# INDONESIAN INTERNATIONAL EDUCATION FOUNDATION

## FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019 AND FOR THE YEAR THEN ENDED WITH INDEPENDENT AUDITOR'S REPORT

**INDONESIAN INTERNATIONAL EDUCATION FOUNDATION**
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Indonesian International Education Foundation

**MANAGEMENT BOARD's STATEMENTS**
**OF RESPONSIBILITIES ON**
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**
**DECEMBER 31, 2019**
**INDONESIAN INTERNATIONAL EDUCATION FOUNDATION (IIEF)**

We, the undersigned below, :

| | | | |
|---|---|---|---|
| 1. | Name | : | Diana Kartika Jahja |
| | Office Address | : | Menara Imperium Lt 28 Suite C |
| | Residential Address/in accordance with Identity Card | : | |
| | Telephone Number | : | |
| | Title | : | Director |
| 2. | Name | : | Jenny Gunawan |
| | Office Address | : | Menara Imperium Lt 28 Suite C |
| | Residential Address/in accordance with Identity Card | : | Citra Gran Blok H1 No 9 |
| | Telephone Number | : | 0878 8808 9999 |
| | Title | : | Treasurer |

declare that :

1. We are responsible for the preparation and presentation of **Indonesian International Education Foundation (IIEF)**'s Financial Statements for the year ended December 31, 2019.
2. **Indonesian International Education Foundation (IIEF)**'s Financial Statements have been prepared in accordance with Indonesian Financial Accounting Standards, which comprise the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants.
3. a. All information has been fully and correctly disclosed in **Indonesian International Education Foundation (IIEF)**'s Financial Statements; and
   b. **Indonesian International Education Foundation (IIEF)**'s Financial Statements do not contain materially misleading information or facts, and do not conceal any information or facts.
4. We are responsible for Indonesian International Education Foundation (IIEF)'s internal control system.

This statement has been made truthfully.

Jakarta, October 12, 2021

SEPULUH RIBU RUPIAH 10000 METERAI TEMPEL 116AJK384882190

Diana Kartika Jahja
Director

Jenny Gunawan
Treasurer

Menara Imperium, 28th Floor, Suite C
Jl. H.R. Rasuna Said Kav.1, Kuningan
Jakarta Selatan 12980 INDONESIA
T (62-21) 831-7330 (hunting) F (62-21) 831-7331
W www.iief.or.id

KANTOR AKUNTAN PUBLIK
JOHAN MALONDA MUSTIKA & REKAN
Certified Public Accountants
License No. : 951/KM.1/2010
Jl. Pluit Raya 200 Blok V No. 1-5 **Jakarta - 14440 Indonesia**
Tel. : (62-21) 661-7155 Fax. : (62-21) 663-0455
E-mail : jmjkt@johanmalonda.com www.johanmalonda.com
With Offices in **Surabaya, Medan** and **Bali**

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# INDEPENDENT AUDITOR'S REPORT

Report No. 00304/2.0826/AU.1/11/0721-2/1/X/2021

The Board of Members
**INDONESIAN INTERNATIONAL EDUCATION FOUNDATION**

We have audited the accompanying Financial Statements of the **Indonesian International Education Foundation (IIEF)**, which comprise the Statement of Financial Position as of December 31, 2019, and the Statements of Activities and Changes in Net Assets and Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements

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

**Basis for Qualified Opinion**

Our audit did not include the Foundation's taxation. Due to this limitation, we could not obtain sufficient and appropriate audit evidence. As described in Note 15, the confirmation result from the Institute of International Education differed from the Foundation's records. However, the Foundation has not reconciled such a difference.

**Qualified Opinion**

In our opinion, except for the matter described in the preceding Basis for Qualified Opinion paragraph and the impact on the Financial Statements, the Financial Statements referred to above present fairly, in all material respects, the Financial Position of the **Indonesian International Education Foundation** as of December 31, 2019 and the Statements of Activities and Changes in Net Assets and Cash Flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

**JOHAN MALONDA MUSTIKA & REKAN**
Licence No. 951/KM.1/2010

Jovita M. Lie, CPA
Public Accountant Registration AP. 0721

October 12, 2021

# INDONESIAN INTERNATIONAL EDUCATION FOUNDATION
## STATEMENTS OF FINANCIAL POSITION
## AS OF DECEMBER 31, 2019 AND 2018

### A S S E T S

| | Notes | 2019 IDR | 2019 USD | 2018 IDR | 2018 USD |
|---|---|---|---|---|---|
| **CURRENT ASSETS** | | | | | |
| Cash on Hand and in Banks | 3 | 20,079,971,290 | 1,444,498 | 13,115,248,645 | 905,687 |
| Accounts Receivable | 4 | 12,141,492,363 | 873,395 | 5,658,916,060 | 390,794 |
| Inventories | 5 | 2,130,546,842 | 153,265 | 4,874,026,782 | 336,581 |
| Prepaid Expenses | 6 | 167,628,620 | 12,059 | 362,556,975 | 25,037 |
| Refundable Deposits | 7 | 378,083,798 | 27,199 | 378,083,798 | 26,109 |
| Advances | 8 | 207,347,088 | 14,916 | 760,596,697 | 52,525 |
| Prepaid Tax | 9 | 306,163,912 | 22,024 | 138,187,159 | 9,542 |
| Total Current Assets | | 35,411,233,913 | 2,547,356 | 25,287,616,116 | 1,746,275 |
| **NON CURRENT ASSETS** | | | | | |
| Fixed Assets - Net of Accumulated Depreciation amounting to IDR 1,858,404,314 or USD 162,046 and IDR 1,591,049,769 or USD 143,848 as of December 31, 2019 and 2018, respectively | 3c& 10 | 129,922,293 | 12,513 | 397,276,838 | 30,711 |
| Total Non Current Assets | | 129,922,293 | 12,513 | 397,276,838 | 30,711 |
| **TOTAL ASSETS** | | 35,541,156,206 | 2,559,869 | 25,684,892,954 | 1,776,987 |

### CURRENT LIABILITIES AND NET ASSETS

| | | | | | |
|---|---|---|---|---|---|
| **CURRENT LIABILITIES** | | | | | |
| Taxes Payable | 11 | 1,039,893,150 | 74,807 | 278,796,044 | 19,252 |
| Accrued Expenses | 12 | 433,043,221 | 31,152 | 236,078,714 | 16,303 |
| Accounts Payable | 13 | 67,622,222 | 4,865 | 241,131,939 | 16,651 |
| Unearned Revenue | 14 | 13,071,672,513 | 940,340 | 5,761,796,380 | 397,887 |
| Accounts Payable to Institute of International Education (IIE) | 15 | 9,348,211,014 | 672,484 | 9,700,442,694 | 669,866 |
| Estimated Post-Employment Benefits | 16 | - | - | 1,235,781,054 | 85,338 |
| Total Current Liabilities | | 23,960,442,120 | 1,723,648 | 17,454,026,825 | 1,205,297 |
| **NET ASSETS** | | | | | |
| Unrestricted | 2c | 8,710,235,248 | 626,573 | 5,407,115,340 | 373,394 |
| Temporary Restricted | 2c | 2,870,478,838 | 206,494 | 2,823,750,789 | 194,997 |
| Total Unrestricted and Temporarily Restricted | | 11,580,714,086 | 833,067 | 8,230,866,129 | 568,391 |
| Difference in Foreign Currency Translation | 2d | - | 3,154 | - | 3,299 |
| Total Net Assets | | 11,580,714,086 | 836,221 | 8,230,866,129 | 571,690 |
| **TOTAL CURRENT LIABILITIES AND NET ASSETS** | | 35,541,156,206 | 2,559,869 | 25,684,892,954 | 1,776,987 |

