers in 2021 were therefore low, with 221 tourists having visited Mount Nyiragongo and 350 visited a habituated gorilla group. In total there were 2,350 tourist nights in Virunga accommodation, compared to slightly over 1,500 nights in 2020 and 3,800 nights in 2019.

The potential for tourist activity remains high, with tourist lodges being renovated and the opening of a café-restaurant in Goma underway. The key obstacle to reopening of the tourist activities, other than Tchegeza which remains open, is the security situation within the Park, as management will only reopen any particular site when it is fully confident it can ensure the safety of customers.

Virunga Development, (VD)

The activities of Virunga Development, (VD), are aligned with the development and poverty reduction objectives of Virunga Foundation. During 2021 the key activities were the provision of loan financing to local entrepreneurs in association with Equity Bank and the development of business parks. The loans are provided by Equity bank, but backed with a guarantee from Virunga Foundation, These loans are provided in an innovative manner whereby the borrower repays the loan via a small surcharge on their unit electricity cost. This repayment technique means that businesses will only be repaying loans when they are

consuming electricity, and therefore for seasonal or fluctuating business activities, repayments will be lower in times of low activity. There are a wide range of business activities, including, milling, refrigeration, ovens, welding machinery, carpentry machinery, oil presses and various electric machines.

At the end of 2021, 411 small and medium sized businesses had received loans totalling 3.9 million USD. In addition to receiving the loans borrowers can access a range of development support services. In the course of 2021 219 entrepreneurs received over 1,900 hours of training in, marketing, communication and finance. This training was given by local providers funded by Virunga Development using grant funding received specifically to develop sustainable local businesses.

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A key Virunga Development project is the establishment of business parks, which aim to provide an infrastructure to support and enable entrepreneurs to establish and grow this businesses in a secure and supported environment. 2021 saw the establishment of a business park on the edge of Goma on an area of 6 hectares with capacity for up to 120 small or medium sized enterprises located in units constructed. This industrial park will provide a supportive environment for businesses which includes physical space and security not readily available in the city, in addition access to water, power and pre-constructed buildings.

There is already an existing industrial park in Mutwanga, in the northern sector of the Park, which already processes coffee and chai seeds, as well as having a chocolate factory.

Agriculture

A key element of Virunga's development agenda is in supporting sustainable agricultural projects to create long term reliable employment for individuals through the creation of a more stable agriculture sector. A number of projects located adjacent to all the sectors of the Park benefit from Virunga Foundation interventions, which range from the provision of education and training to the supply of processing equipment.

In the Northern sector coffee, cocoa and palm oil are the main projects, while in the Southern and Central sectors the projects include, vegetables, maize and fish. At the end of 2021 Virunga Foundation, most notably through its Virunga Development subsidiary, supported projects employing 1,500 individuals and indirectly supporting 15,000 individuals through farming co-operatives and farmers associations. This support in the form of training and education, as well as facilitating small business loans, is predominantly provided through Virunga Development's programmes which are donor funded.

Sustainable Palm Oil

A sustainable palm oil project, "The palms of Kivu" aims to replace the old palm trees in the Mutwanga region with 74,000 seedling trees of an improved variety which has already been planted in around twenty villages. The preparations for the installation of modern palm oil presses are underway. A key consumer of the palm oil is the Sicovir soap factory, partly owned by Virunga Foundation. 2021 was a very challenging year for Sicovir due to insecurity in the region, the increase in material prices and the challenges of getting product to market in a time of insecurity, however, the business has survived and hopes for a much improved 2021.

Coffee

The coffee project in 2021 involved working closely with two partner cooperatives with over 10,000 participating farmers to achieve major progress towards, Organic, Rainforest Alliance and Fair Trade certification. Farmers are provided with material and educational support, including around marketing of their products. Co-operative representatives participated at international fairs in Portland, Warsaw and Dubai, where the Park Logo enabled the productions of special "Virunga" products. In the course of the year 40 containers of coffee were exported, with a sales value for the local Co-operatives in excess of 2 million USD. The creation of a coffee roasting facility is currently under assessment, the establishment of which would enable the retention of a much higher share of the value, with associated increase in local revenue. This work is supported by Virunga Development as part of the larger development agenda for local communities and is not a revenue generating activity for the company.

Cocoa

The "Virunga Origins", Cocoa project which commenced commercial operations in September 2020, continues to develop very successfully. The first chocolate factory in DRC, products are sold both nationally as well as internationally, (Burundi, Kenya and Europe). After less than two years of trading, demand for the chocolate products is so high that work is underway to increase production tenfold. Several hundred small producer sell their ripe cocoa beans to the Cocoa factory, contributing to the legal economy, whereas

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previously a share of their sales would be diverted to support the, “conflict economy” which enables the continuation of the regional insecurity.

Maize

In the Rutshuru area, support provided to the maize farming sector has transformed the local economy. The creation of 145 mills, for many enabled by loans from the Virunga Development loan scheme, enables flour now to be produced locally rather than requiring to be imported. Further down the production chain, work with 13 farmer associations comprising over 1,000 small producers receive education and training which will enable them to further increase their revenues, by enabling them to operate modern post-harvest equipment such as dryers.

Chia Seeds

Virunga Foundation has a 15% investment via its Belgian subsidiary Virunga SRL in a company, Virunga Enzymes, which processes chia seeds at a plant on the Mutwanga business park location. This agricultural business which produces high quality chia seeds for use in the international pharmaceutical industry has experienced a high level of demand, which has supported the creation of papaya nurseries to increase the potential for increased revenues for farmers.

Fish

The fishing projects all relate to fish sourced from Lake Edouard, in large part focussed on enabling the creation of a “cold chain” to increase the value of fish caught and reduce waste. In 2020, an Industrial ice machine for fish preservation was put into operation, a solar powered cold storage facility installed by the lake and a consultation with the local community held with various stakeholders in the fish value chain on the management of “cold chain” investments. In 2021 Virunga distributed 100 cool boxes to local women who work as fish sellers, to whom Virunga provide the ice required for their operation, enabling them to increase their incomes.

Education

Education on sustainable development to the population living in the vicinity of the park is considered an imperative and receives continuous awareness-raising efforts.

Market garden education and training was provided to 4 women's organisations and 8 farmer associations in the Kibumba region, representing 1,000 households. These training courses combined practical and theoretical elements including on how to practice organic farming techniques and thereby reduce the use of chemical fertilizers. These activities, in association with other Virunga activities, provide education to local populations on the principles of sustainable development.

A reforestation programme with the Botanic Garden of Meise is underway, with the aim of reforesting an area of 1,500 hectares, both in and adjacent to the Park. Approximately 100,000 plants being grown in 2021 with the assistance of local associations with over 400 members. These activities, in association with other Virunga activities, provide education to local populations on the principles of sustainable development

In 2021 COVID restrictions, the volcanic eruption and tense security situation limited the opportunities for schoolchildren and members of both associations and local authorities to visit Park locations as well as VE hydropower installations. However, by the end of 2021 visits to the Park in the vicinity of Rumangabo, to Tchegeza Island and to the Matebe powerplant, had recommenced.

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Fundraising

Strategy and approach

Virunga Foundation's long term strategy is for the Park to become self-sufficient in income generated from activities undertaken by its subsidiaries, notably Virunga Energies, rather than being dependent on grant funding.

Significant resources, grant and loan funds are therefore invested in creating the means to generate long term reliable income sources. The major investment for income generation to date has been Virunga Energies where over 100 million USD has been invested in creating a fully vertically integrated hydro based power utility, which in 2021 generated gross revenue of 7.2 million USD. Virunga Energies has, however, the capacity to generate multiple times this revenue when a recently commissioned plant, Luviro, increases its customer base and when a new plant, Rwanguba, comes on line in 2025, to serve an already relatively mature established customer market in Goma.

Other sustainable sources of income include income generated by Virunga Development and from investments in Chocolate, Soap and Chia seed companies, with all of these being customers of Virunga Energies.

Fundraising Channels

While the long term strategy to achieve financial independence remains, in the medium term Virunga Foundation continues to invest in a range of fundraising activities. In recent years there has been increased investment in fundraising with the addition of resourcing, to support in particular on-line giving channels and other initiatives, such as the successful sale of NFTs in 2021.

In the later stages of 2020 and throughout 2021 there was a concerted effort to increase the co-ordination and alignment of the Fundraising resources of Virunga Foundation. This work recognised that maximising the fundraising opportunities requires involvement of a range of internal stakeholders and for this reason there has been a focus on identifying the key internal stakeholders in Virunga Foundation's fundraising work, historical and future. There has been a significant increase in co-ordination of on-line giving, linking website content with the various existing on-line donation tools utilised by the Charity, described below.

Institutional and Foundation Donors

The major source of Virunga Foundation's income remains institutional and foundation donors, which has been the case since the Foundation was created. While the composition of the specific donors has altered over time, large institutional and foundation grants comprise in excess of 75% of total income.

The European Union (EU) remains Virunga's principal donor, and is therefore the key partner in the supporting the charity's activities including the conservation and development of Virunga National Park. The EU supports major projects with a range of objectives including the preservation of the flora and fauna of the Park, as well as improving the quality of life for people living in the proximity of the Park. The EU support encompasses all programs: Park operations, tourism, electricity, agriculture, entrepreneurship support, etc.

Other institutional donors include the World Bank and USAID. USAID signed its first grant contract with a value of 1.6 million USD in 2019. A new contract for 4.7 million USD was signed with USAID on 17 November 2021, payable on submission of expenditure reports and is expected to commence payments early in 2022 as qualifying expenditure already incurred. This contract also indicates USAID's intention to provide a further 10.3 million USD in funding based on their funds availability. Assuming progress as expected with USAID funding, it will become the second largest donor and significant efforts are being made to ensure all of their rigorous reporting requirements are met. Another US state body which has been added to the list of institutional donors, is the INL Bureau.

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Major project funding is also raised from a number of Charitable Foundations. The growing pool of charitable funders includes among others, Re:wild, The World We Want, 11th Hour, and The Schmidt Family Foundation. Virunga Foundation holds an "Equivalency Determination" with the Schmidt Family Foundation, which recognises Virunga Foundation as being equivalent to a US charitable organisation from the perspective of a US donor, in relation to taxable deductibility of donations.

Public Fundraising

The proportion of funds raised from the general public, as indicated, is not a major fundraising mechanism but is the most rapidly growing. As well as contributing valuable largely unrestricted funds, public fundraising plays a major role in increasing public awareness of the unique nature of the Park and the risks it is constantly facing.

Individual donors give through a range of fundraising platforms, largely online, through providers such as Donorbox, The Giving Block, Just Giving and a Friends Fund with CAF America. Supporters also contribute to the Park via alternative channels such as workplace giving programs, Virunga's online stores and directly to Virunga Bank accounts in the UK and Belgium. In 2021, approximately 2 million USD was raised via these various mechanisms. In addition, in 2021, a Christie's NFT auction raised approximately 1 million USD for the charity.

Income from Subsidiaries

Income generated by subsidiaries has in general been limited, as most of these are highly focussed on the development and poverty reduction goals. The rapid growth of the sustainable energy business of Virunga Energies SAU, has, however, made it a key source of income, with 7.2 million USD of sales income being achieved in 2021, which is expected to be significantly exceeded in 2022.

Fundraising Obligations

The Charity did not receive any complaints in the course of 2021, or up to May 2022, relating to its fundraising activity. The only proactive fundraising undertaken is via a page on the website and occasional emergency appeals. Individual donations arise from general public awareness of the work of the Charity, which is created through both conventional and social media channels, as well as word of mouth. The charity does not make any unsolicited fundraising approaches to individuals via marketing tools such as, email, text, or cold calling by any method and does not engage third party fundraisers, or fundraising volunteers. Due to the international scope and nature of the Charity's operations, there are no fundraising staff employed in the UK.

Virunga Foundation is registered with the UK Fundraising Regulator. Due to the predominance of institutional and Foundation grant funding Virunga Foundation is very focussed on meeting the exacting reporting and review requirements of donors through the performance of independent audits and provision of tailored financial audit reports, as well as monitoring and evaluation reports.

Investment Policy and Performance

In accordance with its Articles of Association, the charity has the power to invest funds in any manner the Trustees deem appropriate, but only after obtaining such advice, as the Trustees consider necessary, and having regard to the suitability of investments and the need for diversification.

The Trustees, taking into account liquidity required to operate the charity, have operated the practice of maintaining funds in current accounts in order to make funds available for operations at short notice. There are therefore no investments of cash made with a view to long term value growth. Available funds are rather allocated to covering operating costs and own investments in projects to increase long term sustainable income generation.

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Risk Management

In October 2019, the Trustees formally adopted a Risk Management Policy for Virunga Foundation. This policy defines the risk management approach adopted by the Trustees, as well as the relative responsibilities of the Trustees and Senior Management in implementing procedures to ensure compliance with this policy. The planned development of a more structured organization risk management process, and risk register was initiated in the course of 2020, subsequent to the recruitment of a head of internal control to lead on risk management. The output from the risk management process is a risk register summarizing the key areas of organization risk, identifying current and proposed mitigations, to provide a post mitigation risk rating. A risk appetite document, to frame Virunga Foundation's risk management approach has been drafted and is now in consultation, having initially been presented to the Finance and Audit Committee, which approved it being taken forward to the Trustees for discussion.

Responsibility

Responsibility for risk management is shared among the Board of Trustees and the Management of the Foundation. The Board has the overall responsibility for reviewing and maintaining sound and effective risk management and internal control systems.

Management's role is to design and implement these systems, and to report to the Board, and Finance & Audit Committee on the risks identified and how they are managed, which are essential for the Foundation to achieve its strategic objectives.

Virunga Foundation Risk Management Framework

The Finance & Audit Committee supports the Board in monitoring risk exposures, the design and operating effectiveness of the underlying risk management and internal control systems. Acting on behalf of the Board, it oversees the following process on a regular basis:

Reviewing the principal organizational risks and control measures in order to mitigate, reduce or transfer such risks, the strengths and weaknesses of the overall risk management and internal control systems, and action plans to address the weaknesses or improve the assessment process;

Reviewing the business process and operations reported by Internal Audit & Control, including action plans to address the identified control weaknesses, as well as status updates and monitoring the implementation of audit recommendations; and

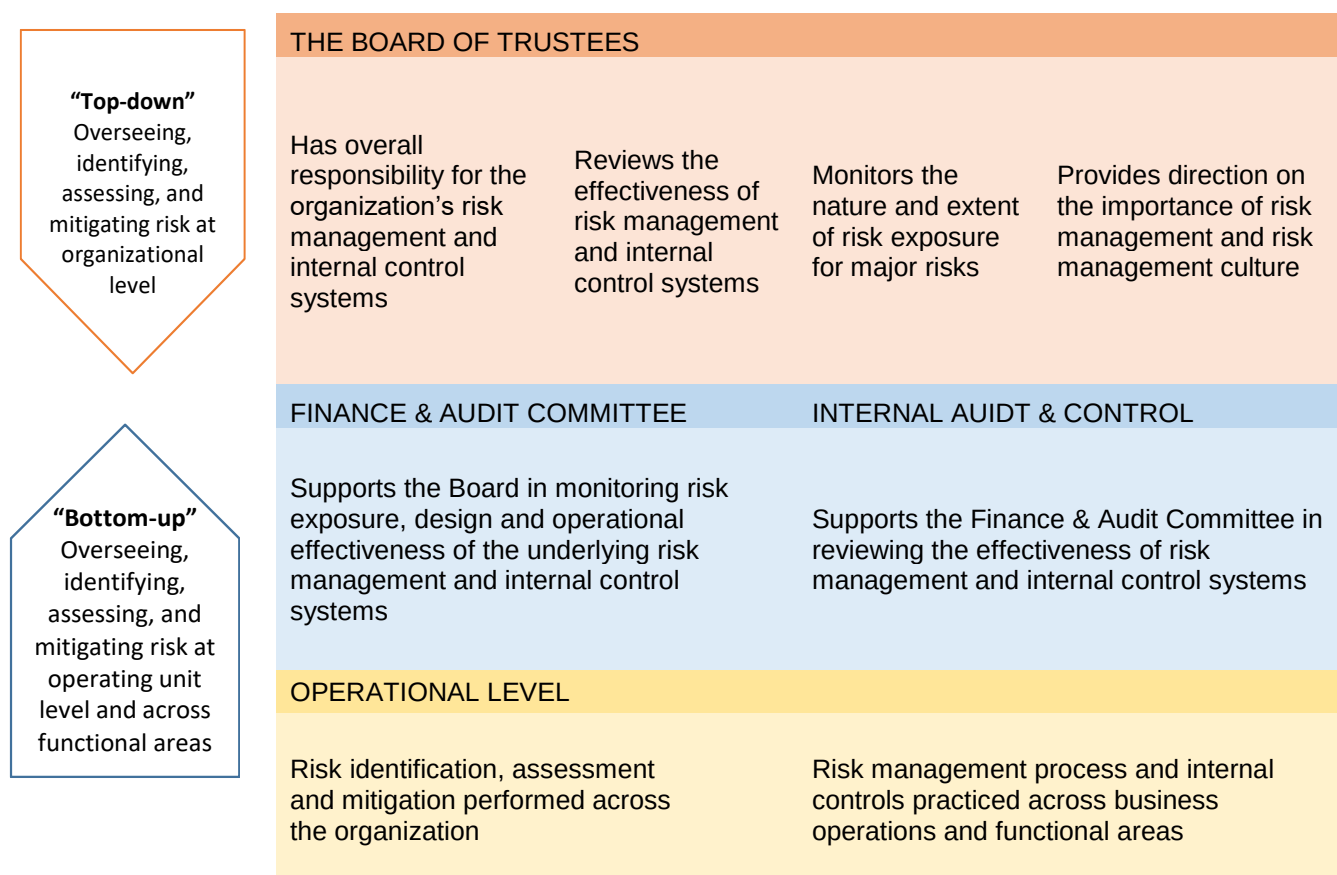
Reporting by the external auditor of any control issues identified in the course of their work and discussion with the external auditor of the scope of their respective review and findings.

The Finance & Audit Committee reports its findings to the Board, which then considers these findings in forming its own view on the effectiveness of the Foundation's risk management systems.

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Risk Management framework



2021 Review of Risk Management

Virunga Foundation's activities take place in the North Kivu Province of the Democratic Republic of Congo, which is a high-risk environment both in terms of physical security and in the challenges in maintaining the highest levels of financial control.

The critical risks to operational continuity and the measures in place to manage such risks are the following:

Security Risk

North Kivu is a region with an inherently high security risk due to the combination of limited law enforcement resources and a significant presence of illegal armed groups. These groups survive from a range of illegal activities, including extortion, poaching and kidnapping. Fatal attacks on the local population and ICCN Park Rangers often occur due to the activities of these groups.

The allocation of resources to protect people and the Park from the activities of these illegal groups is a main activity of the Park Rangers, who receive support from Virunga Foundation in their work. The institution of the DRC military control in 2021, and the intervention of Uganda People's Defense Force represented an increase in military operations against armed groups.

Mitigation measures include regular intelligence gathering, co-operation with military forces, both national and the UN, and the implementation of detailed security procedures, which are regularly reviewed. There are a range of standard operating security procedures covering all aspects of operations, from construction

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sites to tourism activities. Despite the significant resources allocated to security and all the mitigations in place, security is and will remain the major risk facing the Charity's operations.

Political and Regulatory instability

The political and related regulatory instability present in the DRC and North Kivu presents a significant risk for Virunga Foundation in its potential to influence operations in unpredictable ways. There is a relatively high degree of regulatory and legislative intervention leading to significant compliance requirements, which increase costs, directly and indirectly, through new or revised legislation.

Examples of specific risks include dependency on the support of the ICCN, exposure to shifting political agendas, as well as the Government regulation of the electricity sector, with electricity generation being the major future source of Virunga Foundation income from its sustainable energy subsidiary, Virunga Energies.

While Virunga Foundation has 15 years of experience in managing these risks, changes in the political and regulatory environment cannot be predicted. Specific mitigation actions include integrating contracts and activities across a wide array of supportive and influential partners such as Congolese Government institutions, the European Union, United Nations agencies and development institutions in the UK, Belgium, US, and Netherlands. Senior management staff and trustees maintain regular contact with government authorities in Kinshasa and at the provincial level enabling it to maintain largely constructive and harmonious relationships.

