

FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH

FUNDACIÓN ESQUEL ECUADOR

Financial Statements
Year ended on December 31, 2023
With Independent Auditors Report

**To the Members of the Board of
Fundación Esquel Ecuador**

Opinion

We have audited the accompanying financial statements of Fundación Esquel Ecuador, which comprise the statement of financial position to December 31, 2023 and the corresponding statements of income, changes in net equity and cash flows for the year then ended, as well as explanatory notes to the financial statements which include a summary of significant accounting policies.

In our opinion, the above-mentioned financial statements reasonably present, in all material aspects, the financial position of Fundación Esquel Ecuador to December 31, 2023, as well as its operation results and cash flow for the year then ended, in conformity with the Foundation's accounting policies and the International Financial Reporting Standards for Small and Medium Enterprises (IFRS SMEs).

Basis for our opinion

We conducted our audit in accordance with International Auditing Standards (IAS). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities for Auditing the Financial Statements" section of our report. We are independent from the Foundation in accordance with the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our audit of the financial statements in Ecuador and have complied with our other ethical responsibilities in accordance with these requirements and of the IESBA Code of Ethics. We believe that the audit evidence we have obtained provides us with a sufficient and adequate basis for our opinion.

Emphasis on accounting basis and restriction on distribution and use

Note 3.1. of the accompanying financial statements states that the financial statements were prepared in accordance with the accounting policies provided by the Foundation and the International Financial Reporting Standards for Small and Medium Enterprises (IFRS SMEs) in those aspects that do not oppose the specific provisions of the aforementioned accounting policies. Our report is addressed to the Board of Directors and Foundation's Management and should not be distributed to others. Our opinion has not been modified by this matter.

Emphasis on the income statement presentation

We draw attention to Notes 3.12. and 3.13. to the accompanying financial statements in which it is explained that income and expenses are recorded in the Foundation's equity in accordance with the Foundation's accounting policies. To December 31, 2023, the income statement is included for information purposes. Our opinion has not been modified by this matter.



Management responsibilities on the financial statements

The Foundation's Management is responsible for the preparation and reasonable presentation of the accompanying financial statements in conformity with the Foundation's accounting policies and International Financial Reporting Standards for Small and Medium Enterprises (IFRS SMEs) and the internal control that Management considers necessary to enable the preparation of these Financial Statements free of material misstatements, due to fraud or error.

In the preparation of the financial statements, Management is responsible for evaluating the Foundation's ability to continue as a going concern, disclosing, as appropriate, matters related to the ongoing business and using the accounting base of ongoing business, unless Management intends to liquidate the Foundation or cease operations, or has no other realistic alternative but to do so.

Those responsible for the Foundation's Management are responsible for overseeing the financial reporting process of the Foundation.

Auditor's responsibilities for the financial statements audit

Our purpose is to obtain reasonable assurance that the financial statements as a whole are free from material misstatements, whether from fraud or error, and to issue an audit report that includes our opinion. A reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Auditing Standards (IAS) will always detect a significant error when it exists. Significant errors may arise from fraud or error and are considered significant, provided that individually or as a whole, they could influence the economic decisions to be taken by users based on these financial statements.

A more detailed description of the auditor's responsibilities for the financial statements audit is described in the attached Appendix to the Independent Auditor's Report.

BDO Ecuador

April 19, 2024
Quito, Ecuador

Elizabeth Álvarez - Partner

Appendix to the Independent Auditors' Report

As part of an audit and in accordance with International Auditing Standards (IAS), we exercise professional judgment and maintain professional skepticism throughout the audit. Our audit includes:

- We identify and evaluate the risks of material misstatement in the financial statements, whether from fraud or error, design and perform audit procedures that respond to those risks, obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material error resulting from fraud is greater than that resulting from errors, as fraud may involve collusion, counterfeiting, intentional omissions, misrepresentation, or internal control annulment.
- We obtain an understanding of the internal control relevant to the audit 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.
- We evaluate the adequacy of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- We conclude on the proper use by the Foundation's Management of the supposed business going concern and based on the audit evidence obtained, whether or not there is any significant uncertainty related to events or conditions that could project an important doubt on the entity's ability to continue as a going concern. If we arrive to the conclusion that there is a material uncertainty, we are obliged to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are insufficient, to modify our opinion. Our findings are based on the audit evidence obtained until the date of our audit report. However, future events or conditions may cause the entity to be unable to continue as a going concern.
- We evaluate the presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a form that achieves presentation.

We communicate with those in charge of the Foundation's Management regarding, amongst others, the scope, audit timing and significant audit results, including any possible significant weaknesses in internal control that we identified during our audit.

FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH

FUNDACIÓN ESQUEL ECUADOR

Financial Statements
To December 31, 2023 and 2022

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FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH
FUNDACIÓN ESQUEL ECUADOR
FINANCIAL POSITION STATEMENTS
(Expressed in US Dollars)

| | Notes | December 31, 2023 | December 31, 2022 |
|---|-------|----------------------|----------------------|
| Assets: | | | |
| Current assets | | | |
| Cash and cash equivalents | (6) | 305,449 | 866,735 |
| Accounts receivable non-related clients | (7) | 71,477 | 39,321 |
| Current tax assets | (12) | 124,581 | 60,050 |
| Total current assets | | 501,507 | 966,106 |
| Non-current asset | | | |
| Properties and equipment | (8) | 538,346 | 562,646 |
| Total non-current assets | | 538,346 | 562,646 |
| Total assets | | 1,039,853 | 1,528,752 |
| Liabilities: | | | |
| Current liabilities | | | |
| Accounts payable non-related suppliers | (9) | 30,447 | 26,104 |
| Obligations for employee benefits | (10) | 13,813 | 11,560 |
| Current tax liabilities | (12) | 21,166 | 24,332 |
| Total current liabilities | | 65,426 | 61,996 |
| Non-current liabilities | | | |
| Obligations for defined benefits | (11) | 16,860 | 17,481 |
| Total non-current liabilities | | 16,860 | 17,481 |
| Total liabilities | | 82,286 | 79,477 |
| Net equity: | | | |
| Permanently restricted equity | (13) | 502,327 | 526,862 |
| Temporarily restricted equity | (13) | 455,240 | 922,413 |
| Total net equity | | 957,567 | 1,449,275 |
| Total net equity and liabilities | | 1,039,853 | 1,528,752 |



Firmado electrónicamente por:
**HUMBERTO ALEXANDER
SALAZAR ESTACIO**

Humberto Salazar Estacio
Executive Director



Firmado electrónicamente por:
**MONICA MARISOL
GUERRA LOMAS**

Eng. Mónica Guerra
General Accountant

FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH
FUNDACIÓN ESQUEL ECUADOR
INCOME STATEMENTS
(Expressed in US Dollars)

| | Notes | December 31, 2023 | December 31, 2022 |
|--|-------|----------------------|----------------------|
| Income: | | | |
| Donations | (14) | 948,381 | 2,756,845 |
| Service revenues | (15) | 187,432 | 122,314 |
| Other income | (16) | 7,807 | 31,306 |
| | | <u>1,143,620</u> | <u>2,910,465</u> |
| Expenses: | | | |
| Programs and projects | (17) | (1,616,786) | (3,307,647) |
| | | <u>(1,616,786)</u> | <u>(3,307,647)</u> |
| (Deficit) of Revenues over Expenses | | <u>(473,166)</u> | <u>(397,182)</u> |