See accompanying Notes to Financial Statements
which are an integral part of these Statements

# INDONESIAN INTERNATIONAL EDUCATION FOUNDATION
## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
## AS OF DECEMBER 31, 2019

| | Notes | 2019 | | | | | | | | | | 2018 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Restricted | | | | Unrestricted | | | | Total | | | |
| | | PRESTASI Project | | Others Temporarily Restricted | | Institutional Test Program | | IIEF | | | | | |
| | | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| **REVENUES** | | | | | | | | | | | | | |
| Institutional Test Program | | - | - | - | - | 30,841,879,251 | 2,174,739 | - | - | 30,841,879,251 | 2,174,739 | 27,266,102,844 | 1,928,023 |
| Programs | 18 | 279,128,739 | 20,076 | 9,848,382,890 | 692,522 | 18,181,822 | 1,280 | 4,267,459,415 | 300,587 | 14,413,152,866 | 1,014,465 | 24,309,923,699 | 1,819,821 |
| Administration | 19 | 1,494,103 | 105 | 5,784,946,432 | 409,020 | 1,625,317 | 117 | 1,344,582,395 | 95,389 | 7,132,648,247 | 504,631 | 8,647,889,125 | 610,801 |
| Total Revenues | | 280,622,842 | 20,181 | 15,633,329,322 | 1,101,542 | 30,861,686,390 | 2,176,136 | 5,612,041,810 | 395,976 | 52,387,680,364 | 3,693,835 | 60,223,915,669 | 4,358,645 |
| **COST OF GOOD SOLD (COGS)** | | - | - | - | - | 19,052,380,234 | 1,342,806 | - | - | 19,052,380,234 | 1,342,806 | 18,184,239,141 | 1,289,415 |
| **COST INCURRED** | | | | | | | | | | | | | |
| Program Costs | 20 | 43,715,878 | 3,098 | 8,591,747,743 | 605,885 | 168,063,441 | 11,920 | 2,055,857,456 | 144,669 | 10,859,384,518 | 765,572 | 22,350,141,260 | 1,534,956 |
| Administration Costs | 21 | 647,382,677 | 45,881 | 7,963,902,925 | 563,830 | 4,738,320,891 | 333,962 | 2,056,288,400 | 144,842 | 15,405,894,893 | 1,088,515 | 13,331,163,330 | 943,194 |
| Foreign Exchange Difference | | 27,721,588 | (836) | (7,056,651) | (9,269) | 120,554,922 | - | (353,698,729) | (36,336) | (212,478,870) | (46,441) | 76,347,069 | 184,849 |
| Fixed Fee ITP to IIE | | - | - | - | | 3,042,890,000 | 215,000 | - | - | 3,042,890,000 | 215,000 | - | - |
| Unallowable Cost | | - | - | - | - | - | - | - | - | - | - | 5,950 | - |
| Total Costs Incurred | | 718,820,143 | 48,143 | 16,548,594,017 | 1,160,446 | 8,069,829,254 | 560,882 | 3,758,447,127 | 253,175 | 29,095,690,541 | 2,022,646 | 35,757,657,609 | 2,662,999 |
| Gain (Loss) - Comprehensive | | - | - | - | - | - | - | (746,983,836) | (53,736) | (746,983,836) | (53,736) | 32,874,749 | 2,270 |
| Transfer to IIE | | - | - | - | - | - | - | - | - | - | - | (4,184,373,823) | (292,093) |
| **Changes in Net Assets before Tax** | | (438,197,301) | (27,962) | (915,264,695) | (58,904) | 3,739,476,902 | 272,448 | 1,106,610,847 | 89,065 | 3,492,625,753 | 274,646 | 2,130,519,844 | 116,408 |
| **Income Tax** | | - | - | - | - | - | - | 491,247,750 | 35,339 | 491,247,750 | 35,339 | 517,737,278 | 35,753 |
| **Changes in Net Assets after Income Tax** | | (438,197,301) | (27,962) | (915,264,695) | (58,904) | 3,739,476,902 | 272,448 | 615,363,097 | 53,726 | 3,001,378,003 | 239,307 | 1,612,782,567 | 80,656 |
| **FUND BALANCE, BEGINNING** | | 2,823,750,789 | 589,314 | - | - | - | - | 5,407,115,340 | (17,624) | 8,230,866,129 | 571,690 | 6,618,083,562 | 491,034 |
| Transfer to IIE (Unrestricted) | | - | - | 915,264,695 | 58,904 | (3,739,476,902) | (272,448) | 2,824,212,207 | 213,544 | - | - | - | - |
| Correction | 22 | 484,935,350 | 34,475 | - | - | - | - | (136,455,396) | (9,250) | 348,479,954 | 25,225 | - | - |
| Gain/Loss on Foreign Exchange Difference due to Foreign Currency Translation | | - | (389,333) | - | - | - | - | - | 386,179 | - | (3,154) | - | (3,299) |
| **FUND BALANCE, ENDING** | | 2,870,488,838 | 206,494 | - | - | - | - | 8,710,235,248 | 626,573 | 11,580,724,086 | 833,067 | 8,230,866,129 | 568,391 |

See accompanying Notes to Financial Statements
which are an integral part of these statements

# INDONESIAN INTERNATIONAL EDUCATION FOUNDATION
## STATEMENTS OF CASH FLOWS
## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Changes in Net Assets After Tax Income | 3,001,378,003 | 239,307 | 1,612,782,566 | 80,656 |
| Adjustments to Reconcile Changes in Net Assets Net Cash Provided by (Used in) Operating Activities: | | | | |
| Corrections | 348,469,954 | 25,225 | - | - |
| Depreciation Expense | 267,354,545 | 18,198 | 269,802,295 | 21,029 |
| Decrease (Increase) in: | | | | |
| Accounts Receivable | (6,482,576,303) | (482,601) | 93,727,853 | 33,820 |
| Inventories | 2,743,479,940 | 183,316 | (4,125,285,046) | (281,316) |
| Prepaid Expenses | 194,928,355 | 12,978 | (80,057,298) | (4,185) |
| Refundable Deposits | - | (1,090) | 58,808,195 | 6,139 |
| Advances | 553,249,609 | 37,609 | 569,310,651 | 45,638 |
| Prepaid Tax | (167,976,753) | (12,482) | (33,428,718) | (1,810) |
| Taxes Payable | 761,097,106 | 55,555 | (75,312,720) | (6,885) |
| Accounts Payable | (173,509,717) | (11,786) | (67,599,937) | (6,136) |
| Accrued Expenses | 196,964,507 | 14,849 | 122,148,091 | 7,893 |
| Unearned Revenues | 7,309,876,133 | 542,453 | 5,696,622,046 | 393,076 |
| Accounts Payable to Institute of International Education | (352,231,680) | 2,618 | 542,179,624 | (6,121) |
| Estimated Post-Employment Benefits | (1,235,781,054) | (85,338) | (1,670,226,574) | (129,159) |
| Net Cash Provided by Operating Activities | 6,964,722,645 | 538,811 | 2,913,471,028 | 152,639 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Acquisition of Fixed Assets | - | - | (32,460,000) | (2,361) |
| Deduction of Fixed Assets | - | - | 2,300,000 | 173 |
| Net Cash Used in Investing Activities | - | - | (30,160,000) | (2,188) |
| **NET INCREASE IN CASH ON HAND AND IN BANKS** | 6,964,722,645 | 538,811 | 2,883,311,028 | 150,451 |
| **CASH ON HAND AND IN BANKS, BEGINNING** | 13,115,248,645 | 905,687 | 10,231,937,617 | 755,236 |
| **CASH ON HAND AND IN BANKS, ENDING** | 20,079,971,290 | 1,444,498 | 13,115,248,645 | 905,687 |

See accompanying Notes to Financial Statements
which are an integral part of these Statements

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

The Indonesian International Education Foundation ("the Foundation") was established on May 1, 1992 based on Notarial Deed No. 3 of Amrul Partomuan Pohan, SH., LLM, notary in Jakarta, along with Amendment Deeds dated January 4, 2001 Nos. 1 and 2 of Suprapta, SH., the substitute notary of Amrul Partomuan Pohan, SH., LLM.