Solvency and Liquidity Risk

The nature and location of Virunga Foundation's work, combined with its funding model (based largely on restricted project grants), means that the scale and allocation of reliable future funding, much beyond a year at present, is challenging. As the Charity and its subsidiaries have grown, in particular Virunga Energies, the challenges of obtaining adequate funding, via both grants and loans, has increased.

Addressing the funding challenges has involved a range of measures, including, the Finance and Audit Committee, established in 2020, closely monitoring cash flow projections and discussing with management the measures to address funding flow risks.

While there is a strong focus on ensuring timely audits of projects to minimize any delay in receipt of subsequent funds, there are unavoidable timing differences between expenditure and receipt of funds in many instances.

Discussions at the Finance and Audit Committee have increased the focus at a governance level on the need to establish free reserves to manage better fluctuating fund flows from grants and loans. The requirement to establish free reserves as a priority has been identified at Board level. Establishing a level of free reserves being critical to avoid having to manage any adverse cashflow developments, by delaying investments and expenditure, with the associated adverse impacts on delivery of organization objectives.

Health, Safety, and Environment (HSE) Risk

In recent years, Ebola and COVID-19 have presented a new level of challenge for the Foundation's tourism operations, which were completely suspended. In the Ebola outbreak, which was officially declared ended in June 2020 by the WHO, Virunga Foundation played a key role in working with the local authorities and the WHO in working to end the outbreak. A single case of Ebola was identified in North Kivu in February 2021; however, it is not currently considered likely to lead to another major outbreak.

The eruption of Mount Nyirangongo in May 2021 led to significant damage to the electricity network, and obliged the Foundation to evacuate its personnel and families from the City of Goma to its headquarters in Rumangabo. The restoration of the electricity, and City's water network in record time and ability to protect its staff in the face of a natural disaster of such magnitude, was evidence of the Foundation's business continuity and recovery capabilities.

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The Foundation has continued to deal with the global COVID pandemic. The Medical Services and Welfare department has been at the forefront of the fight against COVID in the Park and around its locations through constant sensitization, testing and treatment, and leading vaccination campaigns.

There are multiple diseases present in North Kivu, which have a much higher mortality rate than COVID and the majority of the population are directly exposed to several of these on an ongoing basis.

The increase in electricity operations have also presented new safety concerns for the organization especially in ensuring the safety of the frontline network staff, customers, and the community. Appropriately resourcing the Health Safety and Environment, (HSE), department, continues to be challenging given the scale of tasks. The organization is currently revising its HSE activities with the creation of a HSE committee at management level and the location of HSE Officers in all camp locations. Efforts are also being made with the improvement of, Water, Sanitation and Hygiene activities, (WASH), across the Park locations, following the training of WASH officers with primary responsibility to oversee occupational health and safety, and improve water quality.

Having worked for many years in an inherently unstable operating environment Virunga Foundation has a range of procedures in place to enable it to reallocate resources as well as to work with existing partners and bring in new ones when emergencies arise. Both the capacity to react and to generate large new funding flows in times of emergency was exemplified in the response to the eruption and subsequent major disruption caused by the eruption of Nyiragongo in May of 2021. Virunga Foundation's response to this natural disaster illustrated the organization's preparedness for even such a relatively rare event. In the hours following, the eruption staff monitored developments, communicated with partners and commenced preparations for emergency response. With the evacuation of Goma, accommodation was provided for staff and their families forced to evacuate. Within a few days, an electricity agreement was signed the Rwandan power company and a new connection established to compensate for power lines destroyed by lava flows. Teams of technical staff worked 24/7 for over three weeks in order to construct interim power lines across the solidified lava flows to deliver Virunga Foundation's electricity to Goma. The WHO had warned of the high risk of a cholera outbreak. However, this was effectively mitigated when electricity was reconnected to key water pumping stations in Goma. The eruption response illustrates how the combination of flexibility, reactivity, strong technical and logistic capability and intelligence, together with local and international partnerships provide the base for highly effective emergency response capability. In this and other emergencies, highly material unbudgeted funding was received from major institutional and foundation funders, as well as from the public, in response to appeals for additional support. In the case of the eruption, these fundraising results offset all the short and medium term costs of the disaster

Strengthening Underlying Systems

Since 2019, we have been progressively making improvements to our risk management and internal control systems, as well as strengthening internal audit as a key element. The internal audit work has resulted in identifying areas to be addressed and in initiating mitigating actions. The initial phase focused on adopting a more risk-based approach to risk identification and assessment. This new approach enriches our ability to analyze risks and respond to opportunities as we pursue our strategic objectives.

We have also made improvements in Management reporting to the Finance & Audit Committee, including the presentation of separate reports on fund raising, short term borrowing, and emerging projects. Our goal is to integrate further risk management and internal control perspectives into our business processes, including improving annual objective setting, automation of processes, budgeting and planning

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Financial Review

Total income from grants and donations for the year amounted to USD 26.4 million (2020: USD 28.9 million). The most material elements of this income was received in the form of grants from, EU, USAID, Re:wild, Schmidt Philanthropies and INL, (a US state department).

Grants received are principally of a restricted nature, though all include a limited unrestricted percentage intended to cover the recognised need to contribute to general costs.

The EU is the largest single provider of donor funding to Virunga Foundation and has provided several large multi-year grants, across all key areas of operation and development, including. Park Support, Lake protection, Agricultural development, Wildlife trafficking, Transboundary conservation, as well as multiple grants to support the sustainable energy project managed by VE. These grants cover periods of between 2 and 7 years, with grants totalling in excess of 100 million USD having been awarded in recent years. Grants in two new EU grant categories, Emergency support and Green Economy are currently being finalised, amounting to in excess of USD 3 million and USD 4 million respectively.

USAID's first grant to Virunga Foundation was for 1.6 million USD, signed in 2019. The relationship with USAID has proven positive and a second grant valued at 4.7 million USD was signed in November 2021. This initial 4.7 million USD is part of a larger contract which confirmed USAID's intention to provide a further 10 million USD based on USAID's having the funds available, which is assumed highly probable.

The main course of income apart from charitable grants and donations is the commercial revenue generated by Virunga Energies, whose activities are described earlier in the report. Revenue growth in Virunga Energies continues a strong upward trajectory, having increased from USD 1.1 million in 2017 to USD 7.2 million in 2021, with the increase from 2020's USD 5.4 million representing an annual growth of 34%. The revenue is generated from a range of customers, both commercial and domestic, comprising 53 and 33% respectively of the total income. Virunga Energies operations now generate a substantial contribution, being a normalised annual figure of in excess of USD 3 million USD in 2021. Expansion of production capacity continues to meet customer demand, facilitated significantly by the finalisation of a USD 23 million EU grant for a new hydropower plant and a USD 10 million USD loan from CDC to cover a range of capital investment costs.

The total spent on charitable activities in 2021 was USD 19.5 million (2020: USD 18.1 million) which relates primarily to the costs of protecting the Virunga National Park and expenditure on supporting ICCN Rangers. Expenditure on raising funds in 2021 amounted to USD 10.32 million (2020: USD 5.5 million), which is all spent on the development and operation of the hydropower infrastructure of Virunga Energies, which generates increasing levels of unrestricted income.

Fixed assets comprise principally of the hydropower plants and electricity distribution networks. Total net tangible fixed assets at 31 December 2021 amounted to USD 87.3 million (2020: USD 86.2 million). In accordance with UK accounting standards construction costs have been capitalised and are disclosed as fixed assets.

The net surplus for the year was USD 4.7 million (2020: USD 11.5 million). The restricted and unrestricted funds at year-end amounted to USD 14.4 million and USD 60.2 million respectively (2020: USD 17.2 million and USD 52.7 million respectively).

In addition to grants and donations, Virunga Foundation uses short-term and long-term debt facilities to fund its operations. Creditors falling due within one year at 31 December 2021 amounted to USD 36.6 million (2020: USD 18.3 million). The significant increase being due to deferred income arising from EU grants received in the end of December 2021, comprising the Grant for the Rwanguba hydropower plant construction and a new grant named Green Economy to support a range of Virunga Foundation activities.

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Long-term debt amounted to USD 15.0 million (2020: USD 14.1 million) and is principally with the UK-based development bank CDC Group PLC.

Virunga Energies has a significant USD 90 million intercompany debt to Virunga Foundation, based on loans to enable the creation of its vertically integrated energy operations, which covers the entire value chain, from power plant construction, through generation and distribution to customer sales. With Virunga Energies operations now generating positive cashflows, it is expected that repayments towards this debt will commence in the short to medium term. However, there is no short term pressure on Virunga Foundation to receive material repayments on this debt, due to its ongoing strong external fundraising performance.

Reserves

Virunga Foundation receives relatively low levels of unrestricted funding in relation to its restricted income. This income pattern, together with the significant resources required for operational activities, typically not funded by unrestricted income, which are necessary to support the restricted projects, has made it very challenging to establish unrestricted reserves.

As an illustration, all of the material projects and activities of Virunga Foundation require a substantial security infrastructure, the costs of which are not all covered by restricted project income, which effectively means a significant percentage of unrestricted income is required to support projects funded by restricted funding.

While the Trustees continue to review how Virunga can in future generate unrestricted cash reserves, to a level acceptable to beneficiaries and partners, as well as in line with good practice, this remains a major challenge. Events in 2021 and the first months of 2022, including COVID impacts which forced the closure of tourism, a volcanic eruption and substantially increased illegal armed group activity have limited the scope for the establishment of reserves. While the ultimate aim remains to develop free reserves over time for Virunga Foundation, sufficient to cover the value of at least half a year of operational costs, i.e. in the region of USD 5m, this will require an increase in the unrestricted funds raised. The efforts to increase fundraising channels will be key to creating the opportunity for establishing reserves through unrestricted income, as well as significantly by continuing to grow Virunga Energies, which is projected to generate 10.4 million USD of income in 2022.

As at 31 December 2021 the total consolidated funds held by the Group amounted to USD 73.4m (2020: USD 69.9m), of which USD 53.4m are unrestricted (2020: USD 52.7m), and USD 19.9m are restricted (2020: USD 17.2). As at 31 December 2021 the Group had net current assets of USD 1.9m.

Going concern and uncertainties

Virunga Foundation operates in the North Kivu region of DRC, an area with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities. 2021 saw the eruption of the Nyiragongo volcano in May 2021 which led to the immediate requirement to make unbudgeted expenditure to support the local population, as well as to urgently restore power and water utilities. Illegal armed group activities also significantly increased at several locations during the period, both in and adjacent to the Park, resulting in the death of many citizens, despite the best efforts of ICCN Rangers and the national armed forces. The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, which the mitigations for are necessarily limited.

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While severely challenging situations often arise which could have severe adverse impacts on the Charity's financial situation, as described, these situations fortunately most often also result in rapid new financial resources being made available to the Foundation. Many of the Charity's large donors, institutional and charitable, regularly react to challenging situations which arise. Recent examples include significant additional funding provided to address impacts of volcanic eruption, COVID and Ebola impacts and security issues. Therefore, in assessing any going concern risk in the context of unforeseen adverse developments, the Charity's history of being able to attract additional funding in emergency situations needs to be taken into account.

From financial liquidity perspective, a number of project activities require to be pre-financed before funding is received, often on the basis of the completion of an audit to confirm past expenditure was valid. The complex negotiation and approval processes often mean that even after initial agreement for new grants has been achieved, it can take several months to receive the funds, on dates which are difficult to forecast. For example, whilst Virunga's relationship with its largest funder, the EU is good, the EU is a complex organisation requiring the careful managing of relationships and co-ordination with representatives in both Brussels and Kinshasa. Additionally, EU funding often requires approval by DRC authorities before remittance.

While the forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, or more, the timing of finalisation of agreements and receipt of funds can pose significant challenges for the Charity in terms of cash flow.

In order to mitigate risks associated with the timing of funding, there has been an increase in the detail and regularity of cash flow projection preparation. 18 month forward looking cash projections are prepared by management, which are presented monthly by the CFO to the Board Finance and Audit sub-committee. The Committee regularly challenges assumptions and projections in order to enable the early identification of potential future liquidity issues. The Committee is also actively engaged with management on the development of short term funding "bridges", which may be required to manage cash flows, which though adequate to fund operations on an annual basis, may potentially face short term challenges

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves, which is recognised as an ongoing challenge. The generation of unrestricted income from among others, the sale of sustainably generated electricity is one of the identified future mechanisms to build up a level of free reserves. However, to date, unrestricted income has been required to fund ongoing operations. The creation of reserves remains a priority for the Board.

At the end of 2021 an EU grant for the construction of the Rwanguba powerplant was signed in December for Euro 20 million, (USD 22 million). A CDC USD 10.3 million loan facility to support network and related expansion costs was signed in December 2021. On 17 November 2021 a grant contract for USD 4.7 million was signed with USAID, (effective date 22 July 2021), as part of an intended USD 16.6 million overall grant, with USD 6.3 million contractually secured. This is of particular significance as this grant may be applied as co-financing for existing major contract co-financing obligations.

In the course of 2022 management has continued to attract major funding with significant amounts both confirmed as well as in progress towards completion. With the level of new funding agreements now secured and those nearing completion, management believes that the funding perspective is stronger than it has been for many years. Conservative projections based on secured and almost secured grants, public fundraising and own revenue generation indicate that revenue levels are adequate to secure planned activities through to mid-2024, by which time it is expected own revenue generation will have increased materially.

In addition to multiple major funding agreements and projected own income generation management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met.

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While the reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that under foreseeable scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

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Trustees' Responsibilities Statement

The Trustees (who are also directors of Virunga Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In approving this report, the Board of Trustees is also approving the Strategic Report included here in their capacity as company directors. This report was approved by the Trustees on 2 August 2022 and signed on their behalf by:



Jan Bonde Nielsen,
Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Virunga Foundation ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2021 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2021

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 26 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2021**

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and taxation legislation, together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

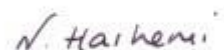
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and donation income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing of grant and donation income, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2021**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London, UK

Date: 10th August 2022

VIRUNGA FOUNDATION

(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Unrestricted funds	Endowment and Restricted Funds	2021	2020
		\$	\$	\$	\$
Income from:					
Grants and donations	2	6,448,488	19,965,786	26,414,274	28,928,602
Income from charitable activities	3	522,904	53,761	576,665	492,015
Other trading activities	4	7,283,474	-	7,283,474	5,521,637
Investment income		<u>214,139</u>	<u>-</u>	<u>214,139</u>	<u>217,094</u>
Total income		<u>14,469,005</u>	<u>20,019,547</u>	<u>34,488,552</u>	<u>35,159,348</u>
Expenditure on:					
Raising funds					
- operational costs of hydro power plants	5	10,317,929	-	10,317,929	5,527,409
Charitable activities	6	<u>6,571,086</u>	<u>12,934,565</u>	<u>19,505,651</u>	<u>18,085,546</u>
Total expenditure		<u>16,889,015</u>	<u>12,934,565</u>	<u>29,823,580</u>	<u>23,612,955</u>
Net (expenditure)/income	7	(2,420,010)	7,084,982	4,664,972	11,546,393
Transfers between funds	16	<u>9,897,177</u>	<u>(9,897,177)</u>	<u>-</u>	<u>-</u>
Net movement in funds		7,477,167	(2,812,195)	4,664,972	11,546,393
Reconciliation of funds:					
Total funds brought forward		<u>52,683,154</u>	<u>17,220,605</u>	<u>69,903,759</u>	<u>58,357,366</u>
Total funds carried forward	16	<u>60,160,321</u>	<u>14,408,410</u>	<u>74,568,731</u>	<u>69,903,759</u>

All activities relate to continuing operations.

Included within endowments and restricted funds is \$26k relating to an endowment fund set up for Fallen Rangers (2020: \$26k).

The notes on pages 38 to 54 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		\$	\$
Fixed assets			
Intangible assets	9	2,386,524	1,680,389
Tangible assets	10	84,603,375	83,175,561
Investments	11	<u>1,390,435</u>	<u>1,390,435</u>
		88,380,334	86,246,385
Debtors: amounts falling due after more than one year	12	433,740	477,692
Current assets			
Stock		5,642,947	4,835,453
Debtors: amounts falling due within one year	13	9,836,488	4,285,161
Cash at bank and in hand		<u>23,616,536</u>	<u>6,515,577</u>
		39,095,971	15,636,191
Creditors: amounts falling due within one year	14	<u>(38,378,336)</u>	<u>(18,308,391)</u>
Net current assets / (liabilities)		<u>717,635</u>	<u>(2,672,200)</u>
Total assets less current liabilities		88,494,022	84,051,877
Creditors: amounts falling due after more than one year	14	<u>(14,962,978)</u>	<u>(14,148,118)</u>
Net assets		<u>74,568,731</u>	<u>69,903,759</u>
Group Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	14,382,577	17,194,772
Unrestricted funds	16	<u>60,160,321</u>	<u>52,683,154</u>
Total funds		<u>74,568,731</u>	<u>69,903,759</u>

The surplus for the financial year dealt with in the financial statements of the parent company was \$6,981,330 (2020: \$16,487,949).

The financial statements were approved and authorised by the Trustees on 2 August 2022 and signed on their behalf by:



Jan Bonde Nielsen, Chairman

The notes on pages 37 to 55 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		\$	\$
Fixed assets			
Intangible fixed assets	9	1,037,688	-
Investments	11	<u>294,667</u>	<u>294,667</u>
		1,332,354	294,667
Debtors: amounts falling due after more than one year	12	91,440,179	87,745,735
Current assets			
Debtors: amounts falling due within one year	13	15,192,335	12,226,805
Cash at bank and in hand		<u>22,928,709</u>	<u>4,841,783</u>
		38,121,044	17,068,588
Creditors: amounts falling due within one year	14	<u>(33,468,601)</u>	<u>(15,846,688)</u>
Net current assets		<u>4,652,443</u>	<u>1,221,900</u>
Creditors: amounts falling due after more than one year	14	<u>(4,901,179)</u>	<u>(3,719,835)</u>
Net assets		<u>92,523,797</u>	<u>85,542,467</u>
Charity Funds			
Endowment funds	16	25,833	25,833
Restricted funds	16	14,382,576	35,422,127
Unrestricted funds	16	<u>77,077,701</u>	<u>50,094,506</u>
Total funds		<u>92,523,797</u>	<u>85,542,467</u>

The surplus for the financial year dealt with in the financial statements of the parent company was \$6,981,330 (2020: \$16,487,949).

The financial statements were approved by the Trustees on 2 August 2022 and signed on their behalf, by:



Jan Bonde Nielsen, Chairman

Company number: 05598718

The notes on pages 37 to 55 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities:			
Net cash provided by operating activities	18	24,411,629	16,455,880
Cash flows from investing activities:			
Interest received		214,139	217,094
Purchase of intangible fixed assets		(2,180,337)	(394,617)
Disposal of intangible fixed assets		730,813	-
Purchase of tangible fixed assets		(5,651,207)	(15,173,703)
Purchase of investments		-	-
Net cash used in investing activities		<u>(6,886,592)</u>	<u>(15,351,226)</u>
Cash flows from financing activities:			
Repayments of borrowings		(2,566,472)	(3,498,002)
Cash inflows from new borrowing		<u>1,261,963</u>	<u>4,644,550</u>
Net cash provided by financing activities		<u>(1,304,509)</u>	<u>1,146,548</u>
Change in cash and cash equivalents in the year		16,220,528	2,251,202
Cash and cash equivalents brought forward		<u>4,634,932</u>	<u>2,380,730</u>
Cash and cash equivalents carried forward	19	<u>20,855,460</u>	<u>4,634,932</u>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company has adapted its balance sheet, as permitted by the regulations, to show debtors greater than one year as a separate line and not within current assets.

Virunga Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

Virunga Foundation operates in North Kivu, a region with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities, however, it is the reality that when emergency situations arise, unbudgeted material donations from established funders are invariably received.

The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, the mitigations for which are necessarily limited.