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FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH
FUNDACIÓN ESQUEL ECUADOR
STATEMENTS OF CHANGES IN EQUITY
(Expressed in US Dollars)

| Notes | Permanently restricted | | | Temporarily restricted | | | | Total net equity |
|--|------------------------|--------------------------|----------|-------------------------------|--|-------------|-----------|------------------|
| | Equity fund | Properties and equipment | Total | Advance programs and projects | Accounts payable programs and projects | Year result | Total | |
| Balance to December 31, 2021 | (33,643) | 587,946 | 554,303 | 253,837 | (206,993) | 1,268,643 | 1,315,487 | 1,869,790 |
| Provision expenses | (4,108) | - | (4,108) | (220,508) | 1,493,259 | (1,268,643) | 4,108 | - |
| Depreciation of property and equipment (8) | - | (25,300) | (25,300) | - | - | - | - | (25,300) |
| Actuarial loss (profit) | 1,967 | - | 1,967 | - | - | - | - | 1,967 |
| Excess of income over expenses | - | - | - | - | - | (397,182) | (397,182) | (397,182) |
| Balance to December 31, 2022 | (35,784) | 562,646 | 526,862 | 33,329 | 1,286,266 | (397,182) | 922,413 | 1,449,275 |
| Provision expenses | (4,992) | - | (4,992) | 20,200 | (411,389) | 397,182 | 5,993 | 1,001 |
| Depreciation of property and equipment (8) | - | (25,300) | (25,300) | - | - | - | - | (25,300) |
| Actuarial loss (profit) | 5,757 | - | 5,757 | - | - | - | - | 5,757 |
| Excess of income over expenses | - | - | - | - | - | (473,166) | (473,166) | (473,166) |
| Balance to December 31, 2023 | (35,019) | 537,346 | 502,327 | 53,529 | 874,877 | (473,166) | 455,240 | 957,567 |



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FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH
FUNDACIÓN ESQUEL ECUADOR
CASH FLOW STATEMENTS
(Expressed in US Dollars)

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Cash received from programs and projects | 1,253,830 | 3,031,030 |
| Cash paid to suppliers for programs, projects and employees | (1,822,923) | (3,268,414) |
| Other income | 7,807 | 31,306 |
| Net cash (used) in operating activities | (561,286) | (206,078) |
| Cash flows from financing activities: | | |
| Net cash (paid) received for obligations with financial institutions | - | (20,469) |
| Net cash (used) in financing activities | - | (20,469) |
| Net cash and cash equivalents decrease | (561,286) | (226,547) |
| Cash and cash equivalents at the beginning of the year | 866,735 | 1,093,282 |
| Cash and cash equivalents at the end of the year | 305,449 | 866,735 |



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General Accountant

FREE TRANSLATION OF A REPORT ORIGINALLY ISSUED IN SPANISH
FUNDACIÓN ESQUEL ECUADOR
RECONCILIATION OF INCOME EXCESS OVER EXPENSES WITH
CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES
(Expressed in US Dollars)

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| (Deficit) of Revenues over Expenses | (473,166) | (397,182) |
| Adjustments to reconcile income excess over expenses with cash and cash equivalents provided by operating activities: | | |
| Provision for retirement pension fund and severance | 4,073 | 4,164 |
| Provision adjustments | 1,001 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable non-related | (32,156) | 234,496 |
| Current tax assets | (64,531) | (34,528) |
| Accounts payable non-related | 4,406 | 4,651 |
| Obligations to employees | 2,253 | 1,645 |
| Current tax liabilities | (3,166) | (19,324) |
| Other non-current liabilities | - | - |
| Net cash (used) in operating activities | (561,286) | (206,078) |



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FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

1. FOUNDATION'S IDENTIFICATION AND ECONOMIC ACTIVITY.

- a. **Entity's name.**
Fundación Esquel Ecuador.
- b. **Entity's taxpayer number.**
1791116992001.
- c. **Entity's address.**
Av. Cristóbal Colón E4-175 y Mariscal Foch - Quito - Ecuador.
- d. **Entity's legal status.**
Non-Governmental Organization.
- e. **Entity's incorporation country.**
Ecuador.
- f. **Foundation's operations nature description.**

The Foundation is a legal non-profit entity, under private law, regulated by the "Ministerio de Inclusión Económica y Social" (MIES for its acronym in Spanish) (formerly "Ministerio de Bienestar Social") with domicile in the city of Quito - Ecuador. It was constituted through the Ministerial Agreement No. 1594 of August 31, 1990 as Fundación Esquel Ecuador. The Foundation has an indefinite term.

The reforms to the statute of Fundación Esquel Ecuador were approved by the Ministerio de Inclusión Económica y Social through Resolution No. 0066 of December 20, 2019.

The Foundation may coordinate its activities with other natural or legal persons, public or private, local or foreign, under the principles of respect to its own autonomy, freedom of criteria and subordination to the Ecuadorian public order.

The Foundation was established with the purpose of contributing to the social, economic and cultural development of the neediest population of Ecuador, for which it supports the creative initiatives and the self-management capacity of their communities.

The Foundation will aim to contribute to the social, economic, and cultural development of the most vulnerable population in Ecuador.

- g. **Legal representative.**
Humberto Alexander Salazar Estacio.

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

h. The Foundation's equity is constituted by:

- The Foundation's members contributions;
- The assignments received from the State and other individuals or legal companies, public or private, local or foreign;
- The properties that in the future are acquired to any title;
- Income obtained from its assets, investments, and from activities carried out according to its purposes;
- Donations, inheritance and legacies accepted by the Executive Committee;
- Income received for any other concept.

i. Country's economic conditions.

According to information from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), it estimates that the average economic growth rate in Latin America and the Caribbean in 2023 will be 1.3%, this is broken down into only 1% for South America, 3% for Central America and 3.3% for the Caribbean.

In Ecuador, in May 2023, the National Emergency Operations Center (COE) accepted the decision of the World Health Organization (WHO) to end the public health emergency of international importance, a decision adopted after the approval of the technical report presented by the Ministry of Public Health (MSP), in which it resolves that the country has a high level of immunity, sufficient stock of vaccines and a successful immunization process. In addition to having appropriate management for clinical cases in health facilities, which contributes to the development of the country's economy.

According to Asobanca Association of Banks of Ecuador, the Central Bank of Ecuador (BCE) projected that the year 2023 would close with a growth of 1.5%, and 0.8% in 2024. However, on December 19 December 2023 according to Primicias committed journalism, the Central Bank of Ecuador (BCE) established growth at just 0.4% in the third quarter of 2023, while the Gross Domestic Product (GDP) decreased by 1.3% in the same period. Likewise, Ecuador's economy will be affected in 2024, due to different economic events, such as the closure of the ITT oil block with 14% of national production, power outages, energy reform, possible trade agreements with China, Costa Rica and South Korea, gold sales and tax reform.

2. RELATIVE IMPORTANCE.

The foundation has considered specific circumstances that, at its discretion, comply with their own condition of relative importance, in order to ensure that the separate financial statements, accounting policies and notes reflect the preparation and disclosure of all relevant facts and circumstances.

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES.