The Foundation's Articles of Association were amended to comply with Law No. 28 of 2004, pursuant to Deed of Minutes of Meeting No. 09 dated 25 April 2006, as amended by Deed No. 15 dated July 27, 2006, both prepared by Muhani Salim, SH., notary in Jakarta, as approved by the Minister of Law and Human Rights under Decision Letter No. C-HT.0.09-324 dated August 10, 2006, published in State Gazette of the Republic of Indonesia No. 83 dated October 27, 2006, Supplement No. 685.

Based on Notarial Deed No. 51 dated January 17, 2014 of Aryanti Artisari. S.H., the structure of the Foundation's Board as of December 31, 2017 is as follows:

| | | |
|---|---|---|
| Trustee Board | | |
| Chairwoman | : | Mrs. Shanti Lasminingsih |
| Members | : | Mr. Prof. Dr. Kartomo Wirosuhardjo |
| | | Mr. Sudjarwadi |
| | | Mr. Kevin P. Hangerty |
| | | Mr. Steven Duane Dorsey |
| Management Board | | |
| Chairwoman | : | Mrs. Diana Kartika |
| Treasurer | : | Mr. Yonata Mustika Syarief (Former) |
| Secretary | : | Mrs. Fenty Setiasih |
| Supervisory Board | | |
| Member | : | Mr. Jason Raymond Kelleher |

On August 2, 2018, based on Notarial Deed No. 01 of Sunarni, SH, the structure of the Foundation's Board changed as follows :

| | | |
|---|---|---|
| Trustee Board | | |
| Chairwoman | : | Mrs. Shanti Lasminingsih |
| Members | : | Mr. Sudjarwadi |
| | | Mr. Haryo Winarso |
| | | Mr. Jonah Murphy Kokodyniak |
| | | Mr. Jason Paul CZYZ |
| Management Board | | |
| Chairwoman | : | Mrs. Diana Kartika |
| Treasurer | : | Mrs. Jenny Gunawan |
| Secretary | : | Mrs. Fenty Setiasih |
| Supervisory Board | | |
| Member | : | Mr. Elton Taika |

Such changes have been approved by the Ministry of Law and Human Rights of the Republic of Indonesia in Decision Letter No. AHU-0014553.AH.01.12 Tahun 2018 dated August 16, 2018.

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

**Business Activities**

Since its establishment, the Foundation has developed expertise in four core areas: Scholarship and Fellowship Management; Capacity Development Initiatives: Services to Education; and Testing and Certification. Over the years, the Foundation has been in partnership on many programs with the Institute of International Education (IIE), a leading private non-profit institution for the international exchange of people and ideas, based in the United States of America with global network in Asia, Pacific, Europe, Africa and Middle East and North Africa (MENA).

The Foundation's office is located at Menara Imperium, 28th Floor, Suite A-B, Jln. H.R. Rasuna Said Kav. 1, Kuningan, South Jakarta, 12980 Indonesia.

The Foundation had 25 and 22 employees in 2019 and 2018, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation prepared its Financial Statements in accordance with generally accepted accounting principles applied in Indonesia. The significant accounting policies applied consistently are as follows:

### a. Basis of Preparation of the Financial Statements

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

The Financial Statements are prepared under the Accrual basis of accounting, whereby revenues and costs are recorded when incurred. The reporting currency used in the preparation of the Financial Statements is Indonesian Rupiah (IDR) which is the functional currency of the Foundation. However United States Dollar has been added in the preparation of the Financial Statements.

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

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

### b. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks, and time deposits with maturities of three months or less, whose use is not restricted and which are not pledged as collateral.

### c. Receivables

Receivables for TOEFL book sales and scoring are recognized initially at fair value and subsequently measured at amortized cost, less allowance for doubtful receivables. This allowance for doubtful accounts is established based on management's evaluation of receivable status. Accounts are written off in the period during which they are determined to be uncollectible.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### d. Advances

Advances represent advances given to employees for activities that must be settled after the activity is completed.

### e. Inventories

Inventories are stated at the lower of cost or selling price less cost to complete and sell. The Foundation uses the First-In-First-Out method.

### f. Fixed Assets

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

| | |
|---|---|
| Furniture | 25 % per annum |
| Computers | 25 % per annum |
| Vehicles | 12.5 % per annum |

The cost of ordinary repairs or maintenance is charged to expense as incurred, while improvements that increase the value (utility) and the estimated useful lives of the assets and significant renewals are capitalized. When assets are retired or otherwise disposed of, the carrying value and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the Statement of Activities and Net Assets for the year.

The Foundation prospectively adopted Statement of Financial Accounting Standard (PSAK) No. 48 (2009 Revision), "Impairment of Assets".

Based on PSAK No. 48, "Impairment of Assets", the carrying amount of assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the current year's Statement of Activities and Net Assets. The recoverable amount is the higher of the asset net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length basis net of the related expenses. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit.

### g. Estimated Post-Employment Benefits

The preparation of the Financial Statements in conformity with generally accepted accounting principles in Indonesia requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from these estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### g. Estimated Post-Employment Benefits (Continued)

The Foundation calculates estimated liabilities for employee benefits based on Government of the Republic of Indonesia Labor Law No. 13 dated March 25, 2003, regarding the settlement of employment termination and determination of severance, gratuity and compensation payments by entities. Previously, Decree of the Minister of Manpower No. 150/Men/2000 as amendment to Decree No. 03/Men/1996 was applied. Should there be any employment termination, an entity is obliged to settle any severance, gratuity and compensation payment based on the years of service of the respective employees and in accordance with the conditions stated in the Decree.

The Foundation applied PSAK No. 24 (Revised 2013), "Employee Benefits". This PSAK provides, among others, the elimination of the "corridor approach" permitted under the previous version and significant changes in the recognition, presentation and disclosure of post-employment benefits which, among others, are as follows:

- Actuarial gains and losses are now required to be recognized in other comprehensive income (OCI) and excluded permanently from profit or loss.
- Expected returns in plan assets will no longer be recognized in profit or loss. Expected returns are replaced by recognizing interest income (or expense) on the net defined benefit plan (or liability) in profit or loss, which is calculated using the discount rate used to measure the pension obligation.
- Unvested past service costs can no longer be deferred and recognized over the future vesting period. Instead, all past service cost will be recognized at the earlier of when the amendment/curtailment occurs or when.

