

**SOS-Kinderdorf International,  
Innsbruck**

Financial Statements  
as of December 31, 2017 (Translation)

Excerpt

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**TRANSLATION****4. AUDITOR'S REPORT <sup>\*)</sup>****Report on the Financial Statements****Audit Opinion**

We have audited the financial statements of

**SOS-Kinderdorf International, Innsbruck.**

These financial statements comprise the balance sheet as of December 31, 2017, the income statement for the fiscal year then ended and the notes.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Association as of December 31, 2017 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

**Basis for Opinion**

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Association in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Association and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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**TRANSLATION**

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of 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 Association's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**TRANSLATION**

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Vienna, June 22, 2018

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Hans-Erich Sorli mp  
Wirtschaftsprüfer / Certified Public Accountant

Mag. (FH) Isabelle Vollmer mp  
Wirtschaftsprüferin / Certified Public Accountant

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\*) This report is a translation of the original report in German, which is solely valid. Publication or sharing with third parties of the financial statements together with our auditor's opinion is only allowed if the financial statements are identical with the German audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

\*\*) We want to emphasize that the report has been translated analogously from the original auditor's report "Bericht über die Prüfung des Jahresabschlusses zum 31. Dezember 2017". All legal terms translated to similar Anglo American legal terms can only be seen under the legal principles (jurisdiction) of Austrian law, especially civil and commercial law. The German version of the auditor's report has been signed personally.

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**TRANSLATION****5. REPORT ON THE AUDIT OF ACCOUNTS**

We conducted the audit of the accounts of

**SOS-Kinderdorf International, Innsbruck**  
(referred to as "the Association"),

for the period starting January 1, 2017 until December 31, 2017.

*Responsibilities of Management for the Financial Management*

The management body of the association is responsible for the proper financial management of the association with regard to the correctness of accounting and the proper use of funds in accordance with the Association's bylaws. The management body of the association must ensure that an accounting system in accordance with the requirements of the association is in place and that the financial situation of the association is timely and sufficiently recognizable.

*Auditor's Responsibility and Description of Kind and Scope of the Audit of Accounts*

Our responsibility is to express an opinion based on our audit procedures whether the correctness of the accounts was given in all material respects and whether the use of the funds of the association was in accordance with the Association's bylaws. Any detected flaws or threats to the existence of the association need to be revealed in our report and unusual sponsorship contributions received and disbursed, especially self-dealings, have to be discussed in detail.

In performing the audit, we adhered to the applicable legal provisions in Austria and the relevant expert opinions and standards of audits. Those standards require us to comply with our professional duties, including rules on independence, and to plan and perform the engagement with due regard to the principle of materiality so that we can provide our opinion with reasonable assurance.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the accounts in order to design audit procedures that are appropriate under the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Proper use of funds in accordance with the Association's bylaws is given when the funds are used to meet the objectives of the association, in particular to finance the activities envisaged for the realization of the objectives. The assessment of the economy or profitability of the management of the association is not the subject of the audit.

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**TRANSLATION**

The audit or review of the accounts, or the detection and investigation of criminal offenses, e.g. misappropriation or other infidelities and administrative offenses, is not the subject of the audit.

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

*Opinion*

In our opinion, which is based on the results of our audit, the correctness of accounts was given in all material respects and the use of funds was performed in accordance with the Association's by-laws for the period lasting from January 1, 2017 to December 31, 2017; no unusual receipts or expenses, especially self-dealings, were detected.

Vienna, June 22, 2018

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

Mag. Hans-Erich Sorli mp  
Wirtschaftsprüfer / Certified Public Accountant

Mag. (FH) Isabelle Vollmer mp  
Wirtschaftsprüferin / Certified Public Accountant

**BALANCE SHEET as of DECEMBER 31, 2017****ASSETS**

	EUR	EUR	Balances as of 31.12.2017 EUR	Balances as of 31.12.2016 EURk
<b>A. FIXED ASSETS</b>				
I. Intangible assets				
1. Rights	215,886.69			381
2. Prepayments	<u>220,731.48</u>			120
		436,618.17		<u>501</u>
II. Tangible assets				
1. Investments in third-party buildings	252,366.70			322
2. Other equipment, furniture and equipment	<u>404,883.36</u>			484
		657,250.06		<u>806</u>
III. Financial assets				
1. Investments	51,250.00			51
2. Investment securities (uncertificated securities)	<u>1,870,792.72</u>			2,123
		<u>1,922,042.72</u>		<u>2,174</u>
			3,015,910.95	<u>3,481</u>
<b>B. CURRENT ASSETS</b>				
I. Accounts receivable and other assets				
1. Receivables from membership fees	1,235,473.14			401
2. Other assets and receivables <i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>	<u>1,380,654.65</u>			1,340
		2,616,127.79		<u>1,741</u>
II. Cash on hand, bank balances				
thereof Cash	4,243.41			6
thereof Bank deposits administration	4,818,719.15			4,418
thereof Bank deposits sponsorship money	216,020.17			16,775
thereof appropriated bank deposits for relief actions	137,676.10			11
thereof appropriated bank deposits for donation	200,771.09			124
thereof appropriated bank deposits for reserves	0.00			3
thereof appropriated bank deposits for the Gulf Area Office	566,217.84			942
thereof appropriated bank deposits for other Programme	<u>0.00</u>			888
		<u>5,943,647.76</u>		<u>23,167</u>
			8,559,775.55	<u>24,908</u>
<b>C. PREPAID EXPENSES AND DEFERRED CHARGES</b>			399,483.08	<u>310</u>
			<u>11,975,169.58</u>	<u>28,699</u>