A description of the main accounting policies used in preparing the financial statements is presented below:

3.1. Preparation basis.

These financial statements have been prepared in accordance with Foundation's accounting policies and the International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS SMEs) in those aspects that do not oppose the specific provisions of the accounting policies.

The preparation of the financial statements is in accordance with the above-mentioned norms, requires the use of certain critical accounting estimates. It also requires that the Foundation's Management exercises its judgment in the process of applying its accounting policies. In Note 5 are disclosed the areas involving a higher degree of judgment or complexity or in which assumptions and estimates are significant to the financial statements.

3.2. Functional currency and presentation.

The amounts included in these financial statements and its notes are measured using the currency of the primary economic environment in which the Foundation operates. The Foundation's functional currency and of presentation is the United States of America Dollar.

3.3. Classification of balances in current and non-current.

In the Financial Position Statement, balances are presented according to their maturity, as current when they are equal to or less than twelve months starting from the financial statements closing date and as non-current when they are older than that period.

3.4. Cash and cash equivalents.

The Foundation considers cash and cash equivalents to balances in cash and in banks that have no restrictions on their use, including short-term investments (less than 3 months in force). In the financial position statement, overdrafts, if any, are classified as obligations with financial institutions in "Current Liabilities". They are measured initially and subsequently at their nominal value.

3.5. Current investments.

The Regulations for Managing Investments mentions that the Foundation's Management must optimize the portfolio administration in such a way that it preserves its real value and obtains a profitability that allows it to fulfill its purposes, investing in the country or abroad.

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

Three fundamental elements must be considered for the portfolio administration: safety, profitability and liquidity.

3.6. Accounts receivable.

This accounting group records advances paid to projects and programs and the tax credit recording pending of claim.

3.7. Properties and equipment.

Property and equipment are all assets acquired or donated to the Foundation for the ordinary course of its activities and which, in the Foundation's Management opinion, meet the requirements necessary to be accounted for as such.

Initial measurement at the time of recognition: its initial recognition is at acquisition cost. Disbursements for maintenance and repairs are charged to expenses when incurred, while improvements that increase production capacity or extend the useful life of the asset are capitalized.

Measurement after recognition (cost model): After initial recognition, property and equipment are recorded at cost less accumulated depreciation and the accumulated amount of impairment losses.

The depreciation expense of property and equipment is recorded in the year income. The equipment useful life and the depreciation method are reviewed at the end of each annual fiscal year. If applicable, they are adjusted prospectively.

In addition, all those components that may need to be replaced or acquired less frequently and that comply with the parameters established in the regulations on their recognition will be considered as part of the assets cost.

Valuation: The useful life of an asset will be defined in terms of the profit expected to contribute to the entity. The asset management policy carried out by the entity could involve disposing of the assets after a specific period of use, or after having consumed a certain proportion of the economic benefits incorporated therein. Therefore, the useful life of an asset may be less than its economic life.

Estimating the useful life of an asset is a matter of judgment, based on the entity's experience with similar assets. The valuation is recognized in the permanently restricted equity based on the linear method over the useful lives estimated by the Foundation's Management.

Depreciation method: assets begin to depreciate when they are available for use and until they are written off, even if the asset is no longer used. Depreciation is recognized in permanently restricted equity based on the linear method over the useful lives estimated by the Foundation's Management.

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

Useful lives and residual values have been estimated as follows:

| Description | Percentage | Years (*) |
|--|------------|--------------|
| Buildings | 5% | 20-51 |
| Furniture and fixtures | 10% | 10 |
| Electronic equipment | 20% | 5 |
| Telephone equipment | 20% | 5 |
| Computer equipment | 33% | 3 |
| Vehicles, transport and road equipment | 20% | 5 |

(*) At the discretion of the Foundation's Management, these assets will be kept until their operational term and, as they are not subject to sale to third parties, the residual value assigned to the assets is zero or null.

3.8. Accounts payable.

This accounting group records payment obligations in favor of unrelated suppliers acquired in the normal course of business.

3.9. Obligations for employee benefits.

Current liabilities. - In this accounting group are recorded current obligations with employees such as social benefits (thirteenth and fourth salary, vacations, etc.); obligations with the IESS. They are measured at their nominal value and are recognized in the period results in which they are generated.

In accordance with current legal provisions, as a non-profit organization, the Foundation has no obligation to pay participation to workers.

Non-current liabilities. - This accounting group records post-employment employee benefit plans such as employer retirement and eviction. They are recognized and measured on the basis of actuarial calculations, estimated by an independent expert, applying the projected credit unit method to determine the present value of the future obligation.

3.10. Taxes.

Current tax assets. - in this accounting group the value added tax credits are recorded.

Liabilities for current taxes. - This accounting group records obligations with the Tax Administration for value added tax, as well as withholdings payable for value added tax and income tax.

3.11. Equity.

The Foundation's equity is made up of:

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

Permanently restricted equity includes:

Monetary donations: Corresponds to the funds received from local and international sources that increase their equity fund, mainly conformed by donations made until 1999 by the International Youth Foundation (IYF) of the United States of America and other donors.

Patrimonial fund maintenance reserve: Corresponds to the percentage sufficient to maintain the constant values of the Patrimonial Fund amount.

Fixed assets accumulated depreciation: Corresponds to the annual amounts for the counter account of the depreciation expenses of: furniture, vehicles, computer, audiovisual, and telephone equipment.

Temporarily restricted equity includes:

Local and international monetary donations: Correspond to equity that is subject to temporary restrictions established by the donors, which restriction is for ensuring that the funds received are used only in fulfilling the programs and projects objectives, for which the aforementioned donations were received.

Remaining project funds: Correspond to surplus values after closing the fiscal year, balances that pass into the following year, and are committed for the execution of projects or consultancies, subject to a budget under a previously signed agreement or contract.

Non-monetary donations: Correspond to furniture and equipment that are, obtained through programs and projects, subsequently become part of the Foundation's assets once the program and project has ended, and according to the funder criteria; otherwise, they will be returned.

3.12. Income.

The income received by the Foundation is from local and international donations, provision of services, interests and other. They are accounted for in the temporarily restricted equity as follows:

Income from local and international donations: They consist of donations received from local and international organizations for executing programs and projects. These revenues are recognized when they are received.

Income from the provision of services: Consultancy fees are recognized as income in reference to the contracts' termination stage, determined as the proportion based on the consultancies progress and services provided.

Interest income: They are made up of interest earned on investments and current accounts maintained at Banco Codesarrollo, are recognized on a time basis, with reference to the outstanding capital and the applicable interest rate.

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

Other income: Includes the Foundation's office lease, are recognized based on the straight-line method during the term corresponding to the leasing contract.

3.13. Expenses.

Correspond to own expenses of programs and projects maintained by the Foundation.

This accounting group records technical expenses, training, travel expenses, equipment, staff salaries, utilities, advertising and other general expenses that arise in the Foundation's ordinary activities.

3.14. Statement of cash flows.

Cash flows from operating activities include all those activities related to the business line, in addition to financial income and expenses and all those flows that are not defined as investment or financing.

3.15. Changes in accounting policies and estimates.

To December 31, 2023, the financial statements do not present changes in accounting policies and estimates regarding the financial statements to December 31, 2022.