### h. Foreign Currency Transactions and Balances

The Foundation determined that its functional currency is Indonesian Rupiah and the Foundation's books of accounts are maintained in Indonesian Rupiah and United Stated Dollar.

Transactions during the year involving foreign currencies are recorded in Indonesian Rupiah based on the Bank Indonesia monthly exchange rates determined in the beginning of the month.

Transactions involving foreign currencies are recorded into Indonesian Rupiah at the rates of exchange prevailing at the time the transactions are made.

Monetary assets and liabilities denominated in foreign currencies are translated into Indonesian Rupiah at the rates of exchange prevailing at the Statement of Financial Position date. Gain or loss on foreign exchange is recognized in the Statement of Activities for the year, except for foreign exchange difference resulting from the translation of the Foundation's Financial Statements which is presented separately as part of the Statements of Financial Position and Statements of Activities and Changes in Net Assets.

As of December 31, 2019 and 2018, the middle rates of Bank Indonesia used are IDR 13,901 and IDR 14,481 for USD 1, respectively.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### i. Transactions with Related Parties

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

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

### j. Revenue and Expense Recognition

- Revenues from the Institutional Test Program (ITP) sales are recognized when the Sales Orders are issued.
- Revenues from third parties that are reimbursable and will be paid by the Institute of International Education will be recognized as revenues and deduct the Accounts Payable to IIE.
- Revenues from third parties that have not been spent will be recorded as "Unearned Revenues".

Expenses are recorded based on the Accrual basis.

The net excess of revenues over expenses of ITP sales is recorded as Accounts Payable to the Institute of International Education.

**Temporarily Restricted Funds**

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

Funds received for limited usage as required by the contributors are presented as "Restricted Funds" in the Net Assets.

**Unrestricted Funds**

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

### k. Provision for Income Tax

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

Based on PSAK No. 46, "Accounting for Income Taxes", the Deferred Income Tax method is applied to reflect the timing differences between financial and income tax reporting purposes and accumulated fiscal losses resulting in taxable amount or deductable amount in the future calculation of fiscal gain when the carrying value of assets is recovered or when the carrying value of liabilities is settled.

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### I. Financial Instruments

**Financial Assets**

The Foundation classifies its financial assets in the following categories: (i) at fair value through profit or loss, (ii) loans and receivables, (iii) held to maturity and (iv) available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. Derivative assets are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the Statements of Financial Position at fair value with gains or losses recognized in the Statements of Activities and Changes in Net Assets.

The Foundation had no financial assets at fair value through profit or loss.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the Effective Interest Rate method less impairment. Interest is recognized by applying the Effective Interest Rate method, except for short-term receivables when the recognition of interest would be immaterial. Gains and losses are recognized in the Statements of Activities and Changes in Net Assets when the loans and receivables are derecognized or impaired, as well as through the amortization process.

The impairment loss is provided based on the review of the status of individual accounts at year-end.

The Foundation's cash on hand and in banks, accounts receivable and bank accounts were included in this category.

(iii) Held-to-Maturity (HTM) Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as HTM when the Foundation has the positive intention and ability to hold them to maturity. After initial measurement, HTM financial assets are measured at amortized cost using the Effective Interest Rate method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognized in the Statements of Activities and Changes in Net Assets when the financial assets are derecognized or impaired, as well as through the amortization process.

The Foundation had no HTM financial assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### I. Financial Instruments (Continued)

**Financial Assets (Continued)**

(iv) Available-for-Sale (AFS) Financial Assets

AFS financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, AFS financial assets are measured at fair value. Gains and losses arising from changes in fair value are recognized in the equity with the exception of impairment losses, interest calculated using the Effective Interest Rate method, and foreign exchange gains and losses on monetary assets, which are recognized in the Statements of Activities and Changes in Net Assets. Where the financial assets are disposed of or are determined to be impaired, the cumulative gain or loss previously accumulated in the equity is reclassified to the Statements of Activities and Changes in Net Assets.

The Foundation had no AFS financial assets.

**Financial Liabilities**

Financial liabilities are classified as (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities at amortized cost.

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss are financial liabilities which are held for trading. Financial liabilities are classified as held for trading if they are acquired principally for the purpose of selling or repurchasing them in the near term and for which there is evidence of a recent actual pattern on short-term profit taking.

(ii) The Foundation had no financial liabilities at fair value through profit or loss.

Financial liabilities not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost using the Effective Interest Rate method.

The Foundation's accounts payable were included in this category.

## 3. CASH ON HAND AND IN BANKS

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| **Cash on Hand** | | | | |
| Petty Cash Indonesian International Education Foundation | 324,500 | 23 | 298,700 | 21 |
| Indonesian International Education Foundation (USD) | 1,390,100 | 100 | 1,448,100 | 100 |
| Total Cash on Hand | 1,714,600 | 123 | 1,746,800 | 121 |
| **Cash in Banks** | | | | |
| **Rupiah Account** | | | | |
| Indonesian International Education Foundation | | | | |
| - Bank CIMB Niaga, Account No. 800086935900 (previously - No. 341-02-00049-00-1), Rupiah Account | 1,182,370,003 | 85,056 | 1,461,559,194 | 100,930 |
| - Bank CIMB Niaga, Account No. 800162528200 Rupiah Account | 2,349,018,998 | 168,982 | - | - |
| - PT Bank Mandiri, Tbk, Account No. 124-00-0605190-9, Rupiah Account | 3,117,116,460 | 224,237 | 895,982,914 | 61,873 |
| PRESTASI Project | | | | |
| - Bank CIMB Niaga, Account No. 800086963000, Rupiah Account | 289,523,867 | 20,828 | 289,623,618 | 20,000 |
| **US Dollar Account** | | | | |
| Indonesian International Education Foundation | | | | |
| - Bank CIMB Niaga, Account No. 800050428440 (previously - No. 173-02-00095-00-5), US Dollar Account | 8,148,604,532 | 586,188 | 6,933,655,285 | 478,810 |
| - PT Bank Mandiri, Tbk, Account No. 124-00-0678492-1, US Dollar Account | 217,203,124 | 15,625 | 225,539,000 | 15,575 |
| PRESTASI Project | | | | |
| - Bank CIMB Niaga, Account No. 800086981640, US Dollar Account | 774,419,706 | 55,710 | 807,141,834 | 55,738 |
| Total Cash in Bank | 16,078,256,690 | 1,156,626 | 10,613,501,845 | 732,926 |
| TIME DEPOSIT | | | | |
| PT Bank mandiri (Persero) Tbk No. 124.00.0605190-9 | 4,000,000,000 | 287,749 | 2,500,000,000 | 172,640 |
| Total Cash on Hand and in Banks | 20,079,971,290 | 1,444,498 | 13,115,248,645 | 905,687 |

The time deposit was placed in PT Bank Mandiri (Persero) Tbk amounting to IDR 2,500,000,000 in 2018, extended automatically for a three-month period bearing interest at 5.50% in 2018

On August 29, 2019, IIEF withdrew the time deposit at IDR 2,500,000,000 and IIEF replaced the time deposit in PT Bank Mandiri (Persero) Tbk with a nominal value of IDR 4,000,000,000. Extended automatically for a three-month period bearing interest at 6.5% in 2019.