The physical and political risk environments overlap and interact with the financial and funding risk environments, though as indicated above, material unbudgeted funding is frequently received when unforeseen events arise, be they environmental, health or security related. Virunga Foundation is highly dependent on a limited, though increasing number of large grants to fund its operations. The timing of the initial receipt of these grants and subsequent tranches, is critical in ensuring there is adequate funding to support operations and to maintain ongoing operations, as well as to enable the implementation of key projects. Work has been done by management, with the support of the finance and audit committee, to increase the level of scrutiny and planning, to minimise risks of liquidity issues. This includes being able to access "bridge" funding, which one substantial lender has indicated a willingness to provide.

The forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, based on the already existing secured and almost secured grants. The forecast level of grant income is considered conservative, not including grants still to be negotiated in the course of the next two years. In addition management has prepared an austerity scenario budget which could be implemented with reduced expenditure, in case of an unforeseen emergency situation arising. The requirement to implement such a budget is considered unlikely, but provides confidence in the capacity of the Charity to survive an emergency event.

The establishment of mechanisms to raise short term bridge funding, as described above, is in part to address the absence of any material free reserves. The generation of unrestricted income from among others, the sale of sustainably generated electricity is one of the future mechanisms identified to build up a level of free reserves. However, to date unrestricted income has been required to fund ongoing operations. The creation of reserves remains a priority for the Trustees.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

1.2 Going concern (continued)

The Trustees are satisfied that under foreseeable scenarios the Charity will have adequate funds to continue with its operations for the longer term, but specifically for the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on a going concern basis.

Management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met. While reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that in most scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on the going concern basis.

However, there are inherent uncertainties in the operating context of the Group which may impact the Group's ability to raise funds and generate revenue, to mitigate sufficiently the impact of events arising from those uncertainties. These circumstances represent a material uncertainty that may raise doubt on the company's ability to continue as a going concern.

1.3 Basis of consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.4 Group status

The company is a company limited by guarantee. The members of the company are certain of the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 in total.

1.5 Reporting Currency

The functional and reporting currency used by the charity and group is United States Dollars and hence these accounts are reported in this currency.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent assets retained for the benefit of the charity as a capital fund. Details of the nature and purpose of each endowment fund is set out in note 16. The expendable endowment fund represents a fund from which capital and interest can be drawn down for unrestricted use.

1.7 Incoming resources

Income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations of cash, which include regular giving, public donations and appeals, are recognised as income once the company has the right to receive the donation, it is probable that the economic benefits will be received, and the amount of the donation can be measured reliably.

Incoming resources are deferred only when the donor has imposed preconditions on the expenditure of resources. Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received, and the amount can be measured reliably and is not deferred.

Trading and other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.9 Intangible and tangible fixed assets

Expenditure on capital items for the parent charity is generally written off to the SOFA on the basis that the items acquired/constructed are for the benefit of the community/specific project and therefore they will not generate any future economic benefit for the charity.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

1.10 Intangible and tangible fixed assets (continued)

Intangible and tangible fixed assets in respect of the subsidiary entities are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	0-5% straight line
Plant, machinery and equipment	-	4% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20-33% straight line
Other fixed assets	-	20% straight line
Intangible fixed assets (excl. cryptocurrencies)	-	20%-33% straight line

Impairment reviews are conducted when events and changes in circumstances indicate that an impairment may have occurred. If any asset is found to have a carrying value materially higher than its recoverable amount, it is written down accordingly.

Cryptocurrencies are held on the balance sheet as intangible assets, and are accounted for under the revaluation model, and are initially recognised at cost. They are subsequently carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

1.11 Investments

Investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are valued at cost less provision for impairment.
- (ii) **Social investments**
Social investments are initially recognised at cost, with the carrying amount adjusted each year to reflect additional amounts invested, any repayments and accrued interest, and are assessed for impairment on an annual basis.

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.13 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

1.14 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.16 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.17 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.18 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.19 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

1.20 Stocks

Stocks represents parts and consumables held in respect of the hydropower stations, and are measured at the lower of cost adjusted, when applicable, for any loss of service potential and replacement cost.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting Policies (continued)

1.21 Accounting estimates and key judgements

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The significant areas of estimate and judgement include the remaining useful life of assets, impairment of assets and the recognition of grant income. Related accounting policies for these items are noted above.

2. Voluntary income

	Restricted and Endowment funds 2021 \$	Unrestricted funds 2021 \$	Total funds 2021 \$	<i>Total funds 2020 \$</i>
Donations	198,489	3,992,792	4,191,281	2,376,868
Grants	<u>19,767,297</u>	<u>2,455,695</u>	<u>22,222,992</u>	<u>26,551,734</u>
	<u>19,965,786</u>	<u>5,237,847</u>	<u>26,414,274</u>	<u>28,928,602</u>

In 2020, of the total income from grants and donations, \$3,837,630 was to unrestricted funds and \$25,090,972 was to restricted funds.

3. Incoming resources from charitable activities

	Restricted funds 2021 \$	Unrestricted funds 2021 \$	Total funds 2021 \$	<i>Total funds 2020 \$</i>
Tourism income	-	126,623	126,623	188,298
Lodge income	-	305,651	305,651	224,793
Other income	<u>53,761</u>	<u>90,630</u>	<u>144,391</u>	<u>78,924</u>
	<u>53,761</u>	<u>522,904</u>	<u>576,665</u>	<u>492,015</u>

In 2020, of the total other incoming resources, \$492,015 was to unrestricted funds and \$nil was to restricted funds.

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4. Trading income

	Restricted funds 2021 \$	Unrestricted funds 2021 \$	Total funds 2021 \$	Total funds 2020 \$
Royalty income	-	83,333	83,333	52,310
Provision of electricity	-	7,143,327	7,143,327	5,423,345
Rent received and other trading income	-	56,814	56,814	45,982
	<u>-</u>	<u>7,283,474</u>	<u>7,283,474</u>	<u>5,521,637</u>

In 2020, of the total income from other trading activities, \$5,521,637 was to unrestricted funds and \$nil was to restricted funds.

5. Hydro power plant operational costs

	Staff costs 2021 \$	Other direct costs 2021 \$	Total funds 2021 \$	Total funds 2020 \$
Hydro power plant operational costs	<u>2,899,649</u>	<u>7,418,280</u>	<u>10,317,929</u>	<u>5,527,409</u>

In 2020, of the total expenditure on raising funds, \$5,527,409 was for unrestricted funds and \$nil was for restricted funds.

6. Analysis of expenditure on charitable activities

	Staff costs 2021 \$	Other direct costs 2021 \$	Support costs 2021 \$	Total 2021 \$	Total 2020 \$
Agriculture and development	556,254	1,757,130	12,870	2,326,254	2,091,363
Protection of Virunga National Park	9,313,224	7,766,584	95,020	17,174,828	15,965,462
Raising awareness	-	4,543	26	4,569	28,721
	<u>9,869,478</u>	<u>9,528,257</u>	<u>107,916</u>	<u>19,505,561</u>	<u>18,085,546</u>

In 2020, of the total expenditure, \$12,774,305 was expenditure from unrestricted funds and \$10,838,650 was expenditure from restricted funds.

Included in support costs are foreign exchange losses of \$39,538 (2020: gains of \$3,837) and governance costs of \$65,388 (2020: \$60,482).

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7. Net incoming resources

This is stated after charging:

	2021 \$	2020 \$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	46,224	41,075
Fees payable to the company's auditor and its associates in respect of:		
- The audit of subsidiaries of the company	23,492	26,177
- Non-audit services	41,896	18,811
Depreciation of tangible fixed assets owned by the charitable group	4,208,271	2,818,334
Amortisation of intangible fixed assets owned by the charitable group	674,245	561,588

During the year, no Trustees received any remuneration for their services as a trustee (2020: \$Nil).

During the year, no Trustees received any benefits in kind (2020: \$Nil). No Trustee received reimbursement of expenses in the current year (2020: No Trustees - \$nil). Other transactions with Trustees are detailed in Note 20.

8. Staff costs

Staff costs were as follows:

	2021 \$	2020 \$
Wages and salaries	<u>12,769,127</u>	<u>13,045,645</u>

The average number of persons employed by the company during the year was as follows:

	2021 No	2020 No
Charitable activities	512	489
Hydropower	<u>222</u>	<u>247</u>
	734	736

Staff costs above are inclusive of amounts paid by the Charity to the Park Rangers, who are employed by ICCN (the DRC governmental department in charge of the Park). As they are not employees of the Charity the Rangers are not included in the average number of staff figures above.

The number of higher paid employees was:

	2021 No	2020 No
In the band £60,001 - £70,000 (\$82,506 - \$96,256)	1	1
In the band £70,001 - £80,000 (\$96,257 - \$110,007)	1	1
In the band £80,001 - £90,000 (\$110,008 - \$123,757)	1	1
In the band £100,001 - £110,000 (\$137,509 - \$151,259)	1	1
In the band £110,001 - £120,000 (\$151,260 - \$165,010)	0	1

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8. Staff costs (continued)

The key management personnel of the charity comprise the trustees and the senior management team. The total amount of employee benefits received by the senior management team for their services to the charity was \$1,157,485 (2020: \$1,234,256). The trustees receive no remuneration or benefit from the charity for acting as trustees.

9. Intangible fixed assets

Group	Charity Cryptocurrency \$	Group Computer software \$	Group Other fixed assets \$	Group Total \$
Cost				
At 1 January 2021	-	1,066,236	2,473,039	3,539,275
Additions	1,837,644	124,508	218,185	342,693
Disposals	(730,813)	-	-	(730,813)
Impairment	(69,114)	-	-	(69,114)
At 31 December 2021	<u>1,037,688</u>	<u>1,190,744</u>	<u>2,691,224</u>	<u>4,919,656</u>
Depreciation				
At 1 January 2021	-	207,084	1,651,802	1,858,886
Charge for the year	<u>-</u>	<u>32,799</u>	<u>641,446</u>	<u>674,245</u>
At 31 December 2021	<u>-</u>	<u>239,883</u>	<u>2,293,248</u>	<u>2,533,131</u>
Net book value				
At 31 December 2021	<u>1,037,688</u>	<u>950,861</u>	<u>397,976</u>	<u>2,386,524</u>
At 31 December 2020	<u>-</u>	<u>859,152</u>	<u>821,237</u>	<u>1,680,389</u>

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10. Tangible fixed assets

	Land and buildings	Plant and machinery	Motor vehicles	Computer equipment	Other fixed assets	Total
Group	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2021	62,394,947	29,742,075	5,371,360	398,284	150,495	98,057,161
Foreign exchange movements	4,398	28	-	48	-	4,474
Additions	5,561,939	66,263	-	12,805	10,200	5,651,207
Disposals	-	-	(15,122)	(1,257)	-	(16,379)
At 31 December 2021	<u>67,961,284</u>	<u>29,808,366</u>	<u>5,356,238</u>	<u>409,880</u>	<u>160,695</u>	<u>103,696,463</u>
Depreciation						
At 1 January 2021	4,006,004	5,898,132	4,498,941	324,870	150,495	14,878,442
Foreign exchange movements	7,520	38	-	74	-	7,632
Charge for the year	2,259,761	1,600,843	318,024	29,643	-	4,208,271
Disposals	-	-	-	(1,257)	-	(1,257)
At 31 December 2021	<u>6,273,285</u>	<u>7,499,013</u>	<u>4,816,965</u>	<u>353,330</u>	<u>150,495</u>	<u>19,093,088</u>
Net book value						
At 31 December 2020	<u>58,385,821</u>	<u>23,843,933</u>	<u>872,419</u>	<u>73,388</u>	<u>-</u>	<u>83,175,561</u>
At 31 December 2021	<u>61,687,999</u>	<u>22,309,353</u>	<u>539,273</u>	<u>56,550</u>	<u>10,200</u>	<u>84,603,375</u>

Included in the above are fixed assets under the course of construction of \$12,974,027 (2020: \$9,106,409).

Included in land and buildings is freehold land at cost of \$886,514 (2020: \$886,514) which is not depreciated.

	Motor Vehicles \$	Other fixed assets \$	Total \$
Company			
Cost			
At 1 January 2021 and 31 December 2021	<u>549,905</u>	<u>150,495</u>	<u>700,400</u>
Depreciation			
At 1 January 2021 and 31 December 2021	<u>549,905</u>	<u>150,495</u>	<u>700,400</u>
Net book value			
At 31 December 2020 and 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>

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11. Fixed asset investments

Group	Other investments \$
Cost	
At 1 January 2021	1,390,435
Foreign exchange movement	-
Purchases	-
At 31 December 2021	<u><u>1,390,435</u></u>

Group investments at cost comprise:

	2021 \$	2020 \$
Listed investments at market value	73	73
Other fixed asset investments	<u>1,390,362</u>	<u>1,390,362</u>
	<u><u>1,390,435</u></u>	<u><u>1,390,435</u></u>

All the other fixed asset investments are held in Belgium by Virunga SRL, the fully owned subsidiary of Virunga Foundation.

	Shares in group undertakings \$
Company	
Cost	
At 1 January 2021 and 31 December 2021	<u><u>294,667</u></u>

Company investments at cost comprise:

	2021 \$	2020 \$
Investment in subsidiaries	<u><u>294,667</u></u>	<u><u>294,667</u></u>

Details of the principal subsidiaries and associates can be found under note number 21.

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12. Debtors due after more than one year

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Deferred tax asset	433,740	477,692	-	-
Virunga SRL	-	-	1,777,487	1,692,844
Virunga Energies SAU	-	-	89,662,692	86,052,891
	<u>433,740</u>	<u>477,692</u>	<u>91,440,179</u>	<u>87,745,735</u>

The movement in value for the year was as follows:

	\$
Value at 1 January 2021	87,745,735
Additional loans	3,574,038
Accrued interest	<u>120,406</u>
Value at 31 December 2021	<u>91,440,179</u>

13. Debtors

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Due within one year				
Trade debtors	1,411,053	1,146,723	-	-
Amounts owed by group undertakings	-	-	7,716,427	9,118,059
Other debtors	2,825,381	473,063	1,120,874	444,193
Prepayments and accrued income	5,600,053	<u>2,665,374</u>	5,697,642	<u>2,664,553</u>
	<u>9,836,488</u>	<u>4,285,161</u>	<u>14,534,943</u>	<u>12,226,805</u>

14. Creditors:
Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Bank loan and overdrafts	3,339,623	2,378,561	-	-
Other loans	-	2,200,000	-	2,200,000
Trade creditors	2,283,998	2,528,177	795,142	512,796
Other taxation and social security	91,238	90,897	91,238	90,769
Taxation	622	-	-	-
Other creditors	392,285	103,140	316,451	88,257
Accruals and deferred income	32,270,570	<u>12,961,036</u>	32,265,770	<u>12,954,865</u>
	<u>38,378,336</u>	<u>18,308,391</u>	<u>33,468,601</u>	<u>15,846,688</u>

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14. Creditors (continued):

Amounts falling due after one year

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Deferred income	-	-	-	-
Other loans	4,901,179	3,719,835	4,901,179	3,719,835
Bank loans	10,061,799	10,428,283	-	-
	<u>14,962,978</u>	<u>14,148,118</u>	<u>4,901,179</u>	<u>3,719,835</u>
Analysis of loans -				
Amounts falling due within 1-2 years	3,062,765	537,744	1,470,354	-
Amounts falling due within 2-5 years	11,900,213	13,610,374	3,430,825	3,719,835
Amounts falling due after more than 5 years	-	-	-	-
	<u>14,962,978</u>	<u>14,148,118</u>	<u>4,901,179</u>	<u>3,719,835</u>

Bank and other loans comprise the following -

- A \$9m loan from CDC repayable over the period ending 31 December 2025. Interest is charged at 5% per annum interest plus an additional 1% per annum commitment fee interest.
- A \$2.5m loan from Illeros Limited repayable over the period ending 31 December 2025. Interest is charged at 2% per annum.
- A \$4.9m loan from Schmidt Family Foundation repayable over the period ending 31 December 2025. Interest is charged at 0.25% per annum.

Virunga Foundation has also provided a guarantee to Equity Bank in respect of development loans previously issued by Virunga Developments which were purchased by Equity Bank in 2020. At 31 December 2021 the guarantee amounted to \$799k, for which a corresponding amount is held in a separate bank account.

On 15 December 2021 Virunga Foundation entered into a financing agreement with CDC for a new loan facility of \$10.3m. The loan is repayable over 10 years with interest charged at a rate of 6% per annum.

15. Deferred taxation

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
At beginning of year	477,692	552,938	-	-
Added/(released) during the year (P&L)	<u>(43,952)</u>	<u>(75,246)</u>	<u>-</u>	<u>-</u>
At end of year	<u>433,740</u>	<u>477,692</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	Group		Company	
	2021	2020	2021	2020
	\$	\$	\$	\$
Accelerated capital allowances	<u>433,740</u>	<u>477,692</u>	<u>-</u>	<u>-</u>

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16. Statement of funds

	Brought forward \$	Income \$	Expenditure \$	Transfers in/out \$	Carried forward \$
Unrestricted funds					
General funds	<u>52,683,154</u>	<u>14,469,005</u>	<u>(16,889,015)</u>	<u>9,897,177</u>	<u>60,160,321</u>
Restricted funds					
Protection of Virunga National Park	1,033,666	9,999,597	(10,619,871)	960,208	1,373,600
Agriculture and development	7,054,697	2,780,673	(2,314,694)	(7,485,726)	34,950
Hydro power plant construction	<u>9,106,409</u>	<u>7,239,277</u>	<u>-</u>	<u>(3,371,659)</u>	<u>12,974,027</u>
	<u>17,194,772</u>	<u>20,019,547</u>	<u>(12,934,565)</u>	<u>(9,897,177)</u>	<u>14,382,577</u>
Expendable endowment funds					
Fallen rangers fund	<u>25,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,833</u>
Total Restricted and Endowment funds	<u>17,220,605</u>	<u>20,019,547</u>	<u>(12,934,565)</u>	<u>(9,897,177)</u>	<u>14,408,410</u>
TOTAL OF FUNDS	<u>69,903,759</u>	<u>34,488,552</u>	<u>(29,823,580)</u>	<u>-</u>	<u>74,568,731</u>
<i>2020 comparatives</i>	<i>Brought forward \$</i>	<i>Income \$</i>	<i>Expenditure \$</i>	<i>Transfers in/out \$</i>	<i>Carried forward \$</i>
<i>Unrestricted funds</i>					
General funds	<u>30,874,617</u>	<u>10,068,376</u>	<u>12,774,305</u>	<u>24,514,466</u>	<u>52,683,154</u>
<i>Restricted funds</i>					
Protection of Virunga National Park	537,531	9,064,698	8,568,563	-	1,033,666
Agriculture and development	156,909	8,978,669	2,080,881	-	7,054,597
Hydro power plant construction	<u>26,573,270</u>	<u>7,047,605</u>	<u>-</u>	<u>(24,514,466)</u>	<u>9,106,409</u>
	<u>27,267,710</u>	<u>25,090,972</u>	<u>10,649,444</u>	<u>(24,514,466)</u>	<u>17,194,772</u>
<i>Expendable endowment funds</i>					
Fallen rangers fund	<u>215,039</u>	<u>-</u>	<u>189,206</u>	<u>-</u>	<u>25,833</u>
<i>Total Restricted and Endowment funds</i>	<u>27,482,749</u>	<u>25,090,972</u>	<u>10,838,650</u>	<u>(24,514,466)</u>	<u>17,220,605</u>
<i>Total of funds</i>	<u>58,357,366</u>	<u>35,159,348</u>	<u>23,612,955</u>	<u>-</u>	<u>69,903,759</u>

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16. Statement of funds (continued)

UNRESTRICTED FUNDS

The unrestricted funds in these consolidated accounts are, as can be seen above, an amalgamation of the individual charity's unrestricted funds plus those of its subsidiaries.