4. RISK MANAGEMENT POLICY.

The Foundation's Management is responsible for establishing, developing and monitoring risk management policies in order to identify, analyze, control and monitor the risks faced by the Foundation. The Foundation periodically reviews risk management policies and systems in order to reflect changes in market conditions and in its activities, achieving a disciplined and constructive control environment, in which all employees understand their role and obligations.

The Foundation classifies and manages the risks of financial instruments as follows:

Security and Risk.

To minimize the risk and improve security, the potential risks that exist in the market should be evaluated, such as:

- Foreign Exchange Risk: Depending on the country's political-economic situation, at least 60% of the portfolio may be kept in dollars, and the remaining in hard currencies.
- Issuer Risk: A prequalification of suitable institutions must be carried out and quotas or limits must be assigned to invest. Within the issuer universe, the main three have been identified: the State, financial institutions, and corporate institutions. Financial variables and managerial capacity should be applied, dividing them into three groups (A, B, C) and, depending on the safety they offer, assigning a quota of around 25% of the portfolio to each one.

FUNDACIÓN ESQUEL ECUADOR

Summary of Significant Accounting Policies

(Expressed in U.S Dollars)

-
- Interest Risk - Term: In order to cover changes in the interest rates structure and terms, maintaining investments at different terms should be sought, depending on the country's economic situation.

Liquidity.

Efforts should be made to liquidate investments quickly and with minimal costs.

5. ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS.

The financial statements preparation requires that the Management regularly makes judgments, estimates and assumptions that affect applying accounting policies and the amounts of the assets, liabilities, income and expenses reported; however, due to the inherent subjectivity in this accounting process, the actual results may differ from the amounts estimated by Management. The most significant estimates and assumptions made by the Management are presented below:

Other estimates.

The Foundation has used estimates to value and record some of the assets, liabilities, income, expenses and commitments. Basically, these estimates refer to:

- The need to establish provisions and, if required, their value.
- Provision for retirement and eviction: The calculation for the amount of the obligations for defined benefits for employer retirement and eviction is carried out by an independent professional (actuary).

The determination of these estimates is based on the best estimate of the disbursements that will be necessary to pay for the corresponding obligation, taking into account all the information available as of the period date, including the independent experts' opinion such as legal advisors and consultants.

In any case, it is possible that events that may take place in the future may force them to be modified in the coming years, which would be done prospectively.

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in U.S Dollars)

6. CASH AND CASH EQUIVALENTS.

A summary of this account was as follows:

| | December 31, 2023 | December 31, 2022 |
|-------------|----------------------|----------------------|
| Cash | 500 | 500 |
| Banks | 295,777 | 857,091 |
| Investments | (1) 9,172 | 9,144 |
| | (2) 305,449 | 866,735 |

(1) To December 31, 2023 and 2022, corresponds to the amount of the Investment Fund "Oportunidad" managed by Fiducia S.A.

(2) To December 31, 2023 and 2022, there are no amounts of cash restricted for the use of the Foundation.

7. ACCOUNTS RECEIVABLE FROM NON-RELATED.

A summary of this account was as follows:

| | December 31, 2023 | December 31, 2022 |
|-------------------------------|----------------------|----------------------|
| Programs and projects advance | (1) 66,923 | 37,382 |
| Loans to employees | 4,554 | 1,939 |
| | 71,477 | 39,321 |

(1) A detail of the composition was as follows:

| | December 31, 2023 | December 31, 2022 |
|-------------------|----------------------|----------------------|
| MEGA | 23,116 | 18,036 |
| Mora Iván | 19,877 | - |
| Pronaca | 13,671 | - |
| Mitte Andrés | 3,572 | - |
| Burbano Andrea | 2,500 | - |
| Mina Paula | 1,244 | 915 |
| De la Torre José | 1,000 | - |
| Luna Emilio | 700 | 800 |
| Ramírez Humberto | 400 | - |
| Rodríguez Jessica | 243 | - |
| Subtotal | 66,323 | 19,751 |

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| | December 31, 2023 | December 31, 2022 |
|------------------|----------------------|----------------------|
| Subtotal | 66,323 | 19,751 |
| Lascano Eduardo | 200 | - |
| Pintado Cristina | 130 | - |
| Cevallos Sandy | 76 | - |
| HIAS | - | 11,907 |
| Partners Global | - | 3,600 |
| Cabrera Marlene | - | 1,330 |
| Boada Paulina | - | 300 |
| Ulloa Cesar | - | 450 |
| TacaTravel S.A. | 194 | 44 |
| | 66,923 | 37,382 |

8. PROPERTIES AND EQUIPMENT.

A summary of this account was as follows:

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| <u>Properties and equipment, net:</u> | | |
| Buildings | 530,177 | 553,752 |
| Furniture and fixtures | 6,790 | 7,922 |
| Computer equipment | 1,379 | 972 |
| | 538,346 | 562,646 |
| <u>Properties and equipment, cost:</u> | | |
| Buildings | 813,089 | 813,089 |
| Furniture and fixtures | 11,317 | 11,317 |
| Computer equipment | 2,777 | 1,777 |
| | 827,183 | 826,183 |
| <u>Properties and equipment, accumulated depreciation:</u> | | |
| Buildings | 282,912 | 259,337 |
| Furniture and fixtures | 4,527 | 3,395 |
| Computer equipment | 1,398 | 805 |
| | 288,837 | 263,537 |
| | 538,346 | 562,646 |

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

The movements of properties and equipment were as follows:

| Concept | Buildings | Furniture and fixtures | Computer equipment | Electronic equipment | Total |
|----------------------------------|-----------|------------------------|--------------------|----------------------|---------|
| <u>Cost:</u> | | | | | |
| Balance to December 31, 2022 | 813,089 | 11,317 | 1,777 | - | 826,183 |
| Additions | | | 1,000 | - | 1,000 |
| Balance to December 31, 2023 | 813,089 | 11,317 | 2,777 | - | 827,183 |
| <u>Accumulated depreciation:</u> | | | | | |
| Balance to December 31, 2022 | 259,337 | 3,395 | 805 | - | 263,537 |
| Depreciation expenses | 23,575 | 1,132 | 593 | - | 25,300 |
| Balance to December 31, 2023 | 282,912 | 4,527 | 1,398 | - | 288,837 |
| Net | 530,177 | 6,790 | 1,379 | - | 538,346 |

| Concept | Buildings | Furniture and fixtures | Computer equipment | Electronic equipment | Total |
|----------------------------------|-----------|------------------------|--------------------|----------------------|---------|
| <u>Cost:</u> | | | | | |
| Balance to December 31, 2022 | 813,089 | 11,317 | 1,777 | - | 826,183 |
| Additions | - | - | - | - | - |
| Balance to December 31, 2023 | 813,089 | 11,317 | 1,777 | - | 826,183 |
| <u>Accumulated depreciation:</u> | | | | | |
| Balance to December 31, 2021 | 235,761 | 2,263 | 213 | - | 238,237 |
| Depreciation expense | 23,576 | 1,132 | 592 | - | 25,300 |
| Balance to December 31, 2022 | 259,337 | 3,395 | 805 | - | 263,537 |
| Net | 553,752 | 7,922 | 972 | - | 562,646 |

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

9. ACCOUNTS PAYABLE NON-RELATED.

A summary of this account was as follows:

| | December 31, 2023 | December 31, 2022 |
|---------------------|----------------------|----------------------|
| Settlements payable | 30,447 | 26,104 |
| | 30,447 | 26,104 |

10. OBLIGATIONS FOR EMPLOYEE BENEFITS.

A summary of this account was as follows:

| | December 31, 2023 | December 31, 2022 |
|--------------------|----------------------|----------------------|
| IESS payable | 4,507 | 3,117 |
| Employees benefits | 9,306 | 8,443 |
| | 13,813 | 11,560 |

11. OBLIGATIONS FOR DEFINED BENEFITS.

A summary of this account was as follows:

| | | December 31, 2023 | December 31, 2022 |
|---------------------|-----|----------------------|----------------------|
| Employer retirement | (1) | 12,705 | 12,037 |
| Severance | (2) | 4,155 | 5,444 |
| | | 16,860 | 17,481 |

- (1) **Employer retirement.**- in accordance with the Labor Code provisions, workers who for twenty-five years or more have provided their services continuously or uninterruptedly, shall be entitled to be retired by their employers without prejudice to the retirement that corresponds to them in their status as affiliated to the Ecuadorian Social Security Institute.