## 4. ACCOUNTS RECEIVABLE

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Indonesian International Education Foundation | | | | |
| ITP Test and Scoring | 1,881,723,773 | 135,362 | 1,217,014,589 | 84,053 |
| Non ITP | 484,046,098 | 34,821.00 | 2,456,103,633 | 169,609 |
| IBT | 1,801,457,093 | 129,592 | 1,814,641,093 | 125,312 |
| Accounts Receivable from IIE | 7,653,206,557 | 550,550 | 154,848,085 | 10,693 |
| Others | 35,222,115 | 2,534 | 9,666,741 | 668 |
| PRESTASI Project | | | | |
| United States Agency International Development/I (USAID/I)-P2 | 285,836,727 | 20,536.00 | 6,641,919 | 459 |
| Total | 12,141,492,363 | 873,395 | 5,658,916,060 | 390,794 |

## 5. INVENTORIES

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Institutional Testing Program Books | 1,984,669,606 | 142,771 | 4,663,237,147 | 322,025 |
| Institutional Certificate | 101,887,380 | 7,329 | 132,510,417 | 9,151 |
| Toefl YSS Primary | 22,741,064 | 1,636 | 58,939,987 | 4,070 |
| Toefl YSS Junior | 21,248,792 | 1,529 | 19,339,231 | 1,335 |
| Total | 2,130,546,842 | 153,265 | 4,874,026,782 | 336,581 |

## 6. PREPAID EXPENSES

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Warehouse Rentals | 50,416,698 | 3,627 | 105,416,698 | 7,280 |
| Others | 112,190,122 | 8,071 | 165,881,866 | 11,455 |
| Health Insurance | 5,021,800 | 361 | 91,258,411 | 6,302 |
| Total | 167,628,620 | 12,059 | 362,556,975 | 25,037 |

## 7. REFUNDABLE DEPOSITS

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Office Rentals | 159,507,911 | 11,475 | 159,507,911 | 11,015 |
| Credit Card Deposits | 218,575,887 | 15,724 | 218,575,887 | 15,094 |
| Total | 378,083,798 | 27,199 | 378,083,798 | 26,109 |

Credit Card deposits represent guaranty for the CIMB Corporate Credit Card with the limits for the Managers amounting to IDR 50,000,000 and for the Director amounting to IDR 100,000,000. These deposits bore interest at 2.75% and were accumulated in the Credit Card deposits.

## 8. ADVANCES

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Staff Advances | 207,347,088 | 14,916 | 760,596,697 | 52,525 |
| Total | 207,347,088 | 14,916 | 760,596,697 | 52,525 |

## 9. PREPAID TAXES

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Tax Income Article 23 | 162,173,782 | 11,666 | 100,934,256 | 6,970 |
| VAT- in | 143,990,130 | 10,358 | 37,252,903 | 2,572 |
| Total | 306,163,912 | 22,024 | 138,187,159 | 9,542 |

## 10. FIXED ASSETS

The details as of December 31, are as follows:

| | 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Beginning Balance | | Addition | | Deduction | | Ending Balance | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| **At Cost** | | | | | | | | |
| Furniture | 152,782,085 | 18,920 | - | - | - | - | 152,782,085 | 18,920 |
| Office Equipment | 574,270,160 | 57,014 | - | - | - | - | 574,270,160 | 57,014 |
| Vehicles | 231,274,362 | 17,732 | - | - | - | - | 231,274,362 | 17,732 |
| Renovation | 1,030,000,000 | 80,893 | - | - | - | - | 1,030,000,000 | 80,893 |
| Total | 1,988,326,607 | 174,559 | - | - | - | - | 1,988,326,607 | 174,559 |
| **Accumulated Depreciation** | | | | | | | | |
| Furniture | 152,782,085 | 18,919 | - | - | - | - | 152,782,085 | 18,919 |
| Office Equipment | 505,857,827 | 51,904 | 32,445,250 | 2,293 | - | - | 538,303,077 | 54,197 |
| Vehicles | 108,409,857 | 8,312 | 28,909,295 | 2,142 | - | - | 137,319,152 | 10,454 |
| Renovation | 824,000,000 | 64,713 | 206,000,000 | 13,763 | - | - | 1,030,000,000 | 78,476 |
| Total | 1,591,049,769 | 143,848 | 267,354,545 | 18,198 | - | - | 1,858,404,314 | 162,046 |
| **Net Book Value** | 397,276,838 | 30,711 | | | | | 129,922,293 | 12,513 |

| | 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Beginning Balance | | Addition | | Deduction | | Ending Balance | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| **At Cost** | | | | | | | | |
| Furniture | 152,782,085 | 18,920 | - | - | - | - | 152,782,085 | 18,920 |
| Office Equipment | 544,110,160 | 54,826 | 32,460,000 | 2,361 | 2,300,000 | 173 | 574,270,160 | 57,014 |
| Vehicles | 231,274,362 | 17,732 | - | - | - | - | 231,274,362 | 17,732 |
| Renovation | 1,030,000,000 | 80,893 | - | - | - | - | 1,030,000,000 | 80,893 |
| Total | 1,958,166,607 | 172,371 | 32,460,000 | 2,361 | 2,300,000 | 173 | 1,988,326,607 | 174,559 |
| **Accumulated Depreciation** | | | | | | | | |
| Furniture | 152,782,085 | 18,919 | - | - | - | - | 152,782,085 | 18,919 |
| Office Equipment | 470,964,827 | 49,270 | 34,893,000 | 2,634 | - | - | 505,857,827 | 51,904 |
| Vehicles | 79,500,562 | 6,096 | 28,909,295 | 2,216 | - | - | 108,409,857 | 8,312 |
| Renovation | 618,000,000 | 48,534 | 206,000,000 | 16,179 | - | - | 824,000,000 | 64,713 |
| Total | 1,321,247,474 | 122,819 | 269,802,295 | 21,029 | - | - | 1,591,049,769 | 143,848 |
| **Net Book Value** | 636,919,133 | 49,552 | | | | | 397,276,838 | 30,711 |

Depreciation charged to activities for the years ended December 31, 2019 and 2018 amounted to IDR 267,354,545 (USD 18,198) and IDR 269,802,295 (USD 21,029), respectively.

## 11. TAXES PAYABLE

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Indonesian International Education Foundation | | | | |
| Income Tax Article 21 | 14,377,877 | 1,034 | 28,675,602 | 1,980 |
| Income Tax Article 4 (2) | 1,769,443 | 128 | 87,296,368 | 6,028 |
| Income Tax Article 23 | 9,122,692 | 656 | 10,534,221 | 727 |
| Income Tax Article 29 | 50,971,637 | 3,667 | 19,232,859 | 1,328 |
| PRESTASI Project | | | | |
| Income Tax Article 23 | 1,573,498 | 113 | 1,571,486 | 109 |
| VAT Out | 962,078,003 | 69,209 | 131,485,508 | 9,080 |
| Total | 1,039,893,150 | 74,807 | 278,796,044 | 19,252 |

| | 2019 | 2018 |
|---|---|---|
| | IDR | IDR |
| Current Tax | 491,247,750 | 517,737,278 |