RESTRICTED FUNDS

- 1) **Agriculture and development** – This consists of funding received for agricultural development around the Park, including the construction of feeder roads and cold storage facilities, as well as facilities to produce and sell, amongst others, coffee, chocolate and chia seeds. The fund is currently in deficit as expenditure has been incurred for which the charity is not currently entitled to recognise the income. Income is expected to be recognised in the subsequent financial year. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds.
- 2) **Protection of Virunga National Park (PVNP)** -This consists of protecting and conserving the wildlife and natural resources of the Virunga National Park and emergency support for rangers by means of providing food and shelter to Park rangers and their families who have been displaced by the current civil conflict in the Democratic Republic of Congo. Another part is the charity developing their websites for marketing purposes to increase public awareness and online donation income. Transfers represent projects for which the restriction has been fulfilled and the funds have been released to unrestricted funds, or for projects which have overspent and the deficit is funded by unrestricted funds.
- 3) **Hydro Power Plants** - Funding was received for the design and building of hydro power plants to provide electricity to villages surrounding Virunga National Park. Transfers from the fund during the year relate to the completed hydro power plants being transferred into unrestricted funds as the restriction on the associated income has been extinguished.

ENDOWMENT FUNDS

Fallen Ranger fund – an expendable endowment created to secure the future of the rangers and their families for years to come. Fallen rangers leave behind families who relied on them as the main breadwinners, and an injured ranger poses a financial burden on a family. The fund will be used to not only pay for pensions for those widows and retired rangers, but also help pay for medical treatment for rangers injured in the line of duty.

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17. Analysis of net assets between funds

	Endowment funds 2021 \$	Restricted funds 2021 \$	Unrestricted funds 2021 \$	Total funds 2021 \$
Intangible fixed assets	-	-	2,386,524	1,348,837
Tangible fixed assets	-	12,974,027	71,629,348	84,603,375
Fixed asset investments	-	-	1,390,435	1,390,435
Debtors due after more than 1 year	-	-	433,740	433,740
Net current assets / (liabilities)	25,833	1,408,550	(716,748)	717,635
Creditors due in more than one year	-	-	(14,962,978)	(14,962,978)
	<u>25,833</u>	<u>14,382,577</u>	<u>60,160,321</u>	<u>74,568,731</u>
	Endowment funds 2020 \$	Restricted funds 2020 \$	Unrestricted funds 2020 \$	Total funds 2020 \$
Intangible fixed assets	-	-	1,680,389	1,680,389
Tangible fixed assets	-	9,106,409	74,069,152	83,175,561
Fixed asset investments	-	-	1,390,435	1,390,435
Debtors due after more than 1 year	-	-	477,692	477,692
Net current assets / (liabilities)	25,833	8,088,363	(10,786,396)	(2,672,200)
Creditors due in more than one year	-	-	(14,148,118)	(14,148,118)
	<u>25,833</u>	<u>17,194,772</u>	<u>52,683,154</u>	<u>69,903,759</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2021 \$	2020 \$
Net income for the year (as per Statement of financial activities)	4,664,972	11,546,393
Adjustment for:		
Investment income	(214,139)	(217,094)
Depreciation of tangibles fixed assets	4,208,271	3,269,929
Amortisation of intangible fixed assets	674,245	665,509
Loss on disposal of tangible fixed assets	15,122	-
Impairment of intangible fixed assets	69,144	-
(Increase)/decrease in stock	(807,494)	207,393
(Decrease)/increase in debtors	(5,507,375)	847,343
Increase in creditors	21,308,883	135,807
Net cash provided by operating activities	<u>24,411,629</u>	<u>16,455,880</u>

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19. Analysis of cash and cash equivalents

	2021	2020
	\$	\$
Cash in hand	23,616,536	6,515,577
Bank overdraft	<u>(2,761,076)</u>	<u>(1,880,645)</u>
Total	<u>20,855,460</u>	<u>4,634,932</u>

20. Analysis of changes in net debt

	At 1 January 2021	Cash flows	Other non-cash changes	At 31 December 2021
	\$	\$	\$	\$
Cash and cash equivalents				
Cash in hand	6,515,577	17,100,959	-	23,616,536
Bank overdraft	(1,880,645)	(880,431)	-	(2,761,076)
	4,634,932	16,220,528	-	
Borrowings				
Debt due within one year	(2,697,916)	2,697,916	(578,547)	(578,547)
Debt due after one year	(14,148,118)	(1,393,407)	578,547	(14,962,978)
	(16,846,034)	1,304,909	-	(15,541,525)
TOTAL	<u>(12,211,102)</u>	<u>17,525,037</u>	<u>-</u>	<u>5,313,935</u>

21. Related party transactions

In order to fulfil VF's mandate as manager of Virunga National Park, Emmanuel de Merode has been appointed as a director of the Virunga Park (in which role he is sworn in as a Public official), which is separate from his role as CEO of the Charity.

Emmanuel holds a senior rank within the ICCN as Park Director in order to be able to command the Rangers, as well as being the CEO of VF. The Rangers, who Emmanuel oversees in his role as Park Director, are fundamental to the protection of the Park, as well as to the provision of security to the civilian population living in the vicinity of the Park, and to the staff and operations of VF. Though not a financial transaction, as no remuneration is provided by ICCN, this related party relationship is highlighted due to its significance for the operation of VF. In the event of conflicts arising from holding these two roles, Emmanuel will recuse himself from any discussions.

During the year transactions with the following related parties occurred:

Virunga SRL	-	Wholly owned subsidiary of VF
Virunga Energies SAU	-	Wholly owned subsidiary of Virunga SRL
Virunga Productions C.I.C.	-	Wholly owned subsidiary of VF
Virunga Development SARL	-	Wholly owned subsidiary of Virunga SRL
Virunga Fund Inc.	-	Sister company

The charity is the only subscriber and a director of the social enterprise - Virunga Productions C.I.C.

VIRUNGA FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2021

21. Related party transactions (continued)

Virunga Foundation previously had a relationship with Virunga Fund Inc., a US based “Not-for-Profit” organisation which raised funds for projects delivered by Virunga Foundation in advancement of the Foundation’s objectives. The directors of VFI formally decided to dissolve the entity in October of 2019. In the dissolution process the last funds raised by VFI for Virunga Foundation projects, \$181,000 were transferred to Virunga Foundation in 2020. No further amounts were, or will be received from VFI. VFI was dissolved as it was considered more effective for Virunga Foundation to raise funds directly in the USA, through a combination of an equivalency determinations for large institutional donors and the operation of a “Friends Fund”.

During the year, Virunga Foundation provided Virunga SRL with further funding to cover running costs and paid for expenses on its behalf amounting to \$7,693 (2020 - \$nil) and provided Virunga Development SARL with further funding to cover running costs amounting to \$15,218 (2020 - \$37,450).

During the year, Virunga Foundation has advanced short-term loans and paid for expenses on behalf of Virunga Energies SAU amounting to \$563,069 (2020 - \$195,567). Repayments of \$1,390,440 were made during the period. An amount of \$6,121,725 (2020 - \$6,949,096) was outstanding at the year end.

Virunga Foundation has advanced a long term loan to Virunga Energies SAU. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$35,764 (2020 - \$4,541,669). Additional funds of \$3,574,038 were loaned during the period. The Board has resolved to waive interest charges on the loans until 31 December 2023.

Virunga Foundation has advanced a long term loan to Virunga SRL. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$144,844 (2020 - \$141,675).

During the year expenses of \$4,508 paid on behalf of Virunga Productions C.I.C., to fund media related costs.

During the year Jan Bonde Nielsen made payments of \$97,463 (2020: \$74,878) to a consultant on behalf of the Virunga Foundation for fundraising consultancy services. The consultancy engaged Birgitte Kleftakis, a daughter of Jan Bonde Nielsen, for which she received \$16,500 (2020: \$7,702).

Jan Bonde Nielsen is a Trustee of Farm Africa. During the year payments of \$68,843 were made to Farm Africa in respect of consultancy services provided for the Virunga coffee programme. No amounts were outstanding at the year end.

In 2017 The World We Want Foundation of which Paul Leander Engström, a Virunga Foundation trustee, is founder and Chairman, provided Virunga Energies SAU with a loan of \$2.5m with a 10-year duration, at a 2% per annum interest rate. As at 31 December 2021 the outstanding amount was \$2.47m (2020: \$2.47m). From time to time The World We Want Foundation also provides short term loan facilities to Virunga Foundation. At 31 December 2021 the outstanding short-term loan amount was \$nil (2020: \$2.2 million). During the period The World We Want Foundation agreed to convert \$1million of the loan to a grant.

At the year end the following amounts were due from/(to) the related parties:

	2021	2020
	\$	\$
Virunga SRL – long term loan	1,777,487	1,692,844
Virunga Energies SAU – long term loan	89,662,692	86,052,891
Virunga Development SARL	468,988	498,806
Virunga Productions C.I.C	368,595	479,044
Virunga SRL – short term loan	1,259,006	1,191,112

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21. Principal subsidiaries, joint ventures and associates

a. Principal subsidiaries

Company name	Registered Office	Percentage Shareholding
Virunga Productions CIC	United Kingdom	100%
Virunga SRL	Belgium	100%
Virunga Energies SAU*	Democratic Republic of Congo	100%
Virunga Development SARL*	Democratic Republic of Congo	100%
Virunga Energies SAU Limited*	Kenya	100%
Virunga Belgique SRL Limited*	Kenya	100%
Virunga Foundation Limited	Kenya	100%

*held through Virunga SRL

b. Other participating interests

Company name	Country	Percentage Shareholding
Virunga Enzymes SARL*	Democratic Republic of Congo	15%
SICOVIR SARL*	Democratic Republic of Congo	20%
Virunga Chocolat SARL*	Democratic Republic of Congo	20%

*held through Virunga SRL

VIRUNGA FOUNDATION

England & Wales - Charity number 1111806

Accounts

Virunga Foundation

Trustees' Report and Consolidated
Financial Statements for the Year
Ended 31 December 2020

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VIRUNGA FOUNDATION
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TRUSTEES' REPORT
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Chairman's Report

2020 was an extraordinarily difficult year for Virunga Foundation. The year was marked by the single largest loss of lives of those working to protect the Park in an attack in April 2020, followed by a sequence of tragic events, including the death of two other Park officers in their efforts to protect the Park and its surrounding communities. The Foundation's chief flight instructor died in a fatal aircraft crash on 18th November and a Ranger was killed in an attack by an illegal armed group on the 10th of October. In 2021 violent militia attacks in Central and Southern Sectors of the Park cost the lives of eight Rangers. Our thoughts are with the family, friends and colleagues of all these extremely courageous individuals. Their sacrifices are deeply mourned and commemorated by their many colleagues, who continue to dedicate themselves to Virunga's vision.

While the security situation in the Park remains extremely challenging, the Virunga Foundation has worked closely with the Congolese wildlife agency, ICCN and other state agencies to increase protection for the civilian population living around the Park. In its efforts to uphold the rule of law, the Park's work has included dialogue with the communities and strengthening civilian protection efforts with other government security services. Several initiatives have been implemented, which have included the construction of forward operating bases and escorted convoys for the public passing through dangerous areas.

The Virunga Foundation's partnership with the ICCN is key to Virunga Foundation's work. The Virunga Foundation's 25 year contract with the ICCN, extending to 2040 is the cornerstone for the restoration and management of Virunga National Park. Generating significant benefits to the local community, especially the poorest and most vulnerable, is central to this mission.

A rapid succession of significant challenges have surfaced in recent months: The Ebola epidemic was a defining problem for all of our staff throughout 2020. Within days of the Ebola epidemic being successfully brought under control, it was followed by the Covid19 pandemic. Virunga was officially invited to the Ebola Response Committee, and was able to draw on its expertise and experience to support the Covid-19 response effort. This effort has focussed on staff protection, protection of the great ape populations, as well as on public health in general. The Foundation hired expert medical officers to support staff and define and implement the wildlife protection measures and adapted its development efforts towards community resilience. This included the establishment of strengthened control and tracking sites for travellers passing through the Park, significant investment in providing potable water infrastructure in the city of Goma and strengthening the micro-business sector to diminish the effects of the economic downturn due to Covid. While direct Covid mortality rates appear relatively low compared to many areas of the world, the indirect impact of measures taken to restrict the potential spread of the disease have been very significant, increasing insecurity and adversely affecting development and financial growth.

On the 22nd of May 2021 there was a major volcanic eruption on the flank of Mount Nyiragongo. The death toll of those killed by the lava was estimated to be in the region of 30 individuals. In the days following the eruption, a series of violent aftershocks provoked large scale population displacements. Moreover, water and electricity were cut off to over 2 million people in the city of Goma. Virunga's electricity subsidiary, Virunga Energies supplies about 70% of the power to Goma and powers the water pumps, which supply fresh water to over 1.1 million people, was severely affected by the volcanic eruption. One of the lava flows destroyed 9 kilometres of powerline and a kilometre of critical water pipeline to about 700,000 people. The restoration of power was critical, with the WHO warning of a major cholera outbreak risk if water supplies were not reinstated promptly. An emergency response was immediately initiated, with teams working in shifts, 24 hours a day. Virunga staff were able to restore power within a week and water within a month of the eruption, thereby averting a severe health threat to the Goma population.

While the impact of the eruption inevitably slowed Virunga Foundation's planned projects, the speed and effectiveness of the response reflected on the depth of experience and capability of the organisation and its staff, in limiting the potentially extremely adverse impact of this natural disaster.

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In what was another challenging year from a security and public health perspective, progress on conservation work has continued, with several positive developments.

The mountain gorilla population continues to grow with population growth amongst the habituated gorilla population equivalent to the natural growth rate. This has been consistent for six years, and has contributed to the IUCN reducing the threat level on the mountain gorilla sub species. A worrying increase in the use of snares for illegal trapping of animals in the Gorilla Sector was effectively addressed through a local initiative involving the support of over 100 community members. Over a period of about one month, in excess of 1,500 wire and nylon snares were located and destroyed.

The elephant population has shown a significant increase in 2020, from around 420 in 2019 to 700 in 2020 and is now back to a level not seen since the 1980s. The increase in the elephant population and of several ungulate species is significantly attributable to the "wildlife corridor" project with the neighbouring Queen Elizabeth National Park, in Uganda, which allows animals to move freely between the two parks. There have also been discussions with the Queen Elizabeth National Park about the reintroduction of wild dogs to Virunga National Park in the coming years. After two years of significant decline due to poaching, the hippopotamus population stabilised in 2020, increasing to one thousand two hundred.

Encroachment into the Park remains an ongoing threat, which requires the continuous engagement of Virunga Foundation staff to monitor and manage what remains a complex challenge at the core of Virunga's vision of creating a vibrant sustainable local economy, which is based on the retention of the Park's huge natural assets. The value of these sustainable assets being assessed in an independent report by Cambridge Econometrics in 2019 as having the potential to create 100,000 direct sustainable jobs.

Providing sustainable development opportunities to the 5 million people living around the Park remains a core element of the Foundation's strategy to address issues of insecurity and poverty in the region, and offers the key to securing a future for the Park. Despite the ongoing challenges of security, natural disasters, including epidemics and volcanic eruption and other infrastructural limitations, the Foundation has made significant progress in its development work. The renewable energy subsidiary commissioned a new hydropower plant in 2020, which will almost double production capacity and a contract to construct a further plant was signed in December 2021. This renewable power has enabled the establishment of multiple commercial and related employment opportunities for local businesses, which now directly employ thousands of staff, as well as creating secondary employment opportunities. With direct investments supporting Chocolate, Soap and Chia seed businesses, as well as facilitating the improvement of facilities of local coffee co-operatives, and other local farmers and fishers, the Foundation supports a wide range of local initiatives. Furthermore, with the increasing scale of the electricity generation business, there is now a material contribution from the operation of this business, reliant on rivers flowing from the Park, towards funding the conservation activities in the Park.

From a financial perspective, the Foundation continues to be reliant on grants, loans and donations from its many of donors and lenders, ranging from large institutions, foundations and major donors, to individual public donations. The European Union continues to underpin both the conservation and the developments efforts, but are now joined by other major donors including USAID / INL and the World Bank. Private Foundations provided key support, with both long term support from partners such as the Schmidt Family and World We Want Foundations, as well as critical support for emergencies. The work and impact of the Virunga Foundation relies on the ongoing generosity of all its supporters.

In what has been another very challenging yet successful year for Virunga Foundation, I would like to thank the staff and partners of Virunga Foundation for their all too often extreme dedication in enabling the progress towards the Charity's mission.

Jan Bonde Nielsen, Chairman

VIRUNGA FOUNDATION
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FOR THE YEAR ENDED 31 DECEMBER 2020

Legal and Administrative Details

Trustees

Jan Bonde Nielsen (Chairman)

François Xavier de Donnea

Clare Back (Resigned 17 March 2021)

Joanna Natasegara

Michael Joseph

Paul Leander Engström

Annette Lanjouw (Appointed December 2020)

Company registration number:

Legal Form

Date of incorporation

Charity registration number:

Registered Address:

Company Secretary:

Chief Executive Officer:

Auditors:

Bankers:

Solicitors:

05598718

Company limited by guarantee

20 October 2005

1111806

48 Chancery Lane, London,
WC2A 1JF

Keystone Law Limited, London.

Emmanuel de Merode

Crowe U.K. LLP, 55 Ludgate
Hill, London, EC4M 7JY.

KBC Bank N.V., London, EC2N
1BR

Trust Merchant Bank S.A, 1223
Avenue Lumumba, Lubumbashi,
Democratic Republic of Congo
Keystone Law Limited, London.

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FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees' Report

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their report and the audited consolidated financial statements of Virunga Foundation (the Charity) for the year ended 31 December 2020. The Trustees have adopted the provisions of the Charities SORP (FRS 102) in preparing the annual report and financial statements of the Charity.

Structure, Governance and Management

Structure

Virunga Foundation is a charitable company limited by guarantee, incorporated on 20th October 2005, and registered as a charity in England and Wales, with registered charity number 1111806.

Virunga Foundation's key partnership is with the Institut Congolais pour la Conservation de la Nature, (ICCN), the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas throughout the country. With a relationship going back to 2006, in 2015 the ICCN and Virunga Foundation signed a cooperation agreement - a public-private partnership – that runs until 12 April 2040. On the basis of this agreement with the Congolese Government, the majority of the charity's resources and efforts are dedicated to supporting the ICCN in protecting and re-establishing Virunga National Park and to provide support for communities around the Park.

In order to meet its objectives Virunga Foundation has established a number of subsidiary organisation and works closely with other partner organisations, as presented in the following paragraphs.

Under its Memorandum of Association, Virunga Foundation has the power to incorporate subsidiary companies to carry on any trade, which would, in the opinion of the trustees, promote or assist in furthering the Objects of the charity. Virunga Foundation Limited has one immediate subsidiary, Virunga SRL, (which itself has subsidiaries), one related company, Virunga Productions CIC and works in cooperation with a Belgian charity, Fonds Virunga Belgique and two US legal entities which own the aircraft operated by Virunga Foundation. The legal structures of all limited liability companies in the group are of companies with a social purpose.

Subsidiary entities

Virunga SRL

Virunga SRL is a 100% owned subsidiary limited liability company, registered in Belgium, incorporated by Virunga Foundation in August 2013, to act as a holding company for limited companies, (Société Anonyme), registered in the Democratic Republic of Congo, (DRC). Virunga SRL ensures any profits generated by its subsidiary companies will not be taxed twice, due to the double taxation treaty existing between Belgium and the DRC. All entities of the Virunga Foundation Entities registered in DRC pay their taxes exclusively in the DRC.

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Virunga Energies SAU

Virunga Energies SAU is a limited liability company 100% owned by Virunga SRL. Virunga Energies SAU is engaged in the development, construction, operation and commercialisation of run-of-river hydroelectric projects in the proximity of the Park. These projects encompass the construction of generating plant, operation of the plant, construction and operating distribution networks and the sale of electricity to end customers, commercial and domestic. Any surplus generated from these activities is transferred to Virunga Foundation via Virunga SRL.

The Trustees determined that the development of hydro-power projects around the Park would promote the conservation and protection of the Park in two key ways:

- i. by providing communities living around the Park with access to electricity and jobs, resulting from the development opportunities brought about by such access, which will enable the Park to be seen as a source of beneficial change and opportunity, and over time reduce to communities reliance on the resources of the Park (e.g. illegal charcoal and firewood extraction);
- ii. in the medium and long term, by providing a revenue stream that can be used by Virunga Foundation to support its charitable objects.