## BALANCE SHEET as of DECEMBER 31, 2017

## EQUITY AND LIABILITIES

	EUR	EUR	Balances as of 31.12.2017 EUR	Balances as of 31.12.2016 EURk
<b>A. STOCKHOLDERS' EQUITY</b>				
I. Capital stock		808,131.45		786
II. Appropriated capital reserves		1,930,000.00		1,930
III. Accumulated profit		-616,211.74		22
thereof carried forward EUR 0,00 (2016 EURk 0)			2,121,919.71	2,738
<b>B. PROVISIONS AND ACCRUALS</b>				
1. Provisions for severance payments		2,150,508.60		2,013
2. Other provisions and accruals		3,451,522.87		3,241
			5,602,031.47	5,254
<b>C. LIABILITIES</b>				
1. Prepayments received for projects		1,105,845.50		1,078
<i>thereof due within one year EUR 1,105,845.50 (2016 EURk 1,078)</i>				
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
2. Accounts payable - trade		1,354,735.52		1,141
<i>thereof due within one year EUR 1,354,735.52 (2016 EURk 1,141)</i>				
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
3. Liabilities from sponsorship and appropriated accounts				
<i>thereof due within one year EUR 873,675.05 (2016 EURk 17,717)</i>				
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
for sponsorship money including interest	204,071.82			16,775
for the Gulf Area Office	566,217.84			942
for other Programme	103,385.39			0
		873,675.05		17,717
4. Other liabilities				
<i>thereof due within one year EUR 263,014.36 (2016 EURk 137)</i>	263,014.36			137
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
<i>thereof due to Taxes EUR 251,964.83 (2016 EURk 252)</i>	251,964.83			252
<i>thereof due within one year EUR 251,964.83 (2016 EURk 252)</i>				
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
<i>thereof due to Social Security EUR 401,983.14 (2016 EURk 382)</i>	401,983.14			382
<i>thereof due within one year EUR 401,983.14 (2016 EURk 0)</i>				
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
		916,962.33		771
Total liabilities			4,251,218.40	20,707
<i>thereof due within one year EUR 4,251,218.40 (2016 EURk 20,707)</i>				
<i>thereof with a maturity of more than one year EUR 0,00 (2016 EURk 0)</i>				
			<u>11,975,169.58</u>	<u>28,699</u>



**PROFIT AND LOSS ACCOUNTS**  
**for the FISCAL YEAR 2017**

	2017		2016	
	EUR	EUR	TEUR	TEUR
1. Membership fees		39,031,794.14		34,520
2. Donations and other sales		5,475,237.40		8,895
3. Other operating income				
a) Income from disposal and write up excluding financial assets	237.55		0	
b) Income from release of accruals	3,520.00		0	
c) Other income	<u>258,035.68</u>		<u>250</u>	
		261,793.23		250
4. Personnel expenses				
a) Salaries	16,907,664.30		15,386	
b) Social expenses	4,033,350.47		3,812	
<i>thereof expenses for pensions scheme EUR 0,00 (2016 EURk 0)</i>				
aa) Expenses for severance payments and contributions to company-sponsored employee provision funds EUR 399,401.17 (2016 EURk 389)				
bb) Expenses for statutory social security, payroll related taxes and mandatory contributions EUR 3,443,303.87 (2016 EURk 3,250)		-20,941,014.77		-19,198
5. Depreciation on intangible and tangible fixed assets		-630,295.36		-653
6. Other operating expenses				
a) Taxes, not included in fig. 14	4,349.42		5	
b) Other operating expenses	<u>23,886,435.01</u>	-23,890,784.43	<u>22,791</u>	-22,796
<b>7. Subtotal from fig. 1 to 6 (operating result)</b>		<b>-693,269.79</b>		<b>1,018</b>
8. Income from other securities and loans of financial assets		18,257.10		24
<i>thereof from affiliates EUR 0,00 (2016 EURk 0)</i>				
9. Other interest and similar income		214,226.51		116
<i>thereof from affiliates EUR 0,00 (2016 EURk 0)</i>				
10. Income from disposal of and write up of financial assets		397.00		11
11. Interest and similar expenses		-141,539.21		-207
<i>thereof from affiliates EUR 0,00 (2016 EURk 0)</i>				
<b>12. Subtotal from fig. 8 to 12 (financial result)</b>		<b>91,341.40</b>		<b>-56</b>
<b>13. Result before taxes (Subtotal from fig.7 and 12)</b>		<b>-601,928.39</b>		<b>962</b>
14. Taxes on income and profit		-14,283.35		-10
<b>15. Result after taxes</b>		<b>-616,211.74</b>		<b>952</b>
16. Allocation to allocated reserves		0.00		-930
<b>Profit for the Year</b>		<b>-616,211.74</b>		<b>22</b>
17. Profit carried forward from previous year		0.00		0
<b>18. Total profit/loss</b>		<b>-616,211.74</b>		<b>22</b>

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