### a. Current Tax

The reconciliation between income before income tax, as presented in the Statements of Activities and Changes in Net Assets and estimated taxable income is as follows:

| | 2019 | 2018 |
|---|---|---|
| | IDR | IDR |
| Increase in Net Assets Before Tax | 3,492,625,753 | 2,130,635,889 |
| Fiscal Corrections | | |
| Permanent Differences : | | |
| Grants | - | (24,921,150,031) |
| Interest Income | - | (6,774,888) |
| Grant Expenses: | | |
| Program | - | 19,190,600,022 |
| Administration | - | 3,282,258,987 |
| Other Grant Expenses | - | 2,298,556,543 |
| Permanent Difference - Unrestricted | 1,107,843,430 | 222,353,089 |
| Other Positive Fiscal Adjustment | 1,964,991,983 | - |
| Other Negative Fiscal Adjustment | (4,600,469,183) | - |
| Other Comprehensive Income | - | (32,874,749) |
| Total Permanent Differences | (1,527,633,770) | 32,968,973 |
| Fiscal Gain (Loss) | 1,964,991,983 | 2,163,604,862 |

## 11. TAXES PAYABLE (Continued)

| | 2019 IDR | 2018 IDR |
|---|---|---|
| Estimated Corporate Income Tax Expense without Facility | 491,247,750 | 517,737,278 |
| Less : | | |
| Income Tax Article 25 | (455,395,860) | (452,664,792) |
| Income Tax Article 23 | (28,692,779) | (61,184,894) |
| Corporate Income Tax Payable | 7,159,111 | 3,887,592 |

### b. Deferred Tax

| | 2019 IDR | 2018 IDR |
|---|---|---|
| Increase in Unrestricted Net Assets before Income Tax | - | 2,130,635,889 |
| Applicable Tax Rate | - | 532,658,972 |
| Non Deductible Expenses | - | 8,242,244 |
| Total Tax Expense | - | 540,901,216 |
| Current Tax Expense Less Final Tax Expense | - | (540,901,216) |
| Deferred Tax Benefit (Expense) | - | - |

## 12. ACCRUED EXPENSES

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Indonesian International Education Foundation | 433,043,221 | 31,152 | 235,978,114 | 16,296 |
| PRESTASI Project | - | - | 100,600 | 7 |
| Total | 433,043,221 | 31,152 | 236,078,714 | 16,303 |

This account represents Auditor fee, Transportation, courier, warehouse and office supplies.

## 13. ACCOUNTS PAYABLE

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Accounts Payable Related to Prestasi | 67,622,222 | 4,865 | 219,910,364 | 15,186 |
| Others | - | - | 21,221,575 | 1,465 |
| Total | 67,622,222 | 4,865 | 241,131,939 | 16,651 |

## 14. UNEARNED REVENUES

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| ITP Customer Deposit (ITP Unearned) | 643,122,216 | 46,264 | 188,211,039 | 12,997 |
| Unearned Revenue (Ford Project) | 12,428,550,297 | 894,076 | 5,573,585,341 | 384,890 |
| Total | 13,071,672,513 | 940,340 | 5,761,796,380 | 397,887 |

This account represents revenues from the FORD Project related to the LEARN Grant.

## 15. ACCOUNTS PAYABLE TO INSTITUTE OF INTERNATIONAL EDUCATION

The details as of December 31, are as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | IDR | USD | IDR | USD |
| Indonesian International Education | 9,148,467,545 | 658,116 | 9,700,442,694 | 669,866 |
| PRESTASI Project | 199,743,469 | 14,368 | - | - |
| Total | 9,348,211,014 | 672,484 | 9,700,442,694 | 669,866 |

The confirmation result from the Institute of International Education differed from the Foundation's records. However, the Foundation has not reconciled such a difference.

## 16. ESTIMATED POST-EMPLOYMENT BENEFITS

Estimated post-employment benefits for the year ended December 31, 2019 were determined based on the calculation of Steven Tanner, FSAI, an independent actuary and for the year ended December 31, 2018 were determined based on the calculation of PT Sigma Prima Solusindo, an independent actuary, for 17 and 11 entitled employees, respectively, based on the following assumptions:

| | | 2019 | 2018 |
|---|---|---|---|
| Normal Pension Age | : | 56 years | 55 years |
| Annual Salary Increment Rate | : | 10% | 10% |
| Annual Discount Rate | : | 7.10% | 8% |
| Mortality Rate | : | TMI - III th 2011 | TMI - III th 2011 |
| Disability Rate | : | 5% x mortality | 5% x mortality |
| Resignation Rate | : | 0-5% | 0-5% |
| Valuation Method | : | Project Unit Credit | Project Unit Credit |

The present value of estimated post-employment benefits as of December 31, 2018 amounted to IDR 1,235,781,054 or USD 85,338, respectively.

The changes in employee benefits liabilities are as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Beginning Balance | 1,235,781,054 | 2,906,007,628 |
| Provision for the Year | 446,110,732 | 357,492,636 |
| Payment for Employee Benefits | - | (258,406,256) |
| Plant Asset Withdrawal | - | 258,406,256 |
| Actuarial Loss (Gain) on Post-Employment Benefits Recognized in Other Comprehensive Income | 746,983,836 | (25,366,508) |
| Contribution to Plan Assets | (2,428,875,622) | (2,002,352,702) |
| Ending Balance | - | 1,235,781,054 |

The details of provision for the current year are as follows:

| | 2019 IDR | 2018 IDR |
|---|---|---|
| Current Service Cost | 368,615,293 | 365,127,640 |
| Previous Service Costs of Changes in Benefits | 51,105,151 | - |
| Interest Cost | 414,901,101 | 319,709,593 |
| Expected Return from Plan Assets | (388,510,813) | (327,344,597) |
| Total | 446,110,732 | 357,492,636 |

Provisions for employee benefits charges are presented in the Administration Expenses.

## 16. ESTIMATED POST-EMPLOYMENT BENEFITS (Continued)

For the sensitivity analysis of defined benefits liabilities for the changes in principal actuarial assumptions, if the discount rate as of December 31, 2019 had increased or decreased by 1%, the change in the present value of the defined employee benefits liabilities would have decreased by 5% to IDR 286,222,437 or increased by 5.52% to IDR (315,766,202). And if the salary rate as of December 31, 2019 had increased or decreased by 1%, the change in the present value of the defined employee benefits liabilities would have increased by 4.97 % to IDR (284,538,207) or decreased by 4.62% to IDR 264,268,119.

The sensitivity analysis was based on a changes in the actuarial assumption, while holding all other assumptions constant. In practice, it is unlikely to occur and changes in some assumptions may be correlated. In calculating the sensitivity of employee benefits liabilities on the principal actuarial assumptions, the same method had been applied.

Management has reviewed the assumptions used and believes that all assumptions are adequate. The management believes that the employee benefits liabilities are adequate to cover the Foundation's employee benefits liabilities.

The actuarial calculation in regard to the defined benefits expense adheres to the current value principle from the total payment of compansation due to retirement, demise and disability. The calculation of current value is obtained from the use of various actuarial assumption, not only based on level of interest but also based on salary increment, mortality, disability and resignation levels.

## 17. INSTITUTIONAL TEST PROGRAM

This account represents the Institutional Test Program sales amounting to IDR 30,841,879,251 (USD 2,174,739) and IDR 27,266,102,844 or USD 1,928,023, respectively.