Virunga Development SARL

Virunga Development is a limited liability company, a 100% subsidiary of Virunga SRL, established in 2013 to contribute to Virunga Foundation's overall charitable objectives through the management and support of sustainable development opportunities around the Park, including the development & management of industrial parks in the proximity of the Park, taking advantage of the hydroelectricity produced by Virunga Energies SAU.

Sicovir SARL

Sicovir is a limited liability company, 20% owned by Virunga SRL, which was created in October 2013. Sicovir produces various sorts of soap from sustainable palm oil producers established near the Park. The commercial products of Sicovir, are sold at lower prices than non-local alternatives, with their production being enabled by energy produced by Virunga Energies SAU.

Virunga Enzymes SARL

This limited liability company, 15% owned by Virunga SRL, established in 2015. It produces the plant-based enzyme ("papain") extracted from the latex of Papaya trees.

Virunga Chocolat SARL

Virunga Chocolat SARL is limited liability company, 20% owned by Virunga SRL established in 2020. Chocolat SARL produces high quality chocolate products from cocoa grown by local farmers, for sale both domestically and internationally.

Virunga Productions CIC

Virunga Productions CIC was established in 2013. A Community Interest Company (CIC) is a limited liability company that must use its profits and assets for the public good. The objects of Virunga Productions CIC are to carry on any activities, including TV and movie productions, which support and promote the conservation, protection and improvement of the wildlife and habitat in and around Virunga National Park. Virunga Foundation is the majority shareholder and has effective control of Virunga Productions CIC.

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Related Entities

Fonds Virunga Belgique

Fonds Virunga Belgique is a non-profit association, (ASBL/VZW), based in Belgium. It undertakes fundraising and awareness campaigns for the benefit of the Park (through Virunga Foundation). It has no formal legal relationship with Virunga Foundation but maintains strong co-operation with the Foundation.

Virunga Foundation USA Inc. & Virunga Airwing LLC

Virunga Foundation USA Inc. & Virunga Airwing LLC are two USA registered entities which own aircraft leased to Virunga Foundation in support of its operations. Virunga Foundation retains US registration for the aircraft, which it leases from Virunga Airwing LLC, to ensure compliance with the highest international operating standards. These two USA registered entities are treated as one single entity from a US tax perspective, and are legally independent of Virunga Foundation.

Partnerships etc.

US CAF Friends Fund

In December 2019, a formal contract was established with CAF America, which manages a US Equivalency Determined, Friends Fund, for the sole benefit of Virunga Foundation. This Fund enables tax effective donations from legal persons subject to US, (individual or corporate).

Farm Africa

Commencing in 2018, Virunga Foundation has worked closely with Farm Africa, another UK registered charity, to harness their expertise on coffee. Joint activities with Farm Africa are focussed on the cultivation, production and marketing of coffee grown by two farming co-operatives operating in the vicinity of the Park.

Others

Virunga Foundation maintains close working relationships with nature conservation organisations such as the United Nations Education Science and Culture Organisation (UNESCO), the Zoological Society of London, the Frankfurt Zoological Society, the Wildlife Conservation Society, the International Union for the Conservation of Nature and the Congo Hounds project, etc.

Governance

Virunga Foundation is a charity registered with the Charity Commission of England and Wales having the legal form of a company limited by guarantee. Virunga Foundation is managed by its trustees, in accordance with, all relevant legislation and guidance published by the Charity Commission of England and Wales, (CC,) as well as with UK corporate legislation governing the operation of limited companies. The Trustees are all members of the Board of Trustees of Virunga Foundation, being the governing body of the Charity.

Charity Governance Code

The revised charity governance code was published in July 2017. The Trustees view is that the Board complies with the revised code. The Charity Governance Code, the Charity Commission Guidance CC3 and the Articles of Association have all been shared with Trustees. The Trustees are aware of the need to ensure a suitable mix of skills on the Board.

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Trustees continue to consider the composition of the Board in relation to ensuring the Board comprises individuals with experience across all key areas of the Charity's operations. A new Trustee was appointed in 2020 with extensive conservation and not for profit governance experience. There are currently six trustees, with a diverse range of professional skills and experience enabling them to contribute substantively to the governance oversight of the wide range of activities undertaken by the Charity. One Trustee resigned in the first quarter of 2021 and a process has been initiated by Trustees to identify one, or more, additional Trustees to further strengthen Board knowledge and experience.

A Finance and Audit Committee was established in 2020 which includes an external representative, to further strengthen financial oversight, in particular from a UK Charity perspective. The Committee meets regularly and maintains an overview of all financial and key risks based on management reports. The Charity's Articles were updated in March and September 2021 to clarify Member and Trustee interaction and to expand grounds for termination of Membership to meet good practice. The Virunga Foundation Board continues to assess and identify ways in which it can improve its performance in relation to the Charity Governance Code, which is reflected, among others, by continuing improvement of oversight and risk management practices.

Strategic Report

The disclosure of strategic report activities as required under section 15.8 of Charities SORP for Charities registered in England and Wales are met through various disclosures within this Trustees Report.

Management

The senior executive of the Virunga Foundation is its Chief Executive Officer, (CEO), who is appointed by and responsible to the Board.

The CEO has executive responsibility and authority to manage and operate Virunga Foundation as defined in the articles of association, which were most recently updated in 2018 to comply with all relevant legislative obligations.

In order to deliver on the objectives of the Charity, the CEO oversees a team of managers, employed to manage and co-ordinate the wide-ranging operations of the Charity in and around the Virunga National Park.

The CEO reports formally to the Chairman of the Board.

The CEO also holds a formal position with the ICCN, whereby he is the Chief Warden of the Virunga National Park. There is a potential conflict of interest related to the holding of both positions of CEO and Chief Warden, of which the Board and the Charity Commission are aware. A specific Board instruction is in place to manage this conflict of interest.

Employees

Virunga Foundation employed 489 staff in 2020 and its main subsidiary Virunga Energies 247 staff making a total of 736 in 2020, compared to 690 in 2019.

A range of training initiatives are in place to support the development of full time staff, these include among others; vocational training including both practical and study based elements, training on internal IT based management systems, business support skills training, language training, (Swahili, French and English), professional development organised by the national institute, (funded from a national 1% salary deduction) and other ad-hoc initiatives based on identified needs.

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Virunga Energies employs between 1,200 and 1,800 daily workers on its ongoing projects, (construction and maintenance). These workers are employed in accordance with the national labour law, through local agreements, which support a fair sharing of the jobs within communities where the underlying level of unemployment is very high. These rotating 22 day contracts permit the provision of additional income to a much wider population base, than would otherwise be achievable.

Public Benefit

In carrying out their activities, the Trustees ensure that Virunga Foundation activities are in accordance with the Charity Commission's guidance on public benefit.

Virunga National Park is part of the territory under the control of the Institut Congolais pour la Conservation de la Nature (ICCN), the national Congolese nature conservation organisation, an institution of the Democratic Republic of Congo responsible for managing protected areas countrywide. Building upon a relationship going back to 2006, the ICCN and Virunga Foundation signed in 2015 a cooperation agreement - a public-private partnership – that runs until 12 April 2040.

As background to the public benefit objectives, Virunga Foundation's contract to manage the Virunga National Park is central to its charitable public benefit objectives. Located in the east of the Democratic Republic of Congo, (DRC), is Africa's oldest national park, founded in 1925 and was designated a World Heritage Site in 1979. In 1992, the Park was designated as a, 'World Heritage Site in Danger', by UNESCO, which indicated, being subject to the imminent threat of comprehensive destruction. Its loss would represent an irreversible loss to all of humanity, and so actions taken to save and restore the Park, are for the public benefit. Virunga Foundation's primary purpose is to prevent the loss or destruction of the Park, working with the Congolese authorities to do so. Virunga Foundation is the only organisation providing direct support for the management and protection of the Park, providing over 90% of the Park's funding.

As part of its charitable objectives, Virunga Foundation also plays a key role in the economic and social development of a region that is recovering from a catastrophic period of armed conflict. In 2013 Virunga Foundation launched the Virunga Alliance, an extensive multi-faceted programme dedicated to creating a healthy and peaceful post conflict economy through the sustainable development of resources in and around the Park, including tourism; the generation of hydroelectricity and the active development of fisheries and agribusiness.

The Charity's Objects, all considered to be for the public benefit, are set out in the Articles of Association as follows:

- i. the promotion for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and biodiversity of the Protected Areas of Africa including Virunga National Park in the Democratic Republic of Congo, and the wildlife within the Protected Areas of Africa including Virunga National Park, including by means of the promotion of effective management;
- ii. the relief of financial need, hardship or poverty of people living and/or working in and around the Virunga National Park;
- iii. the promotion for the benefit of the public of sustainable development that supports the conservation of the physical and natural environment and biodiversity of the Virunga National Park including through
- iv. the preservation, conservation and the protection of the environment and the sustainable use of natural resources;
- v. the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities living in and around the Virunga National Park; and
- vi. the promotion of sustainable means of achieving economic growth and regeneration;

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- vii. to facilitate the administration of the law and the preservation of public order for the benefit of the public;
- viii. to promote conflict resolution and reconciliation for the public benefit between institutions, organisations, groups and people in and around the Virunga National Park; and
- ix. the education of the public on environmental issues including biodiversity, conservation, sustainability, and management of the wildlife Parks, reserves and protected conservation areas of Africa and the wildlife within them, including Virunga National Park, and in subjects relating to sustainable development.

Objectives, Progress and Achievements

In order to deliver on its charitable objects Virunga Foundation has initiated and manages an extensive and diverse range of projects, which together have as their objective, the establishment of a sustainable social and natural environment in North Kivu, with the goal, among others of enabling the conservation of the Virunga National Park.

The individual projects often contribute to simultaneously progressing on several charitable objectives.

The project objectives are categorised under the headings of, conservation, security and rule of law, sustainable development, poverty reduction and education, (across all of the aforementioned objectives).

The following sections of the Report present a summary of Virunga Foundation's achievements during 2020 in line with agreed strategic objectives, as well as future objectives.

Conservation

Virunga National Park is one of the World's most important conservation areas as attested to by its UNESCO World Heritage Site classification, as well as its recognition by multiple international nature and conservation organisations. Virunga National Park is critical for biodiversity conservation due to the unique role it plays linking distinct and very different areas in the Albertine Rift: from the glaciers of the Rwenzori mountains, active and extinct volcanoes, to the dense forests of the Congo Basin and the Savannah. The continuity between these habitats remains due to the past and present efforts of the ICCN Rangers. Conservation efforts in 2020 continued to make progress in a range of areas with the overall aims of achieving ecosystem integrity and achieving increased or stable wildlife populations.

Gorillas

In 2019, thanks to the exhaustive work of Rangers over many years in the three countries that lie across the Virunga massif (DRC, Rwanda and Uganda), the Mountain Gorilla species was downgraded from "critically endangered" to "endangered" for the first time since 1994. This conservation success is the outcome of a strategy known as "extreme conservation", which involves daily monitoring by rangers, community trackers and veterinarians. 2020 saw a continuation of the long term trend of population growth with the Mountain Gorilla population in the Virunga National Park growing from 147 at the end of 2019, to 160 at the end of 2020. Annual population growth is at natural growth levels of approximately 6% percent which represents a major conservation success. While in recent years the increase in the population shows the effectiveness of the conservation process, the project will continue to require significant resources to ensure the protection of the Mountain Gorilla population. In 2020, 32 kilometres of protective electric fencing was established in the south eastern park boundary which includes the gorilla sector. Fence construction meets a range of objectives, increasing local civilian protection from militias, increasing protection for the Park and protecting local population agriculture land from large mammal incursions. Fence construction continued across the park continued in 2021 and by November 2021, an additional 19 kilometers had been constructed, with a total fence length of in excess of 170km being in place across the park.

The Lowland Gorilla population is only 6 individuals and therefore at risk of extinction, plans are in progress for the introduction of other individuals from a Gorilla sanctuary to increase the population and genetic variation.

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Elephant

The increase in the savannah elephant population in 2020 has been a very positive development, and with more than 550 elephants having moved from the adjoining Queen Elizabeth National Park in Uganda via a "Wildlife corridor" the population is now higher than in the past 40 years. This success is attributable to ICCN Rangers and Virunga Foundation staff. There were no major poaching incidents recorded in 2020 or in 2021 up to end of November 2021.

Projects

Priority conservation projects going forward include habitat restoration, ecosystem integration and anti-poaching efforts in three park areas, which aim to support increases in the following key specie populations: mountain gorillas, lowland gorillas, forest elephants, forest buffalo, elephants, hippos, lions, buffalo, okapi, and chimpanzees.

Security / Rule of Law & Human Rights

The ICCN Rangers are the key resource enforcing the rule of law within the Park boundaries, a task which they perform to high standards and at very high levels of personal risk. 2020 saw a very high fatality rate with the tragic loss of sixteen Rangers lives in the performance of their duties in 2020, with a further six Rangers losing their lives while performing their duties during an attack by an illegal armed group in January 2021. All those Rangers who gave their lives working to protect the Park and those living in its proximity, were killed by members of the numerous illegal armed groups, which operate in and around the Park.

Security remains a high priority for Virunga Foundation with significant resources expended in supporting the Rangers in their law enforcement activities, as well as continually investing to increase the security environment. These investments include, among others, establishing protected bases for Rangers in high risk locations, as well as in the gathering of intelligence to support targeted security initiatives.

The provision of Human Rights training to all Rangers on an agreed regular basis, in accordance with UN guidelines, is a key element of Virunga Foundation's support for the Rangers, to enable and ensure that their interventions comply with best practice.

Sustainable Development & Poverty reduction

Virunga Energies, (VE)

Offering access to reliable and affordable energy is one of Virunga Foundation's key commitments to the 5 million people living in the proximity of the Virunga National Park. Virunga Energies was established in 2013 and has already invested over \$100m in a network of hydro-electric generation and electricity distribution assets with the support of, the European Union, the World Bank, CDC, USAID, The Howard Buffett Foundation, The Schmidt Family Foundation, and The World We Want Foundation.

Virunga Energies is a Congolese registered commercial entity which is run as a social enterprise, with dividends to be re-invested to support the goal of poverty alleviation in the region and the conservation of the Park.

Revenue has doubled every year over the past three years and in 2020 Virunga Energies achieved sales of \$5.2million, with Earnings before Interest, Taxes, Depreciation and Amortisation, EBITDA, of \$2.4million. Reliable, sustainably generated electricity is being supplied to 15,700 customers, (end 2020), in North Kivu, from three hydroelectric plants (total 30 MW capacity) and their over 400 km distribution networks in and around the cities of Goma, Rutshuru, Kiwanja, and Mutwanga. Ambitious network expansion projects (Goma and the Lubero region) and the construction of a new 26 MW power plant in Rwanguba are planned for the

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next 2 to 3 years. Additionally "Smart" Grid technology is being implemented to best manage the network and to fully utilise the potential of the "smart" meters installed for our customers.

As a result of the ongoing network expansion and continuous improvement efforts, sales revenue in 2020 reached \$5.2 million, versus \$2.6 million in 2019. This revenue enabled the generation of an EBITDA in 2020 of \$2.4 million, versus \$0.1 million in 2019.

The first construction phase of the Goma distribution network was successfully completed, offering sustainably generated and reliable electricity supply to more than 8,400 households and SMEs in the fast-growing city of Goma.

In the course of 2020 Virunga Energies connected a first pumping station along Lake Kivu to the Virunga Energies electricity network to supply potable water to more than 300,000 people in Goma who had previously not had access to such a supply. Another notable landmark in 2020 was the successful commissioning of a new 14.6 MW hydropower plant in Luviro, in North Kivu, in the fourth quarter of 2020.

Virunga Energies saw continued growth in 2021 and in November 2021 was projecting to achieve sales revenue of \$ 6.8 million for 2021, representing a 30% increase on 2020. In terms of distribution and network expansion there was continued expansion of network within concession zones in Goma funded by the World Bank as co-financing to an EU grant. Customer numbers had increased to over 20,000 by October 2021. Critically, power was provided to a major water pumping station in Goma which will mean VE provided the power to provide clean drinking water to over 1 million inhabitants. In addition further expansion of the Goma power distribution network is planned, (Q4 2021). In Early December 2021 a contract was signed with the EU for a grant of Euro 20 million to fund the latest major addition to Virunga Energies hydropower generation capacity. This grant is for the Rwanguba 28 MW hydropower plant, located in the proximity of the existing Matebe plant and will supply the city of Goma where there remains significant untapped demand, which is expected to grow significantly.

Tourism

Tourism plays a key role in Virunga Foundation's work, as much as an effective tool to communicate to an international audience the value of the Park and the Foundation's mission, as it is a source of income. Tourism activities do make a meaningful contribution towards Virunga Foundation's operating costs when the programme is operational, however, in recent years there have been a series of events, which have forced temporary suspensions. In the period since 2015 over 15,000 tourists have visited the Park, with close to 5,000 having visited in 2017, representing 45,000 overnights. In 2018 the kidnapping of two tourists, lead to the closure of the Park for the remainder of that year while a security review was completed and additional measures implemented. Tourism recommenced early in 2019, but was suspended again due to an Ebola outbreak in the proximity of the Park. In 2020 with the Ebola outbreak formally announced as being over, tourism reopened, only to be suspended in April of 2020 due to the Covid pandemic. In the course of 2020, there was very limited local tourism activity on a regional/national basis. There were just over 1,100 tourist visitors to the Park in 2020, spending over 1,500 nights in Virunga accommodation, compared to over 2,500 tourists in 2019 who spend over 3,800 nights.

Levels of tourist activities have remained lower than hoped for in 2021, for a combination of reasons. While Covid restrictions were eased allowing visitors to the Gorilla and Volcano attractions, the volcanic eruption in May 2021 ended Nyiragongo tourism for 2021. Heightened armed militia activity has also led to closures of Gorilla tourism activities. For the year to October 2021 there were 2,229 tourists visitors to the Park, contributing to 1,941 overnights. All accommodation and sites have been maintained and upgraded since the tourist number high recorded in 2015, with an entirely new camp, Ngila, completed in 2020 and ready to receive guests as soon as tourism activities recommence. It remains difficult to make predictions for 2022 Tourism activity levels, as these are largely dependent on the international Covid travel restrictions and regional security situation.

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Virunga Development, (VD)

The activities of Virunga Development, (VD), are aligned with the development and poverty reduction objectives of Virunga Foundation. In 2020 the key activities were the provision of loan financing to local entrepreneurs in association with Equity Bank and the development of business parks.

In the course of 2020, VD provided close to USD 400 thousand in loans to 136 entrepreneurs in North Kivu to expand existing businesses, or to establish new businesses.

The total lent at year end was around USD 950 thousand to 1,011 entrepreneurs. A rigorous due diligence process is undertaken for each loan, assessing not only financial, but also sustainability criteria, as well as management capacity. Each business is a customer of VE for electricity, which is a key synergy between operations of VE and VD. Performance of the loan portfolio is tracked regularly and despite only being in operation for three years has demonstrated the effectiveness of the programme in creating growth in employment as well as in electricity sales. The loan repayment system is an innovative mechanism, whereby loan repayments are made through a surcharge on electricity fees. This mechanism means that businesses loan repayments are in synchronisation with business activity levels, rather than a relatively inflexible standard loan repayment model. It has been proven to date that this system not only meets the needs of the borrowers, but also delivers tangible repayment results. At year end 2020 the loan portfolio of VD was sold to Equity Bank. The cash was then used by VD to reduce intercompany debt with VF. VF provided a guarantee to Equity Bank against loan default by borrowers.

The second key current element of VD operations is the establishment of business parks, including refrigerated containers. These Parks are funded by large external donors and as with the loans, have the goal of addressing the development needs in the proximity of the Park. Specific benefits include, affordable rental plots with established infrastructure, including, affordable sustainable electricity from VE, access to financial and management support, physical security of personnel and assets and access to essential services through shared service delivery. To date there is one completed business park, of 4.5 hectares, Mutwanga and one under construction of 5.3 hectares, Goma, expected to be operational in the course of 2022. The Mutwanga site currently has 4 businesses on site including the Virunga Chocolate factory and offices.