FUNDACIÓN ESQUEL ECUADOR

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(Expressed in US Dollars)

The movements in the provision for employer retirement were as follows:

| | Years ended on, | |
|---------------------------------|----------------------|----------------------|
| | December 31, 2023 | December 31, 2022 |
| Initial balance | 12,037 | 10,617 |
| Labor cost for current services | 1,803 | 1,941 |
| Financial cost | 1,089 | 919 |
| Actuarial (profit) loss | (2,220) | (238) |
| Effect of reductions | (4) | (1,202) |
| Ending balance | 12,705 | 12,037 |

- (2) **Severance bonus.**- in accordance with provisions of the Labor Code, in cases of termination of employment by eviction requested by the employer or worker, the Foundation will pay 25% of the last monthly payment for each of the years of service.

The severance provision movements were as follows:

| | Years ended on, | |
|---------------------------------|----------------------|----------------------|
| | December 31, 2023 | December 31, 2022 |
| Initial balance | 5,443 | 4,667 |
| Labor cost for current services | 1,752 | 897 |
| Financial cost | 494 | 405 |
| Actuarial (profit) loss | (3,534) | (65) |
| Benefits paid | - | (460) |
| Ending balance | 4,155 | 5,444 |

An independent actuary as of December 31, 2023 and 2022 performed the actuarial calculations of the present value for defined benefit obligation accrued. The present value of the defined benefit obligation and current service costs and prior service cost were calculated using the projected unit credit method. Under this method, the defined benefits must be attributed to the employee's service period and based on the plan's formula, in such a way that the same amount of the benefit is attributed to each year of service, considering the use of actuarial hypotheses to calculate the current value of these benefits. These hypotheses reflect the value of money over time, the salary increase and the probabilities of payment of these benefits.

Actuarial gains and losses arising from adjustments for experience and changes in actuarial assumptions are charged or credited to the year result.

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

The actuarial assumptions used for the purposes of the actuarial calculations were the following:

| | December 31, 2023 | December 31, 2022 |
|--------------------------------|----------------------|----------------------|
| | % | % |
| Discount rate | 9,95 | 9.05% |
| Salary increase rate | 1,33% | 1.29% |
| Average rotation rate | 11,19 | 21.19 |
| Mortality and disability chart | IESS 2002 | IESS 2002 |

12. CURRENT TAXES.

A summary of current tax assets and liabilities were as follows:

| | December 31, 2023 | December 31, 2022 |
|-------------------------------------|----------------------|----------------------|
| <u>Current tax assets:</u> | | |
| Tax credit for value added tax | 96,314 | 47,989 |
| Tax credit for VAT withholdings (1) | 28,267 | 12,061 |
| | 124,581 | 60,050 |
| <u>Current tax liabilities:</u> | | |
| VAT withholdings payable | 14,588 | 13,757 |
| Income tax withholdings payable | 6,578 | 10,575 |
| | 21,166 | 24,332 |

- (1) During the year 2023, through procedure 1170120231469638 the Internal Revenue Service resolves to accept the request for the refund of value added tax withholdings to the Foundation for US\$22,624.

12.1. Tax matters.

- Value added tax - VAT.

"Art. 73.- Budgetary compensation of the amount equivalent to Value Added Tax (VAT) paid.- The equivalent amount of VAT paid in the local acquisition or import of goods and demand for services by the Guayaquil Charitable Board, the Ecuadorian Institute of Social Security, Fe y Alegría, Society to Fight Cancer - SOLCA, Ecuadorian Red Cross, Oswaldo Looz Foundation and private universities and polytechnic schools, will be compensated by budget transfer of capital, charged to the General State Budget, in the term, conditions and form determined by the Ministry of Finance and the Internal Revenue Service.

FUNDACIÓN ESQUEL ECUADOR

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(Expressed in US Dollars)

The provisions of the preceding paragraph shall apply to international specialized agencies, non-governmental organizations, and legal entities under private law that have been designated executors in international agreements, government-to-government loans, or multilateral organizations such as the World Bank, the Corporation Andina de Fomento and the Inter-American Development Bank (IDB), provided that local imports or acquisitions of goods or services are made out of funds from such agreements or credits to fulfill the purposes expressed in said instruments; and, that these are previously registered in the Internal Revenue Service.

The Internal Revenue Service will verify the amounts paid of VAT against the formal presentation of the corresponding return and annexes and will inform the Ministry of Finance, for the purposes of beginning the budget compensation process.

- Exemption from income tax payment.

The Foundation is exempt from the payment of Income Tax according to Art. 9, numeral 5, of the Organic Law of Internal Tax Regime, which mentions that:

“For the purposes of determining and liquidating income tax, the income of the legally constituted private non-profit institutions, defined as such in the Regulations, are exclusively exonerated; provided that their assets and income are used for their specific purposes and only in the part that is directly invested in them.

Through the Internal Revenue Service, the State will verify at any time that the institutions referred to in this section are exclusively non-profit, are dedicated to the fulfillment of their statutory objectives and that their assets and income are destined in their entirety to its specific purposes, within the term established in this standard. If it is established that the institutions do not comply with the above requirements, they shall be taxed without any exemption”.

Article 19 of the Regulations to the Organic Law of the Internal Tax Regime mentions that: “The income of the legally constituted non-profit private institutions, of: religious worship; charity; promotion and development of women, children and the family; culture; art; education; investigation; health; sports; professionals; guilds; classists; political parties; those of the communes, indigenous peoples, cooperatives, unions, federations and confederations of cooperatives and other associations of peasants and small farmers, legally recognized, in the part that are not distributed, provided that their assets and income are destined for their specific purposes and comply with the formal duties contemplated in the Tax Code, the Internal Tax Regime Law, this Regulation and other Laws and Regulations of the Republic; their income must be constituted, except in the case of Universities and Polytechnic Schools created by Law, with contributions or donations in a percentage greater than or equal to those established by the Internal Revenue Service through resolution”.

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

In addition, Resolution No. NAC-DGERCGC15-0003216 issued by the Internal Revenue Service of December 23, 2015, Article 2, states: “For private non-profit organizations to access to income tax exemption, for each fiscal period, their income must be constituted with at least 5% of contributions or donations”.

- Specific regulations for non-profit institutions.