## 18. PROGRAMS

The details as of December 31, are as follows:

| | 2019 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institutional | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| IIEF Sub Program | 3,106,868 | 220 | 2,267,194,261 | 160,064 | 18,181,822 | 1,280 | - | - | 2,288,482,951 | 161,564 |
| IIEF Prime Program | 276,021,871 | 19,856 | - | - | - | - | - | - | 276,021,871 | 19,856 |
| Third Party Program | - | - | 7,581,188,629 | 532,458 | - | - | 4,267,459,415 | 300,587 | 11,848,648,044 | 833,045 |
| Total | 279,128,739 | 20,076 | 9,848,382,890 | 692,522 | 18,181,822 | 1,280 | 4,267,459,415 | 300,587 | 14,413,152,866 | 1,014,465 |

| | 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | |
| | PRESTASI Project | | Others | | Institutional | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| IIEF Sub Program | - | - | 5.067.621.850 | 355.137 | - | - | 5.067.621.850 | 355.137 |
| Third Party Program | - | - | 18.684.753.999 | 1.426.218 | 557.547.850 | 38.467 | 19.242.301.849 | 1.464.684 |
| Total | - | - | 23.752.375.849 | 1.781.354 | 557.547.850 | 38.467 | 24.309.923.699 | 1.819.821 |

## 19. ADMINISTRATION

The details as of December 31, are as follows:

| | 2019 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institutional | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| IIEF Sub Administration | - | - | 5,692,582,853 | 402,536 | - | - | - | - | 5,692,582,853 | 402,536 |
| Third Party Administration | - | - | 92,363,579 | 6,484 | 1,625,317 | 116 | 1,344,582,395 | 95,389 | 1,438,571,291 | 101,989 |
| Fixed Fees | - | - | - | - | - | - | - | - | - | - |
| Interest | 1,494,103 | 105 | - | - | - | 1 | - | - | 1,494,103 | 106 |
| Total | 1,494,103 | 105 | 5,784,946,432 | 409,020 | 1,625,317 | 117 | 1,344,582,395 | 95,389 | 7,132,648,247 | 504,631 |

| | 2018 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institutional | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| IIEF Sub Administration | - | - | 7,686,313,364 | 541,833 | 2,300,000 | 173 | - | - | 7,688,613,364 | 542,005 |
| IIEF Prime Administration | 271,488 | 20 | - | - | - | - | - | - | 271,488 | 20 |
| Third Party Administration | - | - | 607,115,857 | 43,322 | 70,552,061 | 5,099 | 274,550,607 | 19,795 | 952,218,525 | 68,216 |
| Fixed Fees | 10,860 | 1 | - | - | - | - | - | - | 10,860 | 1 |
| Interest | 6,774,888 | 559 | - | - | - | - | - | - | 6,774,888 | 559 |
| Total | 7,057,236 | 580 | 8,293,429,221 | 585,155 | 72,852,061 | 5,272 | 274,550,607 | 19,795 | 8,647,889,125 | 610,801 |

## 20. PROGRAM COSTS

The details as of December 31, are as follows:

| | 2019 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institutional | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| Grantee Stipends and Grants | - | - | 1,857,417,811 | 131,232 | - | - | 337,230,534 | 23,668 | 2,194,648,345 | 154,900 |
| Tuition, Books and Fees | - | - | 1,135,483,116 | 80,021 | 58,120,487 | 4,132 | 851,420,625 | 60,041 | 2,045,024,228 | 144,194 |
| Grantee Travel | - | - | 1,467,574,675 | 103,519 | 10,411,504 | 741 | 6,331,888 | 477 | 1,484,318,067 | 104,737 |
| Sub Contract Program - IIE | 43,715,878 | 3,098 | - | - | | | - | - | 43,715,878 | 3,098 |
| Others | - | - | 4,129,934,136 | 291,019 | 99,531,450 | 7,047 | 860,874,409 | 60,483 | 5,090,339,995 | 358,549 |
| Post Training Program Expense | - | - | 1,338,005 | 94 | - | - | - | - | 1,338,005 | 94 |
| Total | 43,715,878 | 3,098 | 8,591,747,743 | 605,885 | 168,063,441 | 11,920 | 2,055,857,456 | 144,669 | 10,859,384,518 | 765,572 |

| | 2018 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institutional | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| Grantee Stipends and Grants | - | - | 3,741,560,902 | 262,726 | 997,500 | 67 | 90,575,620 | 6,523 | 3,833,134,022 | 269,316 |
| Tuition, Books and Fees | - | - | 2,923,893,970 | 206,491 | - | - | 101,000,000 | 7,502 | 3,024,893,970 | 213,993 |
| Grantee Travel | - | - | 793,953,774 | 55,510 | 5,113,680 | 343,09 | 13,283,688 | 932,00 | 812,351,142 | 56,785 |
| Others | - | - | 14,553,356,036 | 985,967 | 2,170,500 | (320) | 113,946,000 | 8,488 | 14,669,472,536 | 994,135 |
| Grantee Health Insurance | - | - | 10,289,589 | 727 | - | - | - | - | 10,289,589 | 727 |
| Total | - | - | 22,023,054,272 | 1,511,421 | 8,281,680 | 90 | 318,805,308 | 23,445 | 22,350,141,260 | 1,534,956 |

## 21. ADMINISTRATION COSTS

The details as of December 31, are as follows:

| | 2019 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institution | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| Employee Salaries | - | - | 4,091,724,278 | 289,613 | 1,634,707,515 | 114,074 | 891,571,462 | 64,401 | 6,618,003,255 | 468,088 |
| Occupancy | - | - | 533,437,668 | 37,421 | 240,801,259 | 16,972 | 1,050,701,453 | 75,859 | 1,824,940,380 | 130,252 |
| Travel, Meals and Benefits | - | - | 874,118,492 | 61,429 | 882,092,155 | 62,572 | 1,143,767,823 | 78,428 | 2,899,978,470 | 202,429 |
| Professional and Consulting Fees | - | - | 17,879,725 | 1,260 | 344,308,562 | 24,344 | 656,707,178 | 46,493 | 1,018,895,465 | 72,097 |
| Communications | - | - | 117,545,386 | 8,302 | 274,171,776 | 19,364 | 293,389,555 | 20,745 | 685,106,717 | 48,411 |
| Technology | - | - | 27,763,531 | 1,967 | 25,417,000 | 1,786 | 271,661,269 | 21,171 | 324,841,800 | 24,924 |
| Tax Expense | - | - | - | - | - | - | 1,020,409,830 | 71,609 | 1,020,409,830 | 71,609 |
| Sub Contract Administration - IIE | 645,521,806 | 45,746 | - | - | - | - | - | - | 645,521,806 | 45,746 |
| Miscellaneous Expenses | 1,860,871 | 135 | 2,301,433,845 | 163,838 | 1,336,822,624 | 94,850 | (3,271,920,170) | (233,864) | 368,197,170 | 24,959 |
| Total | 647,382,677 | 45,881 | 7,963,902,925 | 563,830 | 4,738,320,891 | 333,962 | 2,056,288,400 | 144,842 | 15,405,894,893 | 1,088,515 |