12 refrigerated containers were purchased second-hand from the UN, but are in good condition and are being installed. The operation of these refrigeration units will greatly increase the capacity to retain the value of foods produced in the proximity of the park where there are presently no cold storage facilities. By the end of 2020, 6 of the 12 containers had already been rented out at USD 500 per month, (less electricity costs) and indications are good that 2021 will see an increase in the number rented as the concept has been proven by local entrepreneurs.

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Agriculture

A key element of Virunga's development agenda is in supporting sustainable agricultural projects to create long term reliable employment for individuals through the creation of a more stable agriculture sector. A number of projects located adjacent to all the sectors of the Park benefit from Virunga Foundation interventions, which range from the provision of education and training to the supply of processing equipment.

In the Northern sector coffee, cocoa and palm oil are the main projects, while in the Southern and Central sectors the projects include, vegetables, maize and fish.

Coffee

The coffee project in 2020 involved working closely with two partner cooperatives with over 5,000 participating farmers with Organic, Rainforest Alliance and Fair Trade certification. Two new washing stations were constructed in 2020 and financial and management training provided to both Cooperatives. In the course of 2020, 268 tonnes of coffee were sold, (2019, 173 tonnes), representing 14 containers, (2019, 9 containers), generating an income of over USD 822 thousand. 2021 objectives included, increasing quality and volumes, reducing costs and improving management capabilities, as well as launching an agricultural training and coffee seedlings nursery, from which the first batch of 20,000 were distributed in September 2021. The coops have received Fairtrade certification which will increase their sale prices. Two European coffee roasters will be launching Virunga National Park brands in the coming months.

Palm Oil

During 2020, 32,000 higher quality palm tree seedlings were sold on credit to 800 farmers who will repay their loans by selling future harvests to a new palm oil mill being built in collaboration with Sicovir SARL. Over 800 farmers were trained in best management practices for palm trees in accordance with sustainable and organic standards. In 2021 a further 32,000 seedlings were distributed and a new palm oil press was ordered and is due to commence production in the first quarter of 2022.

Cocoa

The "Virunga Origins", Cocoa project has had significant success already in its initial months. The factory commenced commercial operations in September 2020, generating around USD 45 thousand of revenue from sales in DRC, Belgium, Denmark and Sweden. With the construction of a fermentation centre close to the factory, 1,000 cocoa farmers are now able to sell fresh cocoa directly, reducing the risk of beans decaying and reducing the volume of high quality beans. A project together with a local farmer co-operative, Sycoodep, has distributed 40,000 cocoa seedlings to increase production in the area. During 2021 the production capacity increased demand in new markets, international and national, from 1.5 tonnes to 15 tonnes a month. A new factory building and roaster will be constructed in 2022. In addition, Fairtrade certification is being sought for the Sycoodep cooperative and the chocolate factory has received certification. Chocolate is now also being sold in Kenya and Burundi.

Vegetables

Over 200 farmers, the majority women, were trained in Best Management Practices for vegetables cultivation, with a focus on an organic and soil conservation approach, which included techniques to reduce the requirement for manufactured agriculture products. A savings and loan association was established with women's organisations to support female farmers. 2021 progress has included, extension of activities to work with 6 new farmer associations and 1,000 new farmers trained, as well as improving market access for farmers, despite security challenges.

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Maize

Work in 2020 was very much preparatory with the diagnosis of the sector and selection of partner farmer organisations, as well as intervention strategy finalisation and preparation for 2021 activities. 2021 activities, based on 2020 work include, the supervision of 6 agricultural cooperatives and the creation of 12 farmer field schools for more than 1200 farmers, the introduction of 2 new improved maize varieties from east Africa and improving post-harvest activities to reduce waste and associated lost revenue potential. Virunga Foundation is now working with 8 coops, representing 1,200 households, to work on improving seeds, better processes, including post-harvest. These projects are working closely with Virunga Investissement which provides small business loans to farmers.

Fish

The fishing projects all relate to fish sourced from Lake Edouard, in large part focussed on enabling the creation of a "cold chain" to increase the value of fish caught and reduce waste. In 2020, an Industrial ice machine for fish preservation was put into operation, insulated storage boxes purchased, a solar powered cold storage facility installed by the lake and a consultation with the local community held with various stakeholders in the fish value chain on the management of "cold chain" investments. The Solar powered cold room not installed due to local actor disagreements, but Virunga have distributed 100 cool boxes to local women who work as fish sellers, to whom Virunga provide the ice required for their operation.

Education

Education on sustainable development to the population living in the vicinity of the park is considered an imperative and receives continuous awareness-raising efforts.

In all agriculture value chains training for small farmers represented a key element of the project listed above.

In 2020 and 2021 Covid restrictions limited the opportunities for schoolchildren and members of both associations and local authorities to visit Park locations as well as VE hydropower installations. Regular general public events were also suspended, including the very popular annual Amani Festival, where there are usually Virunga Park awareness raising initiatives.

The Meise botanical institute in Belgium contributes significantly towards Virunga Foundation conservation activities, including specifically environmental and sustainability education. The relationship with Meise generated additional funding in 2020. Visits to schools continued in 2020 and 2021. One specific program, on reforestation around Lake Edward, funded by Meise, commenced in July 2020 and continued in 2021.

Despite the effects of Covid restrictions overall public education activities increased in 2020 compared to previous years.

Fundraising

Strategy and approach

In the later stages of 2020 and throughout 2021 there has been a concerted effort to increase the co-ordination and alignment of the Fundraising resources of Virunga Foundation. This work recognises that maximising the fundraising opportunities requires involvement of a range of internal stakeholders and for this reason there has been a focus on identifying the key internal stakeholders in Virunga Foundation's fundraising work, historical and future. To this end a Fundraising strategy map is under development which is aligned with the Virunga Foundation vision and mission.

Key aspects of this strategy map include,

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- i. the identification of all the active and target fundraising channels as well as the donor growth targets within each channel
- ii. the integration of the relevant internal stakeholders in each channel
- iii. development of internal structures including improved collaborative working practices

The implementation of this strategy will involve, more regular stakeholder meetings across functions, (not only for fundraising staff), training and education across multiple functions, including at governance level and developing the understanding that to be most effective, a Fundraising programme has to be fully integrated into operations from the planning stage onwards.

Donors

The major source of Virunga Foundation's income is institutional and foundation donors, which has been the case since the Foundation was created. While the composition of the specific donors has altered over time, large institutional and foundation grants comprise in excess of 75% of total income. The rapid growth of the sustainable energy business of Virunga Energies SAU, has made it a key source of income, with in excess of 5 million USD of sales income being achieved in 2020.

The European Union (EU) remains Virunga's principal donor, and is therefore the key partner in the supporting the charity's activities including the conservation and development of Virunga National Park. The EU supports major projects with a range of objectives including the preservation of the flora and fauna of the Park, as well as improving the quality of life for people living in the proximity of the Park. The EU support encompasses all programs: Park operations, tourism, electricity, agriculture, entrepreneurship support, etc.

Other institutional donors include the World Bank and USAID. USAID signed its first grant contract with a value of 1.6 million USD in 2019. A new contract for 4.7 million USD was signed with USAID on 17 November 2021, payable on submission of expenditure reports and is expected to commence payments early in 2022 as qualifying expenditure already incurred. This contract also indicates USAID's intention to provide a further \$10.3 million in funding based on their fund availability.

Major project funding was also raised from a number of Charitable Foundations. The list includes The World We Want, 11th Hour, Wellspring and The Schmidt Family Foundation. Virunga Foundation holds an "Equivalency Determination", which recognises Virunga Foundation as being equivalent to a US charitable organisation from the perspective of a US donor, in relation to taxable deductibility of donations.

The proportion of funds raised from the general public, as indicated, comprises a relatively low but growing percentage of the total funds raised. While it does not represent a significant percentage of funds raised, public fundraising is a key element reflecting public awareness of the importance of the Park. Individual donors give through a range of fundraising providers including, a Friends Fund with CAF America, a Virgin Money Giving site in the UK and other tools including Donorbox on the website. Donations are also made directly to the Virunga Bank accounts in the UK and Belgium. In 2020 approximately 0.8 million USD was raised via these various mechanisms.

The Charity did not receive any complaints in the course of 2020, or up to November 2021, relating to its fundraising activity. The only proactive fundraising is via a page on the website and occasional emergency appeals. Individual donations arise from general public awareness of the work of the Charity, which is created through both conventional and social media channels, as well as word of mouth. The charity does not make any unsolicited fundraising approaches to individuals via marketing tools such as, email, text, or cold calling by any method and does not engage third party fundraisers, or fundraising volunteers. Due to the international scope and nature of the Charity's operations, there are no fundraising staff employed in the UK.

Virunga Foundation is registered with the UK Fundraising Regulator. Due to the predominance of institutional and Foundation grant funding Virunga Foundation is strongly focussed on meeting the exacting

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reporting and review requirements of donors through the performance of independent audits and provision of tailored reports, such as monitoring and evaluation reports. A review of personal data held was undertaken in 2018-19 to ensure compliance with the GDPR legislation, which is of particular relevance in the public fundraising area, even though this comprises a limited percentage of overall funding.

Investment Policy and Performance

Under the Memorandum and Articles of Association, the charity has the power to invest funds in any manner the trustees deem appropriate, but only after obtaining such advice, as the trustees consider necessary, and having regard to the suitability of investments and the need for diversification.

The trustees, having regard to the current liquidity requirements of operating the charity, have operated a policy of keeping available funds in current accounts in order to make funds available to operations expeditiously.

Risk Management

In October 2019 the Trustees formally adopted a Risk Management Policy for Virunga Foundation. This policy describes the risk management approach adopted by the Trustees, as well as the relative responsibilities of the Trustees and Senior Management in implementing procedures to ensure compliance with this policy.

The planned development of a more structured organisation risk management process was initiated in the course of 2020 subsequent to the recruitment of a head of internal control to lead on risk management.

A formal risk management model was presented to and approved by both the Board and Finance and Audit Committee in 2020. This model draws on current best practice on managing organisation risk. In summary, the process engages with relevant organisation stakeholders in developing risk profiles across functions and key activity areas. The framework uses the classical dimensions of impact and probability, adjusted for existing mitigating measures, to develop a profile of organisation risk. Senior managers and functional experts across the risk areas identified are responsible for the management of risk in their respective areas.

The output from the risk management process is a risk matrix summarizing the key areas of organisation risk, identifying current and proposed mitigation, to provide a post mitigation risk measure. As part of this risk management process, additional mitigation measures are identified where possible.

The Virunga Foundation's activities take place in the North Kivu region of the Democratic Republic of Congo, which is a high-risk environment both in terms of physical security and in the challenges in maintaining the highest levels of financial control.

The key identified risks to operational continuity and the measures in place to manage such risks are the following:

i. **Security**

North Kivu is a region with an inherently high personal security risk due to the combination of limited law enforcement resources and a significant presence of illegal armed groups. These groups survive from a range of illegal activities, including extortion, poaching and kidnapping. Fatal attacks on the local population and ICCN Park Rangers result from the activities of these groups. The allocation of resources to protect people and the Park from the activities of these illegal groups is a main activity of the Park Rangers, who receive support from Virunga Foundation in their work.

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Mitigation measures include regular intelligence gathering, co-operation with military forces, national and UN, and the implementation of detailed security procedures, which are regularly reviewed. There are a range of standard operating security procedures covering all aspects of operations, from construction sites to tourism activities. Despite the major resource allocated to security and all the mitigations in place, security is and will likely remain one of the major risks facing the Charity's operations.

ii. Political and Regulatory instability

The political and related regulatory instability present in the DRC and North Kivu presents a significant risk for Virunga Foundation in its potential to adversely impact operations in unpredictable ways. There is a relatively high degree of regulatory and legislative intervention leading to significant compliance requirements, which increase costs, directly and indirectly, through new or revised legislation.

Examples of specific risks include dependency on the support of the ICCN a Government department, susceptible to shifting political agendas and the regulation of the electricity sector, being the forecast major future course of Virunga Foundation income from its sustainable energy producer, Virunga Energies.

While Virunga Foundation has 15 years of experience in managing these risks, changes in the political and regulatory environment cannot be predicted. Specific mitigation actions include integrating contracts and activities into a wide array of supportive and influential partners such as, Congolese Government institutions, the European Union, United Nations agencies and development institutions in the UK, Belgium, US, and Netherlands. Senior management staff and trustees maintain regular contact with government authorities in Kinshasa and at the provincial level enabling it to maintain a largely constructive and harmonious relationship.

iii. Funding Financial Risk

The nature and location of Virunga Foundation's work, combined with its funding model (based largely on restricted project grants), means that the scale and allocation of future funding, much beyond a year, is challenging. As the Charity and its subsidiaries have grown, in particular Virunga Energies, the challenges of obtaining adequate funding, via both grants and loans, has increased.

Addressing the funding challenges has involved a range of measures, including, the Finance and Audit Committee established in 2020, closely monitoring cash flow projections and discussing with management the measures to address funding flow risks.

While there is a strong focus on ensuring timely audits of projects to minimize any delay in receipt of subsequent funds, there are unavoidable timing differences between expenditure and receipt of funds in many instances.

Discussions at the Finance and Audit Committee have increased the focus at a governance level on the need to establish reserves to manage better fluctuating fund flows from grants and loans. The requirement to establish reserves as a priority has been identified at Board level and the aim is to progress this goal in 2020.

iv. Health threats

In recent years, two major diseases have had major impacts on the operation of the Virunga Foundation, Ebola and Covid. Virunga Foundation has a proactive and highly engaged approach to managing such threats, in order to minimise impacts for the Charity, as well as for the local population living in the proximity of the Park. In the Ebola outbreak, which was officially declared ended in June 2020 by the WHO, Virunga Foundation played a key role in working with the local authorities and WHO in working to end the outbreak. A single case of Ebola was identified in North Kivu in February 2021 and a further case in October 2021,

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however, based on management of the much more significant 2019-2020 outbreak using newly developed vaccines it is not currently considered a serious public health concern. The vaccines have proven to be effective in the prevention of the spread of the disease.

The impact of Covid on Virunga Foundation has been an indirect rather than direct one, as the mortality rate appears to have been low for a range of local factors. There are multiple diseases present in North Kivu, which have a much higher mortality rate than Covid and the majority of the population are directly exposed to several of these on an ongoing basis. The indirect impact of Covid has however been significant. Loss of Tourism income in 2020, project delays related to supplier issues, plus local restrictions, have all had an adverse impact. The indirect impact of Covid has been of an international nature and as such there have been limited options for dealing with the commercial implications. There have, however, been successful fundraising appeals based on indirect Covid effects.

Virunga Foundations close working relationship with the WHO, which has included engaging public health experts when required, has enabled it to continue most operations relatively unaffected, compared with the majority of international charity organisations.

The impacts of the risks i, ii and iv, in addition to unforeseen geological events can adversely affect income patterns, as well as adding to expenditure levels in having to manage unpredicted events. Having worked for many years in an inherently unstable operating environment Virunga Foundation has a range of procedures in place to enable it to reallocate resources as well as to work with existing partners and bring in new ones when emergency situations arise. Emergency situations also provide strong fundraising cases. Both the capacity to react and to generate large new funding flows in times of emergency was exemplified in the response to the Eruption and subsequent major disruption caused by the eruption of Nyiragongo in May of 2021. Virunga Foundation's response to this natural disaster illustrated the organisation's preparedness for even such a relatively rare event. In the hours following the eruption staff monitored developments, communicated with partners and commenced preparations for emergency response. With the evacuation of Goma, accommodation was provided for staff and their families forced to evacuate. Within a few days an electricity agreement was entered into with a Rwandan power company and a new connection established to compensate for powerlines destroyed by lava flows. Teams of technical staff worked 24/7 for over three weeks in order to construct interim power lines across the solidified lava flows to deliver Virunga Foundation's electricity to Goma. The WHO had warned of the high risk of a cholera outbreak, which was effectively mitigated when electricity was reconnected to key water pumping stations in Goma. The eruption response illustrates how the combination of flexibility, reactivity, strong technical and logistic capability and intelligence, together with local and international partnerships provide the base for highly effective emergency response capability. In this and other emergency situations highly material unbudgeted funding was received from major institution and foundation funders as well as from the general public in response to appeals for additional support. In the case of the eruption these fundraising results offset all the short and medium term costs of the disaster

Financial Review

Total income from grants and donations for the year amounted to USD 28.9 million (2019: USD 21.5 million). The most material elements of this income was received in the form of grants from, EU, USAID, Schmidt Philanthropies and the World Bank.

Subsequent to a review of the stock held by Virunga Energies SAU, a small number of items were identified for which the unit price was incorrect. On investigation, this issue dated back to at least 31 December 2018. Accordingly, stock has been recalculated at 1 January 2019 and 31 December 2019, and a prior year adjustment was made in the financial statements reducing the stock value by \$2.2 million.

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Grants received are principally of a restricted nature, including significantly those for the construction of hydro power plants and electricity distribution infrastructure.

The EU is the largest single provider of donor funding to Virunga Foundation and has provided several large multi year grants, across all key areas of operation and development, including. Park Support, Lake protection, Agricultural development, Wildlife trafficking, Transboundary conservation and multiple grants to support the sustainable energy project managed by VE. These grants cover periods of between 2 and 7 years with grants totalling in excess of 95 million USD having been awarded in recent years. A major new EU Park grant in excess of 10 million is under negotiation and expected to be received in the third quarter of 2022.

While USAID's initial grant to Virunga Foundation was for 1.6 million USD in 2019, the relationship has proven positive and a second grant valued at 4.7 million USD was signed in November 2021, as part of a contract which expressed the intention to provide an additional 10 million USD assuming USAID have the funds available.

Schmidt Philanthropies, a private US Foundation has provided significant funding, both grants, over 8 million USD, as well as loan finance, to support the activities of VE in providing electricity to areas previously without access to an electricity network as well as to power a water distribution pumping system.

The World Bank provided a 5.2 million USD grant for electricity network in 2019 and additional grants are under discussion.

Expenditure on raising funds in 2020 amounted to USD 5.5 million (2019: USD 4.2 million), representing the costs of operating the hydropower subsidiary Virunga Energies. The total spent on charitable activities was USD 18.1 million (2019: USD 18.4 million) which relates primarily to the costs of protecting the Virunga National Park and expenditure on supporting ICCN Rangers.

Fixed assets principally comprise the hydro plants and distribution networks. Total net tangible fixed assets at 31 December 2020 amounted to USD 82.6 million (2019: USD 71.2 million). In accordance with UK accounting standards construction costs have been capitalised and are disclosed as fixed assets.

The net surplus for the year was USD 11.5 million (2019: USD 3.1 million). The restricted and unrestricted funds at year-end amounted to USD 17.2 million and USD 57.7 million respectively (2019: USD 27.5 million and USD 33.1 million respectively).

In addition to grants and donations, Virunga Foundation uses short-term and long-term debt facilities to fund its operations. Creditors falling due within one year at 31 December 2020 amounted to USD 18.3 million (2019: USD 18.1 million). Long-term debt amounted to USD 14.1 million (2019: USD 13.3 million) and is principally with the UK-based development bank CDC Group PLC.

Reserves

Virunga Foundation has historically received relatively low levels of unrestricted funding in relation to its restricted income. This income pattern, together with the significant resource required for operational activities typically not funded by unrestricted income, which are necessary to support the restricted projects has made it very challenging to establish unrestricted reserves.

As an example, all of the material projects and activities of Virunga Foundation require a substantial security infrastructure, the costs of which are typically not all covered by restricted project income, which means a significant percentage of restricted income is allocated to support projects funded by restricted funding.

While the Trustees continue to review how Virunga can in future generate unrestricted cash reserves, to a level acceptable to beneficiaries and partners, as well as in line with good practice, this remains a major

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FOR THE YEAR ENDED 31 DECEMBER 2020

challenge. Events in 2020, including Covid impacts which forced the closure of tourism and likely contributed to the substantial increased illegal armed group activity have removed any scope for the establishment of reserves in the year. While the ultimate aim is to a cash reserve over time sufficient to cover the value of at least half a year of operational costs, i.e. in the region of USD 5m, this will require an increase in the unrestricted funds raised. The efforts to increase fundraising channels will be key to creating the opportunity for establishing reserves through unrestricted income.

