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CHARITY NO. 1111806

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

Contents

Chairman's Report.....	2
Legal and Administrative Details	4
Trustees' Report.....	5
Structure, Governance and Management	5
Governance	8
Public Benefit	10
Conservation.....	12
Security / Rule of Law & Human Rights	14
Sustainable Development & Poverty reduction	16
Fundraising	21
Risk Management	23
Financial Review	25
Trustees' Responsibilities Statement	30
Independent Auditor's Report.....	31
Consolidated Statement of Financial Activities	35
Consolidated Balance Sheet	36
Company Balance Sheet.....	37
Consolidated Cash Flow Statement	38
Notes to the financial statements.....	39

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

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.

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

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.

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

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.

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

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.

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

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.

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

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.

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

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.

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

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).

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

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.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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

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 reed buck, (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.

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

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.

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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 Lulimbu 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.

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

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 their 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.

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

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

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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

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 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.

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

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.

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

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:

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

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.

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

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.

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

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.

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

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 into 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.

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

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.

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

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 2023

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.

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

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.

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

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	<i>2,197,644</i>
Protection of Virunga National Park	8,620,847	10,929,401	308,024	19,858,272	<i>21,942,876</i>
Raising awareness	-	-	-	-	<i>6,060</i>
	<u>9,547,389</u>	<u>13,820,230</u>	<u>368,799</u>	<u>23,736,418</u>	<i><u>24,146,580</u></i>

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	<i>42,919</i>
Fees payable to the company's auditor and its associates in respect of:		
- The audit of subsidiaries of the company	-	<i>23,050</i>
- Non-audit services	-	<i>17,596</i>
Depreciation of tangible fixed assets owned by the charitable group	5,126,432	<i>4,129,528</i>
Amortisation of intangible fixed assets owned by the charitable group	223,700	<i>186,486</i>

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.

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

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	<i>507</i>
Other trading activities	135	<i>95</i>
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	<i>2</i>
In the band £70,001 - £80,000 (\$87,066 - \$99,502)	0	<i>1</i>
In the band £80,001 - £90,000 (\$99,504 - \$111,940)	1	<i>0</i>
In the band £90,001 - £100,000 (\$111,941 - \$124,378)	0	<i>0</i>
In the band £100,001 - £110,000 (\$124,379 - \$136,816)	0	<i>0</i>
In the band £110,001 - £120,000 (\$136,817 - \$149,253)	0	<i>0</i>
In the band £120,001 - £130,000 (\$149,255 - \$161,691)	1	<i>1</i>

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.

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

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>

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

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.

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

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.

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

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>

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

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.

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

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>

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

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

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

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>

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

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	(14,939,677)	8,026,902
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	-	-
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	-	-	-	-
	19,291,659	(12,388,148)	-	6,903,511
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)
	(25,228,416)	1,283,956	(248,572)	(24,193,032)
TOTAL	<u>(5,936,757)</u>	<u>(11,104,192)</u>	<u>(248,572)</u>	<u>(17,289,521)</u>

VIRUNGA FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
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
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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
(A COMPANY LIMITED BY GUARANTEE)
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