| | 2018 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Temporarily Restricted | | | | Unrestricted | | | | | |
| | PRESTASI Project | | Others | | ITP | | Institution | | Total | |
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| Employee Salaries | - | - | 3.865.958.079 | 273.220 | 1.819.848.554 | 128.832 | 739.788.620 | 52.094 | 6.425.595.253 | 454.146 |
| Occupancy | 1.583.987 | 107 | 77.815.549 | 5.397 | 204.345.284 | 14.580 | 1.124.232.512 | 79.037 | 1.407.977.332 | 99.121 |
| Travel, Meals and Benefits | - | - | 1.102.311.022 | 77.590 | 1.153.963.777 | 81.589 | 832.773.826 | 61.117 | 3.089.048.625 | 220.296 |
| Professional and Consulting Fees | 79.890.909 | 5.379 | 165.200.000 | 11.512 | 367.173.985 | 25.669 | 901.590.562 | 63.504 | 1.513.855.456 | 106.065 |
| Communications | - | - | 66.298.747 | 4.601 | 144.891.424 | 10.329 | 91.844.389 | 6.515 | 303.034.560 | 21.445 |
| Technology | - | - | 18.078.290 | 1.190 | 59.945.500 | 4.306 | 238.427.009 | 16.633 | 316.450.799 | 22.129 |
| Tax Expense | - | - | - | - | - | - | 95.249.899 | 6.841 | 95.249.899 | 6.841 |
| Miscellaneous Expenses | 3.426.519 | 246 | 2.535.738.995 | 178.738 | 1.223.557.052 | 86.397 | (3.579.771.160) | (252.230) | 182.951.406 | 13.151 |
| Total | 84.901.415 | 5.732 | 7.831.400.682 | 552.248 | 4.973.725.576 | 351.702 | 444.135.657 | 33.512 | 13.334.163.330 | 943.194 |

## 22. CORRECTIONS

The details as of December 31, are as follows:

| | 2019 | |
|---|---|---|
| | IDR | USD |
| Overrecorded Tax Expense PRESTASI 2 | 78,929,601 | 5,562 |
| Correction to Double Expenses | 219,910,364 | 15,186 |
| Double Recorded Revenue from Georgetown | (427,015,728) | (29,488) |
| Reverse Journal (double record IIE PRESTASI 3 - 2017) | 29,442,433 | 2,204 |
| Unrecorded Income Tax Corporate 2017 | (37,722,066) | (2,714) |
| Correction Over Recorded Expenses 2017 - PRESTASI 2 | 484,925,350 | 34,475 |
| Total | 348,469,954 | 25,225 |

## 23. FINANCIAL ASSETS AND LIABILITIES

### Financial Risk Management

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

#### i. Price Risk

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

#### ii. Liquidity Risk

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

#### iii. Foreign Exchange Rate Risk

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

The Foundation's financial instruments potentially exposed to foreign exchange rate risk are cash on hand and in banks and long-term investment.

### Classification of Financial Assets and Liabilities

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets and financial liability and equity instruments are disclosed in Note 2k.

Classification of financial assets as of December 31, 2019 is as follows:

| | Financial Assets at Fair Value through Profit or Loss | | Loans and Receivables | | Held-to-Maturity Financial Assets | | Available-for-Sale Financial Assets | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | IDR | USD | IDR | USD | IDR | USD | IDR | USD | IDR | USD |
| Cash on Hand and in Banks | - | - | 20,079,971,290 | 1,444,498 | - | - | - | - | 20,079,971,290 | 1,444,498 |
| Accounts Receivable | - | - | 12,141,492,363 | 873,395 | - | - | - | - | 12,141,492,363 | 873,395 |
| Total | - | - | 32,221,463,653 | 2,317,893 | - | - | - | - | 32,221,463,653 | 2,317,893 |

As of December 31, 2019, the fair values of financial assets were in accordance with the carrying amounts.

## 23. FINANCIAL ASSETS AND LIABILITIES (Continued)

Classification of financial liabilities as of December 31, 2019 is as follows:

| | Financial Liabilities at Fair Value through Profit or Loss | | Amortized Cost | | Total | |
|---|---|---|---|---|---|---|
| | IDR | USD | IDR | USD | IDR | USD |
| Accounts Payable | - | - | 67,622,222 | 4,865 | 67,622,222 | 4,865 |
| Accounts Payable to IIE | - | - | 9,348,211,014 | 672,484 | 9,348,211,014 | 672,484 |
| Total | - | - | 9,415,833,236 | 677,349 | 9,415,833,236 | 677,349 |

As of December 31, 2019, the fair values of financial liabilities were in accordance with the carrying amounts.

### The Fair Values of Financial Assets and Liabilities

The fair values of financial assets and liabilities are determined by using valuation techniques and assumptions. The fair values of cash on hand and in banks, receivables, long-term investment and payables approximated the same as their carrying amount due to their short-term nature.

## 24. SIGNIFICANT EVENTS

Public health officials are responding to an outbreak of respiratory disease caused by a new corona virus (COVID-19) that was first discovered in Wuhan City, Hubei Province, China in December 2019 and has now been detected in almost all countries, including Indonesia. On January 30, 2020, the World Health Regulatory Emergency Committee (WHO) declared that this outbreak was an "international public health emergency" and on March 2, 2020, the President of Indonesia announced the first positive case of Corona virus in Indonesia followed by a Social Distancing Policy on March 16, 2020 to prevent the spread of COVID-19.

In line with the appeal and direction of IIEF, the Foundation as a local partner in Indonesia decided to postpone and stop all offline activities due to an increase in COVID-19 status as pandemic by the World Health Organization (WHO), effective starting March 14, 2020. IIEF reluctantly followed this quite sudden decision. This decision was taken so that the potential spread of the pandemic could be contained by reducing direct contacts.

The Foundation has decided to implement a work from home system from March 17, 2020 until the issuance of this report. This period can be extended or shortened according to future situations.

The DKI Jakarta Government announced the Large-Scale Social Restrictions (PSBB) from April 9, 2020. Then announced the "Large-Scale Social Restrictions During the Transition to Healthy, Safe and Productive Communities" from June 4, 2020 to the present.

On July 2, 2021, the Minister of Home Affairs issued Minister of Home Affairs Instruction No. 15 of 2021 concerning the Enforcement of Emergency Micro-Scalre Community Activity Restrictions (PPKM) in Java and Bali from July 3, 2021 to August 9, 2021.

On this COVID-19 pandemic, the management has determined its impacts on the project and their finance due to the Large-Scale Social Restrictions. There was a decrease in the ITP TOEFL sales and they cut costs such as : traveling and utility.

## 24. SIGNIFICANT EVENTS (Continued)

However, although the COVID-19 pandemic has an impact, the management of IIEF has several plans, such as:

1. The Foundation will diversify the sales between books and digital testing;
2. The Foundation will still be in the COVID mode and tight for expenditures and budgets;
3. The Foundation will try to get more education scholarship sponsorships to build Indonesia's manpower.

On July 2, 2021, the Minister of Home Affairs issued Minister of Home Affairs Instruction No. 15 of 2021 concerning the Enforcement of Emergency Micro-Scale Community Activity Restrictions (PPKM) in Java and Bali from July 3, 2021 to October 18, 2021 (extended).

## 25. EVENT AFTER THE REPORTING PERIOD

Up to the date the Financial Statements were completed by the Foundation's management, there was no significant event after the reporting period, except that the Government of Indonesia officially ratified Law No. 11 year 2020 concerning Job Creation ("Job Creation Law") in November 2020. Up to the date the Financial Statements were completed by the Foundation's management, the Government officially enacted 51 implementing regulations of the Job Creation Law, among others, Government Regulation No. 35 year 2021 on specified time work agreement, outsourcing, working time and time off, and work termination promulgated and put into effect on February 1, 2021. The Foundation is still evaluating the potential impact of the implementing regulations of the Job Creation Law on the Foundation's estimated liabilities for post-employment benefits and the overall Financial Statements.

## 26. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Foundation is responsible for the preparation of the Financial Statements which were completed on October 12, 2021.