As at 31 December 2020 the total consolidated funds held by the Group amounted to USD 69.9m (2019: USD 60.6m), of which USD 52.7m are unrestricted (2019: USD 33.1m), and USD 17.2m are restricted (2019: USD 27.5). As at 31 December 2020 the Group had net current liabilities of USD 2.7m.

It is not expected that any material amounts will be available to contribute to the creation of reserves in the course of 2021, however, through a combination of seeking increased fundraising opportunities for the Park, and the increased Virunga Energies contribution, operational self-sufficiency should be achievable by 2024. The Trustees are aware of the importance of starting to create reserves as described above, however, the short term priority is to generate operating surpluses to reduce debt and then to commence reserve building.

Going concern and uncertainties

As this report highlights, Virunga Foundation operates in North Kivu, a region with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities. For illustration, the eruption of the Nyiragongo volcano in May 2021 led to the immediate requirement to allocate resources to aid the local population, as well as requiring significantly increased short term expenditure to restore power and water utilities for the local population. At the same time as immediate increases in expenditure were required, income reduced, most significantly in terms of energy sales, but also tourism income, at a time when it was hoped to see an increase energy sales as well as international tourism income. The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, which the mitigations for are necessarily limited.

The physical and political risk environments overlap and interact with the financial and funding risk environments. Virunga Foundation is highly dependent on a limited number of large grants to fund its operations, which creates a material level of uncertainty on the organisation's capacity to deliver on all planned activities. The timing of the initial receipt of these grants and subsequent tranches, is critical in ensuring there is adequate funding to support operations and to maintain ongoing operations, as well as to enable the implementation of key projects.

In a number of cases activities require to be pre-financed before funding is received, often on the basis of the completion of an audit to confirm past expenditure was valid. The complex negotiation and approval processes often mean that even after initial agreement for new grants has been achieved, it can take several months to receive the funds, on dates which are difficult to forecast. For example, whilst Virunga's relationship with its largest funder, the EU is good, the EU is a complex organisation requiring the careful managing of relationships and co-ordination with representatives in both Brussels and Kinshasa. Additionally, EU funding often requires approval by DRC authorities before remittance.

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While the forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, or more, the timing of finalisation of agreements and receipt of funds can pose significant challenges for the Charity in terms of cash flow.

The lack of any material free reserves is recognised as an ongoing challenge in addressing cash flow risks and for this reason, there is a focus on the generation of unrestricted income from among others, the sale of sustainably generated electricity. However, to date, unrestricted income has been allocated to fund ongoing operations. The creation of reserves remains a priority for the Board.

In order to manage these ongoing challenges, detailed cash flow projections are maintained, and updated weekly, to provide management with an oversight of the current funding needs in relation to projected funding receipts.

The end of 2021 saw the finalisation of two key funding contracts and a third major grant agreement signed. An EU grant for the construction of the Rwanguba powerplant was signed in December 2021 for Euro 20 million, (\$22 million), with Euro 10 million to be received prior to the end of 2021. A CDC \$10.3 million loan facility to support network and related expansion costs was agreed in November 2021 and was signed on the 15th of December 2021. On 17 November 2021 a grant contract for \$4.7 million was signed with USAID, (effective date 22 July 2021), as part of an intended \$16.6 million overall grant, with \$6.3 now contractually secured. This is of particular significance as this grant may be applied as co-financing for existing major contract co-financing obligations.

In addition to these major funding agreements in place management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met. While reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that in most scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on the going concern basis.

However, there are inherent uncertainties in the operating context of the Group which may impact the Group's ability to raise funds and generate revenue, to mitigate sufficiently the impact of events arising from those uncertainties. These circumstances represent a material uncertainty that may raise doubt on the company's ability to continue as a going concern.

Disclosure of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Trustees' Responsibilities Statement

The Trustees (who are also directors of Virunga Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In approving this report, the Board of Trustees is also approving the Strategic Report included here in their capacity as company directors. This report was approved by the Trustees on 20 December 2020 and signed on their behalf by:



Jan Bonde Nielsen,
Chairman.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Virunga Foundation ('the charitable company') and its subsidiaries ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2020 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which explains that the operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. As such there are multiple risks outside the control of the Group, which the mitigations for are necessarily limited. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities. Furthermore, whilst the forecast level of income is considered adequate for the next two years, the timing of finalisation of agreements and receipt of funds can pose significant challenges in terms of cash flows. The lack of any material free reserves limits the group's ability to respond to these challenges.

As stated in note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2020

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pages 7-8 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2020

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 and taxation legislation, together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were the General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation and Employment legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

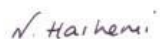
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant and donation income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, and the Finance and Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, sample testing of grant and donation income, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
VIRUNGA FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2020**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London, UK

Date: 20th December 2021

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted funds	Endowment and Restricted Funds	2020	2019 (as restated)
		\$	\$	\$	\$
Income from:					
Grants and donations	2	3,837,630	25,090,972	28,928,602	21,523,072
Income from charitable activities	3	492,015	-	492,015	2,177,305
Other trading activities	4	5,521,637	-	5,521,637	3,018,748
Investment income		<u>217,094</u>	<u>-</u>	<u>217,094</u>	<u>20,697</u>
Total income		<u>10,068,376</u>	<u>25,090,972</u>	<u>35,159,348</u>	<u>26,739,822</u>
Expenditure on:					
Raising funds					
- operational costs of hydro power plants	5	5,527,409	-	5,527,409	5,925,735
Charitable activities	6	<u>7,246,896</u>	<u>10,838,650</u>	<u>18,085,546</u>	<u>18,419,696</u>
Total expenditure		<u>12,774,305</u>	<u>10,838,650</u>	<u>23,612,955</u>	<u>24,345,431</u>
Net losses on investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditure)/income	7	(2,705,929)	14,252,322	11,546,393	2,394,391
Transfers between funds	16	<u>24,514,466</u>	<u>(24,514,466)</u>	<u>-</u>	<u>-</u>
Net movement in funds		21,808,537	(10,262,144)	11,546,393	2,394,391
Reconciliation of funds:					
Total funds brought forward		30,874,617	27,482,749	58,357,366	55,962,975
Total funds carried forward	16	<u>52,683,154</u>	<u>17,220,605</u>	<u>69,903,759</u>	<u>58,357,366</u>

All activities relate to continuing operations.

Included within endowments and restricted funds is \$26k relating to an endowment fund set up for Fallen Rangers (2019: \$215k).

The notes on pages 42 to 59 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019 (as restated)
		\$	\$
Fixed assets			
Intangible assets	9	1,680,389	1,951,280
Tangible assets	10	83,175,561	71,271,787
Investments	11	<u>1,390,435</u>	<u>1,390,435</u>
		86,246,385	74,613,502
Debtors: amounts falling due after more than one year	12	477,692	552,938
Current assets			
Stock		4,835,453	5,043,446
Debtors: amounts falling due within one year	13	4,285,161	5,189,144
Cash at bank and in hand		<u>6,515,577</u>	<u>4,400,929</u>
		15,636,191	14,633,519
Creditors: amounts falling due within one year	14	<u>(18,308,391)</u>	(18,109,691)
Net current (liabilities) / assets		<u>(2,672,200)</u>	<u>(3,476,172)</u>
Total assets less current liabilities		84,051,877	71,690,268
Creditors: amounts falling due after more than one year	14	(14,148,118)	(13,332,902)
Net assets		<u>69,903,759</u>	<u>58,357,366</u>
Group Funds			
Endowment funds	16	25,833	215,039
Restricted funds	16	17,194,772	27,267,710
Unrestricted funds	16	<u>52,683,154</u>	<u>30,874,617</u>
Total funds		<u>69,903,759</u>	<u>58,357,366</u>

The surplus for the financial year dealt with in the financial statements of the parent company was \$16,487,949 (2019: \$9,277,194).

The financial statements were approved and authorised by the Trustees on 20 December 2020 and signed on their behalf by:



Jan Bonde Nielsen, Chairman

The notes on pages 42 to 59 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	2019
		\$	\$
Fixed assets			
Investments	11	294,667	294,667
Debtors: amounts falling due after more than one year	12	87,745,735	70,775,557
Current assets			
Debtors: amounts falling due within one year	13	12,226,805	9,784,170
Cash at bank and in hand		<u>4,841,783</u>	<u>3,639,208</u>
		17,068,588	13,423,378
Creditors: amounts falling due within one year	14	<u>(15,846,688)</u>	<u>(13,163,799)</u>
Net current assets		<u>1,221,900</u>	<u>259,579</u>
Creditors: amounts falling due after more than one year	14	(3,719,835)	(2,275,285)
Net assets		<u>85,542,467</u>	<u>69,054,518</u>
Charity Funds			
Endowment funds	16	25,833	215,039
Restricted funds	16	35,422,127	21,443,482
Unrestricted funds	16	<u>50,094,506</u>	<u>47,395,997</u>
Total funds		<u>85,542,467</u>	<u>69,054,518</u>

The surplus for the financial year dealt with in the financial statements of the parent company was \$16,487,949 (2019: \$9,277,194).

The financial statements were approved by the Trustees on 20 December 2020 and signed on their behalf, by:



Jan Bonde Nielsen, Chairman

The notes on pages 42 to 59 form part of these financial statements

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020	<i>2019</i> <i>(as restated)</i>
		\$	\$
Cash flows from operating activities:			
Net cash provided by operating activities	18	16,455,880	8,663,333
Cash flows from investing activities:			
Interest received		217,094	20,697
Purchase of intangible fixed assets		(394,617)	(770,355)
Purchase of tangible fixed assets		(15,173,703)	(13,798,517)
Purchase of investments		-	(348,230)
Net cash used in investing activities		<u>(15,351,226)</u>	<i><u>(14,896,405)</u></i>
Cash flows from financing activities:			
Repayments of borrowings		(3,498,002)	(366,581)
Cash inflows from new borrowing		<u>4,644,550</u>	<i><u>3,444,550</u></i>
Net cash provided by financing activities		<u>1,146,548</u>	<i><u>3,077,969</u></i>
Change in cash and cash equivalents in the year		2,251,202	<i>(3,155,103)</i>
Cash and cash equivalents brought forward		<u>2,380,730</u>	<i><u>5,538,833</u></i>
Cash and cash equivalents carried forward	19	<u>4,634,932</u>	<i><u>2,383,730</u></i>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company has adapted its balance sheet, as permitted by the regulations, to show debtors greater than one year as a separate line and not within current assets.

Virunga Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. No separate SOFA has been presented for the company alone as permitted by section 408 of the Companies Act 2006.

1.2 Going concern

Virunga Foundation operates in North Kivu, a region with very high inherent risks, specifically; physical security, political uncertainty, serious public health issues and geological threats of volcanic eruption and earthquakes. The combination of these risks regularly places unforeseen demands on the Group and its staff to react immediately in order to preserve lives. Unpredictable events therefore occur which create resource demands, as well as reducing income generating activities.

The operating risk environment of Virunga Foundation is recognised as one of the most challenging in the world and as such there are multiple risks outside the control of the Group, which the mitigations for are necessarily limited.

The physical and political risk environments overlap and interact with the financial and funding risk environments. Virunga Foundation is highly dependent on a limited number of large grants to fund its operations, which creates a material level of uncertainty on the organisation's capacity to deliver on all planned activities. The timing of the initial receipt of these grants and subsequent tranches, is critical in ensuring there is adequate funding to support operations and to maintain ongoing operations, as well as to enable the implementation of key projects.

While the forecast level of grants and other income is considered adequate to fund operational requirements for the coming two years, or more, the timing of finalisation of agreements and receipt of funds can pose significant challenges for the Charity in terms of cash flow.

The lack of any material free reserves is recognised as an ongoing challenge in addressing cash flow risks and for this reason, there is a focus on the generation of unrestricted income from among others, the sale of sustainably generated electricity. However, to date, unrestricted income has been allocated to fund ongoing operations. The creation of reserves remains a priority for the Board.

In order to manage these ongoing challenges, detailed cash flow projections are maintained, and updated weekly, to provide management with an oversight of the current funding needs in relation to projected funding receipts.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1.2 Going concern (continued)

Management has also developed contingency plans identifying where expenditure can be reduced should projected income targets not be met. While reduction in planned expenditure would impact on planned development objectives, management is confident it would be able to maintain core operations and ensure the viability of the Foundation.

The Trustees are therefore satisfied that in most scenarios the Group will have sufficient funds to continue with its operations for the foreseeable future, being the period of at least twelve months from the date of approval of these financial statements and therefore it is appropriate to prepare these financial statements on the going concern basis.

However, there are inherent uncertainties in the operating context of the Group which may impact the Group's ability to raise funds and generate revenue, to mitigate sufficiently the impact of events arising from those uncertainties. These circumstances represent a material uncertainty that may raise doubt on the company's ability to continue as a going concern.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Virunga Foundation and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

1.4 Group status

The company is a company limited by guarantee. The members of the company are certain of the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 in total.

1.5 Reporting Currency

The functional and reporting currency used by the charity and group is United States Dollars and hence these accounts are reported in this currency.

1.6 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

VIRUNGA FOUNDATION
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1. Accounting Policies (continued)

1.7 Incoming resources

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.8 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters.

Charitable activities and Governance costs are costs incurred on the company's operations, including support costs and costs relating to the governance of the company apportioned to charitable activities.

1.9 Tangible fixed assets and depreciation

Expenditure on capital items for the parent charity is generally written off to the SOFA on the basis that the items acquired/constructed are for the benefit of the community/specific project and therefore they will not generate any future economic benefit for the charity.

1.10 Tangible fixed assets and depreciation (continued)

Tangible fixed assets in respect of the subsidiary entities are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	0-5% straight line
Plant, machinery and equipment	-	4% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	20-33% straight line
Other fixed assets	-	20% straight line

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1. Accounting Policies (continued)

1.11 Investments

Investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of Financial Activities.

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are valued at cost less provision for impairment.
- (ii) **Social investments**
Social investments are initially recognised at cost, with the carrying amount adjusted each year to reflect additional amounts invested, any repayments and accrued interest, and are assessed for impairment on an annual basis.

1.12 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the Bank.

1.13 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.14 Cash at Bank and In hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.15 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.16 Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

VIRUNGA FOUNDATION
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1. Accounting Policies (continued)

1.17 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

1.18 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

1.19 Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

1.20 Stocks

Stocks represents parts and consumables held in respect of the hydropower stations, and has been valued at cost.

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2. Voluntary income

	Restricted and Endowment funds 2020 \$	Unrestricted funds 2020 \$	Total funds 2020 \$	Total funds 2019 \$
Donations	916,234	1,460,634	2,376,868	1,486,284
Grants	<u>24,174,738</u>	<u>2,376,996</u>	<u>26,551,734</u>	<u>20,036,788</u>
	<u>25,090,972</u>	<u>3,837,630</u>	<u>28,928,602</u>	<u>21,523,072</u>

In 2019, of the total income from donations and legacies, \$1,217,264 was to unrestricted funds and \$20,305,808 was to restricted funds.

3. Incoming resources from charitable activities

	Restricted funds 2020 \$	Unrestricted funds 2020 \$	Total funds 2020 \$	Total funds 2019 \$
Tourism income	-	188,298	188,298	732,811
Lodge income	-	224,793	224,793	1,121,088
Other income	<u>-</u>	<u>78,924</u>	<u>78,924</u>	<u>323,406</u>
	<u>-</u>	<u>492,015</u>	<u>492,015</u>	<u>2,177,305</u>

In 2019, of the total other incoming resources, \$2,177,305 was to unrestricted funds and \$nil was to restricted funds.

4. Trading income

	Restricted funds 2020 \$	Unrestricted funds 2020 \$	Total funds 2020 \$	Total funds 2019 \$
Royalty income	-	52,310	-	41,916
Provision of electricity	-	5,423,345	-	2,822,719
Rent received and other trading income	<u>-</u>	<u>45,982</u>	<u>-</u>	<u>154,113</u>
	<u>-</u>	<u>5,521,637</u>	<u>-</u>	<u>3,018,748</u>

In 2019, of the total income from other trading activities, \$3,018,748 was to unrestricted funds and \$nil was to restricted funds.

VIRUNGA FOUNDATION
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5. Hydro power plant operational costs

	Staff costs 2020 \$	Other direct costs 2020 \$	Total funds 2020 \$	Total funds 2019 (as restated) \$
Hydro power plant operational costs	<u>3,775,269</u>	<u>1,752,140</u>	<u>5,527,409</u>	<u>5,925,735</u>

In 2019, of the total expenditure on raising funds, \$5,925,735 was for unrestricted funds and \$nil was for restricted funds.

6. Analysis of expenditure on charitable activities

	Staff costs 2020 \$	Other direct costs 2020 \$	Support costs 2020 \$	Total 2020 \$	Total 2019 \$
Agriculture and development	690,553	1,394,260	6,550	2,091,363	2,000,393
Protection of Virunga National Park	8,579,823	7,335,634	50,005	15,965,462	16,318,116
Raising awareness	-	28,631	90	28,721	101,817
	<u>9,270,376</u>	<u>8,758,525</u>	<u>56,645</u>	<u>18,085,546</u>	<u>18,419,696</u>

In 2019, of the total expenditure, \$10,068,003 was expenditure from unrestricted funds and \$13,565,630 was expenditure from restricted funds.

Included in support costs are foreign exchange gains of \$3,837 (2019: losses of \$105,375) and governance costs of \$60,482 (2019: \$63,200).

7. Net incoming resources

This is stated after charging:

	2020 \$	2019 \$
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	41,075	37,040
Fees payable to the company's auditor and its associates in respect of:		
- The audit of subsidiaries of the company	26,177	23,376
- Non-audit services	18,811	23,214
Depreciation of tangible fixed assets owned by the charitable group	2,818,334	3,282,726
Amortisation of intangible fixed assets owned by the charitable group	561,588	636,770

During the year, no Trustees received any remuneration for their services as a trustee (2019: \$Nil).

During the year, no Trustees received any benefits in kind (2019: \$Nil). No Trustee received reimbursement of expenses in the current year (2019: One Trustee - \$2,759). Other transactions with Trustees are detailed in Note 20.

VIRUNGA FOUNDATION
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8. Staff costs

Staff costs were as follows:

	2020	<i>2019</i>
	\$	\$
Wages and salaries	<u>13,045,645</u>	<i><u>12,124,040</u></i>

The average number of persons employed by the company during the year was as follows:

	2020	<i>2019</i>
	No	<i>No</i>
Charitable activities	489	<i>383</i>
Hydropower	<u>247</u>	<i><u>307</u></i>
	736	<i>690</i>

Staff costs above are inclusive of amounts paid by the Charity to the Park Rangers, who are employed by ICCN (the DRC governmental department in charge of the Park). As they are not employees of the Charity the Rangers are not included in the average number of staff figures above.

The number of higher paid employees was:

	2020	<i>2019</i>
	No	<i>No</i>
In the band £60,001 - £70,000 (\$76,635 - \$89,406)	1	<i>-</i>
In the band £70,001 - £80,000 (\$89,407 - \$102,179)	1	<i>1</i>
In the band £80,001 - £90,000 (\$102,180 - \$114,951)	1	<i>2</i>
In the band £90,001 - 100,000 (\$114,952 - \$127,723)	2	<i>1</i>

The key management personnel of the charity comprise the trustees and the senior management team. The total amount of employee benefits received by the senior management team for their services to the charity was \$1,234,256 (2019: \$1,118,368). The trustees receive no remuneration or benefit from the charity for acting as trustees.