The “Regulations for the approval of statutes, reforms and codifications, liquidation and dissolution, and registration of partners and directives, of the organizations provided for in the Civil Code and in special laws” regulates the activities of non-profit institutions; the fundamental aspects of the aforementioned Regulation are:

Once the legal personality has been granted, all organizations must obtain the Single Registry for Civil Society Organizations.

The different ministries are empowered to require the corporations and foundations under whose control they are, to submit for their consideration the minutes of assemblies, economic reports and approved reports, and all kinds of reports that refer to their activities, except for the documentation protected by the Intellectual Property Law.

Foundations or corporations are subject to the following controls:

- a) Operational control by the Ministry itself, which granted it legal personality, which includes the verification of its documents, compliance with the object and purposes, registration of the board and the list of partners;
- b) Control of the use of public resources by the control organisms of the State and of the institution through which the public resources are transferred; and;
- c) Tax control by the Internal Revenue Service.

For the purposes of control described above, foundations or corporations are obliged to provide the minutes of assemblies, economic reports, audit reports and approved reports, or any other information that refers to their activities, required in advance and publicly to the different ministries and control and regulatory bodies, and will also have the obligation to facilitate access to the competent State officials to carry out physical verifications.

Foundations and corporations that for any reason receive public resources, must previously have the corresponding accreditation to carry out their activities, which will be conferred by the Ministry of the corresponding branch. Accreditation is the fulfillment of the legal, regulatory and administrative requirements that for each activity is established by the respective ministries.

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

Accredited foundations or corporations must annually submit an activity report, financial reports and audit reports to the entity that granted them the accreditation.

Corporations and foundations that have public resources will also submit to the supervision and control of the State Comptroller General.

The Ministry of Labor Relations controls that the social action and development volunteer organizations or volunteer programs do not constitute hidden mechanisms of job insecurity, within the framework of current legal provisions.

To December 31, 2023, the Foundation has complied with the monthly and annual presentation of its tax obligations before the tax authority.

13. EQUITY.

13.1. Permanently restricted: Includes property and equipment, which are owned by the Foundation, as well as the equity fund, destined to institutional strengthening to guarantee future work.

13.2. Temporarily restricted: Corresponds to equity that is under temporary restrictions established by the donors, the restriction of which is to ensure that the funds received are used only in the fulfillment of the objectives of the programs and projects.

14. DONATIONS.

A summary of this account was as follows:

| | | Years ended on, | |
|-------------------|-----|----------------------|----------------------|
| | | December 31, 2023 | December 31, 2022 |
| Foreign donations | (1) | 782,918 | 2,607,524 |
| Local Donations | (2) | 165,463 | 149,321 |
| | | 948,381 | 2,756,845 |

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

(1) A summary of foreign donations, was as follows:

| | | Years ended on, | |
|--------------------------------------|---------|----------------------|----------------------|
| | | December 31, 2023 | December 31, 2022 |
| National Democratic Institute for | | | |
| International Affairs - NDI | (18.1) | - | 79,935 |
| Fundación SES - BID | (18.2) | - | 23,977 |
| International Republican Institute - | (18.3) | | |
| IRI | (18.4) | 40,000 | 25,000 |
| Fundación SES-Comité Olímpico | | | |
| Internacional | (18.2) | - | 65,596 |
| Unión Europea | (18.5) | 111,563 | 306,617 |
| U.S. Agency for International | | | |
| Development - USAID | (18.6) | 200,000 | 1,000,000 |
| Fondo Ítalo Ecuatoriano para el | | | |
| desarrollo sostenible-FIEDS | (18.7) | 195,043 | 493,122 |
| Fundación Bernard VAN LEER | (18.8) | 54,410 | 185,291 |
| Mega Mujeres - Fondo Fiduciario de | | | |
| las Naciones Unidas | (18.9) | - | 7,726 |
| Programa de Naciones Unidas para el | | | |
| Desarrollo - PNUD | (18.26) | 66,282 | - |
| Democracy Human Rights and Labor | | | |
| - DRL | (18.27) | 25,620 | - |
| IFES | (18.10) | 12,000 | 67,855 |
| KNH Ecuador | (18.28) | - | 22,128 |
| Fundación SES - ALLIANZ - COI | (18.11) | 15,000 | - |
| AMBERO Consulting Gesellschaft | (18.12) | 9,000 | 3,000 |
| PACT Colombia | (18.13) | 54,000 | 105,953 |
| AECID | (18.14) | - | 221,324 |
| | | 782,918 | 2,607,524 |

(2) A summary of local donations, was as follows:

| | | Years ended on, | |
|-----------------------------------|---------|----------------------|----------------------|
| | | December 31, 2023 | December 31, 2022 |
| Grupo Faro | (18.15) | 55,241 | 17,834 |
| Embassy of Canada | (18.16) | - | 6,411 |
| ONU Mujeres | (18.17) | - | 74,551 |
| GIZ - Cooperación Técnica Alemana | (18.18) | - | 25,616 |
| Participación Ciudadana | (18.19) | 110,222 | 24,909 |
| | | 165,463 | 149,321 |

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

15. SERVICES REVENUES.

A summary of this account was as follows:

| | | Years ended on, | |
|-------------------|-----|----------------------|----------------------|
| | | December 31, 2023 | December 31, 2022 |
| Services revenues | (1) | 187,432 | 122,314 |

(1) A summary of service revenues, was as follows:

| | | Years ended on, | |
|--|---------|----------------------|----------------------|
| | | December 31, 2023 | December 31, 2022 |
| Fortalecimiento Institucional | - | 32,108 | 8,242 |
| Ferrero del Ecuador | (18.20) | 26,913 | 20,552 |
| LOWELL MINERAL EXPLORATION | (18.29) | 2,788 | - |
| GAD SANTO DOMINGO | (18.30) | 4,821 | - |
| Programa de Naciones Unidas para el Desarrollo - PNUD | (18.21) | - | 29,062 |
| Programa de Naciones Unidas para el Desarrollo - PNUD | (18.22) | - | 24,100 |
| Pronaca | (18.23) | 107,122 | 12,877 |
| Partners Global | (18.24) | 13,680 | 13,999 |
| OIILA | (18.25) | - | 13,482 |
| | | 187,432 | 122,314 |

16. OTHER INCOME.

To December 31, 2023 it mainly includes income from the leases of the Foundation's offices for US\$31,200.