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9. Intangible fixed assets

Group	Computer software \$	Other fixed assets \$	Total \$
Cost			
At 1 January 2020	857,188	2,287,470	3,144,658
Additions	209,048	185,569	394,617
At 31 December 2020	<u>1,066,236</u>	<u>2,473,039</u>	<u>3,539,275</u>
Depreciation			
At 1 January 2020	134,966	1,058,411	1,193,377
Charge for the year	72,118	593,391	665,509
At 31 December 2020	<u>207,084</u>	<u>1,651,802</u>	<u>1,858,886</u>
Net book value			
At 31 December 2020	<u>859,152</u>	<u>821,237</u>	<u>1,680,389</u>
At 31 December 2019	<u>722,222</u>	<u>1,229,059</u>	<u>1,951,281</u>

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10. Tangible fixed assets

Group	Land and buildings \$	Plant and machinery \$	Motor vehicles \$	Computer equipment \$	Other fixed assets \$	Total \$
Cost						
At 1 January 2020	48,226,425	28,787,585	5,366,085	390,275	150,495	82,920,865
Foreign exchange movements	(32,601)	(208)	-	(186)	-	(32,995)
Additions	<u>14,205,521</u>	<u>954,726</u>	<u>5,275</u>	<u>8,181</u>	<u>-</u>	<u>15,173,703</u>
At 31 December 2020	<u>62,399,345</u>	<u>29,742,103</u>	<u>5,371,360</u>	<u>398,270</u>	<u>150,495</u>	<u>98,061,573</u>
Depreciation						
At 1 January 2020	2,846,268	4,490,339	3,842,864	282,086	150,495	11,612,052
Foreign exchange movements	4,305	(172)	-	(102)	-	4,031
Charge for the year	<u>1,162,951</u>	<u>1,408,003</u>	<u>656,077</u>	<u>42,898</u>	<u>-</u>	<u>3,269,929</u>
At 31 December 2020	<u>4,013,524</u>	<u>5,898,170</u>	<u>4,498,941</u>	<u>324,882</u>	<u>150,495</u>	<u>14,886,012</u>
Net book value						
At 31 December 2019	<u>45,343,251</u>	<u>24,297,210</u>	<u>1,523,221</u>	<u>108,105</u>	<u>-</u>	<u>71,271,787</u>
At 31 December 2020	<u>58,385,821</u>	<u>23,843,933</u>	<u>872,419</u>	<u>73,388</u>	<u>-</u>	<u>83,175,561</u>

Included in the above are fixed assets under the course of construction of \$9,106,409 (2019: \$26,573,270).

Included in land and buildings is freehold land at cost of \$886,514 (2019: \$886,514) which is not depreciated.

Company	Motor Vehicles \$	Other fixed assets \$	Total \$
Cost			
At 1 January 2020 and 31 December 2020	<u>549,905</u>	<u>150,495</u>	<u>700,400</u>
Depreciation			
At 1 January 2020 and 31 December 2020	<u>549,905</u>	<u>150,495</u>	<u>700,400</u>
Net book value			
At 31 December 2019 and 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>

VIRUNGA FOUNDATION
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11. Fixed asset investments

Group	Other investments \$
Cost	
At 1 January 2020	1,390,435
Foreign exchange movement	-
Purchases	-
At 31 December 2020	<u><u>1,390,435</u></u>

Group investments at cost comprise:

	2020 \$	2019 \$
Listed investments at market value	73	73
Other fixed asset investments	1,390,362	1,390,362
	<u><u>1,390,435</u></u>	<u><u>1,390,435</u></u>

All the other fixed asset investments are held in Belgium by Virunga SRL, the fully owned subsidiary of Virunga Foundation.

	Shares in group undertakings \$
Company	
Cost	
At 1 January 2020 and 31 December 2020	<u><u>294,667</u></u>

Company investments at cost comprise:

	2020 \$	2019 \$
Investment in subsidiaries	<u><u>294,667</u></u>	<u><u>294,667</u></u>

Details of the principal subsidiaries and associates can be found under note number 21.

VIRUNGA FOUNDATION
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12. Debtors due after more than one year

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deferred tax asset	477,692	552,938	-	-
Virunga SRL	-	-	1,692,844	1,700,081
Virunga Energies SAU	-	-	86,052,891	69,075,476
	<u>477,692</u>	<u>552,938</u>	<u>87,745,735</u>	<u>70,775,557</u>

The movement in value for the year was as follows:

	\$
Value at 1 January 2020	70,775,557
Additional loans	12,435,746
Repayments	(92,241)
Accrued interest	4,626,673
Value at 31 December 2020	<u>87,745,735</u>

13. Debtors

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Due within one year				
Trade debtors	1,146,723	357,489	-	-
Amounts owed by group undertakings	-	-	9,118,059	9,161,401
Other debtors	473,063	4,632,154	444,193	447,668
Prepayments and accrued income	2,665,374	199,501	2,664,553	175,101
	<u>4,285,161</u>	<u>5,189,144</u>	<u>12,226,805</u>	<u>9,784,170</u>

14. Creditors:
Amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Bank loan and overdrafts	2,378,561	2,383,670	-	-
Other loans	2,200,000	2,000,000	2,200,000	2,000,000
Trade creditors	2,528,177	1,642,054	512,796	731,303
Other taxation and social security	90,897	1,132,586	90,769	131,770
Other creditors	103,140	172,552	88,257	25,600
Accruals and deferred income	12,961,036	10,778,830	12,954,865	10,275,126
	<u>18,308,391</u>	<u>18,109,691</u>	<u>15,846,688</u>	<u>13,163,799</u>

VIRUNGA FOUNDATION
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14. Creditors (continued):

Amounts falling due after one year

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deferred income	-	-	-	-
Other loans	3,719,835	2,275,285	3,719,835	2,275,285
Bank loans	10,428,283	11,057,617	-	-
	<u>14,148,118</u>	<u>13,332,902</u>	<u>3,719,835</u>	<u>2,275,285</u>
Analysis of loans -				
Amounts falling due within 1-2 years	537,744	497,916	-	-
Amounts falling due within 2-5 years	13,610,374	6,140,727	3,719,835	1,137,643
Amounts falling due after more than 5 years	-	6,694,259	-	1,137,642
	<u>14,148,118</u>	<u>13,332,902</u>	<u>3,719,835</u>	<u>2,275,285</u>

Bank and other loans comprise the following -

- A \$9m loan from CDC repayable over the period ending 31 December 2025. Interest is charged at 5% per annum interest plus an additional 1% per annum commitment fee interest.
- A \$2.5m loan from Illeros Limited repayable over the period ending 31 December 2025. Interest is charged at 2% per annum.
- A \$2.2m bridging loan from the World We Want Foundation repayable over the period ending 31 December 2022. Interest is charged at 2% per annum.
- A \$3.7m loan from Schmidt Family Foundation repayable over the period ending 31 December 2025. Interest is charged at 0.25% per annum.

Included within Other Loans is a loan of \$2.2m from World We Want. On 24 May 2021 following the volcanic eruption the Board of World We Want agreed to convert \$1m of the loan to a grant.

Virunga Foundation has also provided a guarantee to Equity Bank in respect of development loans previously issued by Virunga Developments which were purchased by Equity Bank in 2020. At 31 December 2020 the guaranteed amounted to \$321k, for which a corresponding amount is held in a separate bank account.

15. Deferred taxation

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
At beginning of year	552,938	656,842	-	-
Added/(released) during the year (P&L)	(75,246)	(103,904)	-	-
At end of year	<u>477,692</u>	<u>552,938</u>	<u>-</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accelerated capital allowances	<u>477,692</u>	<u>552,938</u>	<u>-</u>	<u>-</u>

VIRUNGA FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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16. Statement of funds

	Brought forward \$	Income \$	Expenditure \$	Transfers in/out \$	Carried forward \$
Unrestricted funds					
General funds	<u>30,874,617</u>	<u>10,068,376</u>	<u>12,774,305</u>	<u>24,514,466</u>	<u>52,683,154</u>
Restricted funds					
Protection of Virunga National Park	537,531	9,064,698	8,568,563	-	1,033,666
Agriculture and development	156,909	8,978,669	2,080,881	-	7,054,697
Hydro power plant construction	<u>26,573,270</u>	<u>7,047,605</u>	<u>-</u>	<u>(24,514,466)</u>	<u>9,106,409</u>
	<u>27,267,710</u>	<u>25,090,972</u>	<u>10,649,444</u>	<u>(24,514,466)</u>	<u>17,194,772</u>
Expendable endowment funds					
Fallen rangers fund	<u>215,039</u>	<u>-</u>	<u>189,206</u>	<u>-</u>	<u>25,833</u>
Total Restricted and Endowment funds	<u>27,482,749</u>	<u>25,090,972</u>	<u>10,838,650</u>	<u>(24,514,466)</u>	<u>17,220,605</u>
TOTAL OF FUNDS	<u>58,357,366</u>	<u>35,159,348</u>	<u>23,612,955</u>	<u>-</u>	<u>69,903,759</u>
<i>2019 comparatives (as restated)</i>	<i>Brought forward \$</i>	<i>Income \$</i>	<i>Expenditure \$</i>	<i>Transfers in/out \$</i>	<i>Carried forward \$</i>
<i>Unrestricted funds</i>					
General funds	<u>25,792,957</u>	<u>6,434,014</u>	<u>(10,779,801)</u>	<u>9,427,447</u>	<u>30,874,617</u>
<i>Restricted funds</i>					
Protection of Virunga National Park	272,870	11,849,205	(11,584,544)	-	537,531
Agriculture and development	12,821	2,125,174	(1,981,086)	-	156,909
Hydro power plant construction	<u>29,669,288</u>	<u>6,331,429</u>	<u>-</u>	<u>(9,427,447)</u>	<u>26,573,270</u>
	<u>29,954,979</u>	<u>20,305,808</u>	<u>(13,565,630)</u>	<u>(9,427,447)</u>	<u>27,267,710</u>
<i>Expendable endowment funds</i>					
Fallen rangers fund	<u>215,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,039</u>
<i>Total Restricted and Endowment funds</i>	<u>30,170,018</u>	<u>20,305,808</u>	<u>(13,565,630)</u>	<u>(9,427,447)</u>	<u>27,482,749</u>
<i>Total of funds</i>	<u>55,962,975</u>	<u>26,739,822</u>	<u>(24,345,431)</u>	<u>-</u>	<u>58,357,366</u>

VIRUNGA FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

16. Statement of funds (continued)

UNRESTRICTED FUNDS

The unrestricted funds in these consolidated accounts are, as can be seen above, an amalgamation of the individual charity's unrestricted funds surplus and the trading losses of its subsidiaries. This is the third year of the subsidiaries and all continued to incur certain levels of set up and administration costs as a result. The subsidiaries are also to a large extent funded this year by loan funding from the charity's supporters rather than donations etc. which means there is less income available to cover these costs. However, future income is expected to cover these losses in the future.

RESTRICTED FUNDS

- 1) **Agriculture and development** – This consists of funding received for agricultural development around the Park, including the construction of feeder roads and cold storage facilities, as well as facilities to produce and sell, amongst others, coffee, chocolate and chia seeds.
- 2) **Protection of Virunga National Park (PVNP)** -This consists of protecting and conserving the wildlife and natural resources of the Virunga National Park and emergency support for rangers by means of providing food and shelter to Park rangers and their families who have been displaced by the current civil conflict in the Democratic Republic of Congo. Another part is the charity developing their websites for marketing purposes to increase public awareness and online donation income.
- 3) **Hydro Power Plants** - Funding was received for the design and building of hydro power plants to provide electricity to villages surrounding Virunga National Park. Transfers from the fund during the year relate to the completed hydro power plants being transferred into unrestricted funds as the restriction on the associated income has been extinguished.

ENDOWMENT FUNDS

Fallen Ranger fund – an expendable endowment created to secure the future of the rangers and their families for years to come. Fallen rangers leave behind families who relied on them as the main breadwinners, and an injured ranger poses a financial burden on a family. The fund will be used to not only pay for pensions for those widows and retired rangers, but also help pay for medical treatment for rangers injured in the line of duty.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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17. Analysis of net assets between funds

	Endowment funds 2020 \$	Restricted funds 2020 \$	Unrestricted funds 2020 \$	Total funds 2020 \$
Intangible fixed assets	-	-	1,680,389	1,680,389
Tangible fixed assets	-	9,106,409	74,069,152	83,175,561
Fixed asset investments	-	-	1,390,435	1,390,435
Debtors due after more than 1 year	-	-	477,692	477,692
Net current assets / (liabilities)	25,833	8,088,363	(10,786,396)	(2,672,200)
Creditors due in more than one year	-	-	(14,148,118)	(14,148,118)
	<u>25,833</u>	<u>17,194,772</u>	<u>52,683,154</u>	<u>69,903,759</u>
<i>As restated</i>	<i>Endowment funds 2019 \$</i>	<i>Restricted funds 2019 \$</i>	<i>Unrestricted funds 2019 \$</i>	<i>Total funds 2019 \$</i>
Intangible fixed assets	-	-	1,951,280	1,951,280
Tangible fixed assets	-	26,573,270	44,698,517	71,271,787
Fixed asset investments	-	-	1,390,435	1,390,435
Debtors due after more than 1 year	-	-	552,938	552,938
Net current assets / (liabilities)	215,039	694,440	(4,385,651)	(3,476,172)
Creditors due in more than one year	-	-	(13,332,902)	(13,332,902)
	<u>215,039</u>	<u>27,267,710</u>	<u>30,874,617</u>	<u>58,357,366</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 \$	2019 (as restated) \$
Net income for the year (as per Statement of financial activities)	11,546,393	2,394,391
Adjustment for:		
Investment income	(217,094)	(20,697)
Depreciation of tangibles fixed assets	3,269,929	3,282,726
Amortisation of intangible fixed assets	665,509	636,770
Servicing of finance	-	51,800
(Increase)/decrease in stock	207,393	(1,775,455)
(Decrease)/increase in debtors	847,343	3,545,223
Increase in creditors	135,807	548,575
Net cash provided by operating activities	<u>16,455,880</u>	<u>8,663,333</u>

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19. Analysis of cash and cash equivalents

	2020 \$	2019 \$
Cash in hand	6,515,577	4,400,929
Bank overdraft	<u>(1,880,645)</u>	<u>(2,017,199)</u>
Total	<u>4,634,932</u>	<u>2,383,730</u>

20. Analysis of changes in net debt

	At 1 January 2020 \$	Cash flows \$	Other non-cash changes \$	At 31 December 2020 \$
Cash and cash equivalents				
Cash in hand	4,400,929	2,114,648	-	6,515,577
Bank overdraft	(2,017,199)	136,554	-	(1,880,645)
	2,383,730	2,251,202	-	4,634,932
Borrowings				
Debt due within one year	(2,366,471)	(166,471)	(164,974)	(2,697,916)
Debt due after one year	(13,332,902)	(980,303)	165,087	(14,148,118)
	(15,699,373)	(1,146,774)	113	(16,846,034)
TOTAL	(13,315,643)	<u>1,104,428</u>	<u>113</u>	<u>(12,211,102)</u>

21. Related party transactions

In order to fulfil VF's mandate as manager of Virunga National Park, Emmanuel de Merode has been appointed as a director of the Virunga Park (in which role he is sworn in as a Public official), which is separate from his role as CEO of the Charity.

Emmanuel holds a senior rank within the ICCN as Park Director in order to be able to command the Rangers, as well as being the CEO of VF. The Rangers, who Emmanuel oversees in his role as Park Director, are fundamental to the protection of the Park, as well as to the provision of security to the civilian population living in the vicinity of the Park, and to the staff and operations of VF. Though not a financial transaction, as no remuneration is provided by ICCN, this related party relationship is highlighted due to its significance for the operation of VF. In the event of conflicts arising from holding these two roles, Emmanuel will recuse himself from any discussions.

During the year transactions with the following related parties occurred:

Virunga SRL	-	Wholly owned subsidiary of VF
Virunga Energies SAU	-	Wholly owned subsidiary of Virunga SRL
Virunga Productions C.I.C.	-	Wholly owned subsidiary of VF
Virunga Development SARL	-	Wholly owned subsidiary of Virunga SRL
Virunga Fund Inc.	-	Sister company
Violet Films Limited	-	Company controlled by J Natasegara

The charity is the only subscriber and a director of the social enterprise - Virunga Productions C.I.C.

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21. Related party transactions (continued)

The charity has a relationship with Virunga Fund Inc. (VFI), a US based 'Not-for-Profit' organisation whereby it runs projects that are sponsored by funding awarded to VFI. The two work in partnership to achieve their objectives which are similar in nature and focus on supporting and protecting the Virunga National Park.

During the year, Virunga Foundation provided Virunga SRL with further funding to cover running costs and paid for expenses on its behalf amounting to \$nil (2019 - \$4,077) and provided Virunga Development SARL with further funding to cover running costs amounting to \$37,450 (2019 - \$ nil).

During the year, Virunga Foundation has advanced short term loan and paid for expenses on behalf of Virunga Energies SAU amounting to \$195,567 (2019 - \$265,470). An amount of \$6,949,096 (2019 - \$6,753,529) was outstanding at the year end.

Virunga Foundation has advanced a long term loan to Virunga Energies SAU. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$4,541,669 (2019 - \$3,597,506). Additional funds of \$12,435,745 were loaned during the period.

Virunga Foundation has advanced a long term loan to Virunga SRL. The main terms of this loan are that interest will be paid on an annual basis, with capital repayment only required if the conditions regarding repayment occur. Interest is accruing at 6% per annum on this loan and interest received in the year amounted to \$141,675 (2019 - \$125,995).

During the year and included in the accounts, a further loan of \$47,519 was advanced to Virunga Productions C.I.C., to fund media related costs. Repayment is only required if the conditions regarding repayment occur.

During the year Virunga Foundation received a total of \$181,000 (2019: \$1,268,904) from VFI for various projects.

During the year Violet Films Limited provided professional media services to Virunga Productions CIC amounting to \$33,590 (2019: \$56,000). Violet Films is a company controlled by J. Natasegara, a Trustee of Virunga Foundation. The payment is authorised under the Charity's governing document.

During the year Jan Bonde Nielsen made payments of \$74,878 to a consultant on behalf of the Virunga Foundation for fundraising consultancy services. The consultancy engaged Birgitte Kleftakis, a daughter of Jan Bonde Nielsen, for which she received \$7,702.

Jan Bonde Nielsen is a Trustee of Farm Africa. During the year payments of \$193,749 were made to Farm Africa in respect of consultancy services provided for the Virunga coffee programme. \$68,843 was outstanding at the year end.

At the year end the following amounts were due from/(to) the related parties:

	2020	2019
	\$	\$
Virunga SRL – long term loan	1,692,844	1,700,081
Virunga Energies SAU – long term loan	86,052,891	69,075,476
Virunga Development SARL	498,806	756,785
Virunga Productions C.I.C	479,044	431,525
Virunga SRL – short term loan	1,191,112	1,219,562

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21. Principal subsidiaries, joint ventures and associates

a. Principal subsidiaries

Company name	Registered Office	Percentage Shareholding
Virunga Productions CIC	United Kingdom	100%
Virunga SRL	Belgium	100%
Virunga Energies SAU*	Democratic Republic of Congo	100%
Virunga Development SARL*	Democratic Republic of Congo	100%

*held through Virunga SRL

b. Other participating interests

Company name	Country	Percentage Shareholding
Virunga Enzymes SARL*	Democratic Republic of Congo	15%
SICOVIR SARL*	Democratic Republic of Congo	20%
Virunga Chocolat SARL*	Democratic Republic of Congo	20%

*held through Virunga SRL

22. Prior year adjustment

Following a detailed review of the stock held by Virunga Energies SAU, a small number of items were identified for which the unit price held was incorrect. On investigation, this issue dated back to at least 31 December 2018. Accordingly, stock has been recalculated at 1 January 2019 and 31 December 2019, and a prior year adjustment made in the financial statements.

The impact on the opening unrestricted funds as at 1 January 2019 and the closing unrestricted funds as at 31 December 2019 is as follows:

	2019	Adjustment	Restated 2019
	\$	\$	\$
Opening unrestricted funds	27,328,843	(1,535,886)	25,792,957
Net income	3,106,189	(711,798)	2,394,391
Closing unrestricted funds	33,122,301	(2,247,684)	30,874,817

23. Post balance sheet events

On 15 December 2021 Virunga Foundation entered into a financing agreement with CDC for a new loan facility of \$10.3m. The loan is repayable over 10 years with interest charged at a rate of 6% per annum.