17. PROGRAMS AND PROJECTS EXPENSES.

A summary of this account was as follows:

| | | Years ended on, | |
|-----------------------|--|----------------------|----------------------|
| | | December 31, 2023 | December 31, 2022 |
| Equity Fund | | 6,136 | 4,163 |
| Project strengthening | | 41,488 | (29,940) |
| | | 47,624 | (25,777) |

FUNDACIÓN ESQUEL ECUADOR

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(Expressed in US Dollars)

| | Years ended on, | |
|--|----------------------|----------------------|
| | December 31, 2023 | December 31, 2022 |
| Grupo Faro | - | 24,189 |
| U.S. Agency for International Development - USAID | 327,466 | 1,508,205 |
| Fondo Ítalo Ecuatoriano para el desarrollo sostenible - FIEDS | 140,821 | 551,142 |
| Fundación Bernard VAN LEER | 125,636 | 115,792 |
| Mega Mujeres - Fondo Fiduciario de Naciones Unidas | 7,729 | - |
| RTI | 2,993 | - |
| Democracy Human Rights and Labor - DRL | 19,996 | - |
| Fondo Ítalo Ecuatoriano para el desarrollo sostenible - FIEDS | 25,085 | - |
| National Democratic Institute - NDI | - | 90,053 |
| Embassy of Canada | - | 4,550 |
| ONU Mujeres | - | 148,604 |
| IFES | 12,000 | 67,855 |
| Participación Ciudadana | 126,232 | 8,898 |
| GIZ - Cooperación Técnica Alemana | - | 43,172 |
| International Republican Institute - IRI | 16,343 | 8,818 |
| Unión Europea | 289,226 | 266,175 |
| Partners Global | 9,822 | 27,749 |
| AMBERO | 11,940 | 60 |
| Several | - | 48 |
| Grupo Faro | 11,198 | - |
| Fundación SES - BID | 4 | 96,446 |
| Fundación SES - Comité Olímpico Internacional | - | 135,221 |
| International Republican Institute - IRI | 40,004 | - |
| Fundación SES | 20,164 | - |
| Programa de las Naciones Unidas para el Desarrollo - PNUD | 52,110 | - |
| Kindernothilfe E.V. - KNH Ecuador | - | 22,128 |
| ONU Mujeres | 1,073 | 16,102 |
| Programa de las Naciones Unidas para el Desarrollo - PNUD | - | 69,289 |
| PACT Colombia | 102,096 | 58,398 |
| AECID MAATE | 121,718 | - |
| GIZ - Cooperación Técnica Alemana | - | 2,192 |
| Ferrero del Ecuador | 27,222 | 33,322 |
| Pronaca | 70,986 | 21,502 |
| OIILA | - | 13,482 |
| LOWELL | 2,789 | - |
| GAD SANTO DOMINGO | 4,509 | - |
| UNFPA | - | 30 |
| | 1,616,786 | 3,307,647 |

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

18. AGREEMENTS AND CONTRACTS.

The main agreements and contracts by which the Foundation has received funds for executing its programs and projects for the year 2023, are summarized below:

18.1 National Democratic Institute for International Affairs - NDI. ((Note14, literal (1))

- I. **Project:** Promotion of the inclusion of underrepresented civil society actors in public policy formulation processes in Ecuador.
- II. **Amount:** The total Project amount is \$100,000.
- III. **Validity:** The validity of the agreement is 12 months starting from October 1, 2021.

18.2 Fundación SES - BID - COI. ((Note14, literal (1))

- I. **Project:** Technology and sport: Education for the future.
- II. **Amount:** The total project budget is \$926,849; IDB will finance \$266,483, COI 410,366 and a counterpart contribution of \$250,000.
- III. **Validity:** The validity of the project is 43 months from May 17, 2019.

18.3 International Republican Institute - IRI. ((Note14, literal (1))

- I. **Project:** Supporting More Inclusive and Representative Legislative Processes.
- II. **Amount:** The agreement amount is for \$25.000.
- III. **Validity:** The project prevalence is 9 months and 15 days starting February 16, 2022.

18.4 International Republican Institute - IRI. ((Note14, literal (1))

- I. **Project:** Electoral Assistance in Ecuador.
- II. **Amount:** The agreement amount is for \$40.000.
- III. **Validity:** The validity of the project is from July 24 to December 10, 2023.

FUNDACIÓN ESQUEL ECUADOR

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18.5 UNIÓN EUROPEA. ((Note14, literal (1))

- I. **Project:** National Dialogue Process: A pact for tomorrow.
- II. **Amount:** Value of the agreement is for EUROS 704.793.
- III. **Validity:** The project's duration is 36 months, starting from May 1, 2021.

18.6 U.S. Agency for International Development- USAID. ((Note14, literal (1))

- I. **Project:** COVID19 - Oxygen for saving lifes.
- II. **Amount:** The total project amount is for \$3,000,000.
- III. **Validity:** The duration of the agreement is 26 months from October 30, 2020.

18.7 Fondo Ítalo Ecuatoriano para el Desarrollo sostenible -FIEDS. ((Note14, literal (1))

- I. **Project:** Improving access to health services and employment for Venezuelans in a situation of human mobility, and their social and economic integration with the host population in Ecuador.
- II. **Amount:** The total Project amount once completed was \$732.625.
- III. **Validity:** The duration of the agreement is 24 months from August 27, 2021.
- I. **Project 2:** Strengthening Mechanisms for Access to Justice Articulated to the Protection and Care Systems for Women, Boys, Girls and Adolescents, Victims of Gender-Based Violence to Guarantee their Right to a Life Free of Violence, with National Intervention and Emphasis on Quito, Guayaquil and Latacunga.
- II. **Amount:** The total Project amount is \$749.990.
- III. **Validity:** The duration of the agreement is 36 months from October 17, 2023.

18.8 Fundación Bernard VAN LEER. ((Note14, literal (1))

- I. **Project:** Towards the construction of a state policy to fight chronic child malnutrition (CCM).
- II. **Amount:** The total agreement amount is \$239.700,90.

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- III. **Validity:** The duration of the Project is 18 months starting December 17, 2021.

18.9 Mega Mujeres-Fondo Fiduciario de las Naciones Unidas. ((Note14, literal (1))

- I. **Project:** Improving the prevention of gender-based violence through changing maladaptive social and legal norms that impede the right to a life free of violence for girls and women.
- II. **Amount:** The agreement amount is \$62.359.
- III. **Validity:** The duration of the agreement is 33 meses starting October 7, de 2022.

18.10 The International Foundation for Electoral Systems IFES ((Note14, literal (1))

- I. **Project 1:** Building Technical Capacity and Public Confidence in Ecuador's Electoral System.
- II. **Amount:** The agreement amount is \$12.000.
- III. **Validity:** The duration of the agreement is 2 months.
- I. **Project 2:** Building Technical Capacity and Public Confidence in Ecuador's Electoral System.
- II. **Amount:** The agreement amount is \$67.855.
- III. **Validity:** The duration of the agreement is 8 months starting from the signature date, March 1, 2022.

18.11 Fundación SES financed by ALLIANZ and COI. ((Note14, literal (1))

- I. **Project:** Sportic Learning with Sports and Technology. Strengthening Youth Leaders.
- II. **Amount:** The agreement amount is \$30.000.
- III. **Validity:** The duration of the agreement is 5 months starting September 1, 2023.

18.12 AMBERO Consulting Gesellschaft mbH. ((Note14, literal (1))

- I. **Project:** Consulting for an expert in andragogic methodologies for virtual learning environments and the training of trainers process.
- II. **Amount:** Contract value for \$12,000.

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- III. **Validity:** The duration of the contract is 5 months starting from its signature November 14, 2022.

18.13 PACT Colombia. ((Note14, literal (1))

- I. **Project:** Strengthening the capacity of indigenous organizations in the Amazon.
- II. **Amount:** The agreement amount is \$159,953.
- III. **Validity:** The duration of the agreement is 13 months starting from its signature April 3, 2022.

18.14 AECID ((Note14, literal (1))

- I. **Project:** Climate risk management for the Water, Food Sovereignty, Agriculture, Livestock, Aquaculture and Fishing (SAG) and Marine-Coastal Belt sectors of Ecuador.
- II. **Amount:** The agreement amount is 418.544 Euros.
- III. **Validity:** The duration of the agreement is 18 months starting December 8, 2022. An extension of the deadline was made until September 30, 2024.

18.15 Grupo Faro. (Note14, literal (2))

- I. **Project 1:** Towards resilient communities in Manabí: Promoting reconstruction and productive reactivation through citizen participation.
- II. **Amount:** The budget amount was \$244.000.
- III. **Validity:** The duration of the agreement is 35 months starting March 1, 2019.
- I. **Project 2:** Articulation for Electoral Democratic Strengthening in Ecuador 2023 -2025.
- II. **Amount:** The budget amount is 205.357 Euros.
- III. **Validity:** The duration of the agreement is 24 months starting September 19, 2023.

18.16 Embassy of Canada. ((Note14, literal (2))

- I. **Project:** Empowering the Parliamentary group for women's rights in the National Assembly of Ecuador.

FUNDACIÓN ESQUEL ECUADOR

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II. **Amount:** The total agreement amount is \$32.347.

III. **Validity:** The duration of the Project is 7 months and 20 days starting July 8, 2021.

18.17 United Nations Entity for Gender Equality and the empowerment of women (UN WOMEN). ((Note14, literal (2))

I. **Project:** Strengthening the women's movement and other civil society women's organizations for the eradication of rape against women and girls, VAWG and femicide.

II. **Amount:** The agreement amount is \$250,671.

III. **Validity:** The duration of the contract is 9 months and 15 days starting from its signature July 15, 2021.

18.18 Cooperación Técnica Alemana - GIZ. ((Note14, literal (2))

I. **Project:** Anticorruption, Transparency and participation in Ecuador.

II. **Amount:** The agreement amount is \$103.331

III. **Validity:** The duration of the Project is 15 months starting from its signature April 1, 2021.

18.19 LA CORPORACIÓN PARTICIPACIÓN CIUDADANA ECUADOR ((Note14, literal (1))

I. **Project:** Strengthening democracy with the convergence of multi-actors proposing solutions to urgent problems.

II. **Amount:** The agreement amount is \$135.130

III. **Validity:** The duration of the agreement is 9 months starting from its signature November 11, 2022.

18.20 Ferrero del Ecuador S.A. ((Note15, literal (1))

I. **Project 1:** Advisory service, accompaniment and development of projects within the framework of the Community Relations process between the company Ferrero del Ecuador and the Barrio la Tola Grande.

II. **Amount:** The contract amount is for \$70.515 plus VAT.

III. **Validity:** The duration of the contract is 24 months starting January 8, 2021.

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

- I. **Project 2:** Advisory service, accompaniment and development of projects within the framework of the Community Relations process between the company Ferrero del Ecuador and the Barrio la Tola Grande.
- II. **Amount:** The contract amount is for \$67.283 plus VAT.
- III. **Validity:** The duration of the contract is 14 months starting January 1, 2023.

18.21 United Nations Development Program - UNDP. ((Note15, literal (1))

- I. **Project:** Development of employability processes aimed at population in human mobility.
- II. **Amount:** The contract amount is for \$29.062 plus VAT.
- III. **Validity:** The duration of the contract is 6 months starting June 3, 2022.

18.22 United Nations Development Program - UNDP. ((Note15, literal (1))

- I. **Project:** Design and implementation of an innovative participation process for the preparation of the United Nations development cooperation framework.
- II. **Amount:** Contract amount for \$26.778 plus VAT.
- III. **Validity:** The duration of the contract is 2 months and 23 days starting December 1, 2021.

18.23 Pronaca. ((Note15, literal (1))

- I. **Project 1:** Phase 3 “Implementation of life plan”.
- II. **Amount:** Contract amount for \$85.129 plus VAT.
- III. **Validity:** The duration of the contract is 14 months starting January 3, 2023.
- I. **Project 2:** Community Diagnosis in prioritized territories of Bucay.
- II. **Amount:** Contract amount for \$21.993 plus VAT.
- III. **Validity:** The duration of the contract is 3 months and 11 days starting November 10, 2023.
- I. **Project 3:** Design and implementation of a “Participatory rapid evaluation diagnosis along with support in the sustainable conflict resolution strategy between PRONACA and Human Rights Associations.

FUNDACIÓN ESQUEL ECUADOR

Notes to the Financial Statements

(Expressed in US Dollars)

II. **Amount:** Contract amount for \$21.793.

III. **Validity:** The duration of the contract is 8 months starting November 15, 2023.

18.24 Partners Global. ((Note15, literal (1))

I. **Project:** Program: Enabling and Protecting Civic Spaces (EPCS)—Illuminating New Solutions and Programmatic Innovations for Resilient Space (INSPIRES).

II. **Amount:** Contract amount for \$47.839.

III. **Validity:** The contract duration is 34 months starting from its signature November 1, 2020.

18.25 OILLA. ((Note15, literal (1))

I. **Project:** Consensus Conference.

II. **Amount:** Contract amount for \$13.483.

III. **Validity:** The duration of the contract is 60 days starting May 3, 2022.

18.26 United Nations Development Program - UNDP. ((Note14, literal (1))

I. **Project:** Peoples and Nationalities for Collective Rights in a Culture of Peace.

II. **Amount:** The agreement amount is \$ 66,283.

III. **Validity:** The duration of the agreement is from March 15 to November 28, 2023.

18.27 Democracy Human Rights and Labor - DRL. ((Note14, literal (1))

I. **Project:** Advocating for the Prevention of Corruption and Gender-Based Violence and its relation to corruption through an action-research approach.

II. **Amount:** The agreement amount is \$450,000.

III. **Validity:** The duration of the agreement is 24 months starting September 20, 2023.

FUNDACIÓN ESQUEL ECUADOR

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(Expressed in US Dollars)

18.28 KHN ECUADOR. ((Note14, literal (1))

- I. **Project:** Special Fund for Strengthening the Educational Community through enhancing the role of the DECES.
- II. **Amount:** The agreement amount is\$ 22,128.
- III. **Validity:** The duration of the agreement is 8 months and 20 days starting March 10, 2022.

18.29 LOWELL MINERAL EXPLORATION. ((Note15, literal (1))

- I. **Project:** Strengthening identity and intercultural leadership in Young Amazon Scholars.
- II. **Amount:** Contract amount for \$2,788 plus VAT.
- III. **Validity:** The duration of the contract is 1 month starting August 25, 2023.

18.30 GAD Santo Domingo. ((Note15, literal (1))

- I. **Project:** Logistics Services for carrying out an International Cooperation Round where the proposals of the Project's database is presented.
- II. **Amount:** Contract amount for \$4,821 plus VAT.
- III. **Validity:** The duration of the contract is 30 days starting November 8, 2023.

22. CONTINGENTS.

To December 31, 2023 and 2022 the Foundation does not maintain lawsuits as defendant and/or plaintiff.

23. SANCTIONS.

From other administrative authorities.

No sanctions have been applied to the Foundation, its Directors or Managers, issued by administrative authorities, during the year ended on December 31, 2023.

24. SUBSEQUENT EVENTS TO THE BALANCE SHEET DATE.

Subsequent to December 31, 2023 and until the issue date of these financial statements (April 19, 2023), there is no knowledge of financial or other events that significantly affect the balances or interpretation thereof.