

**SOS-Kinderdorf International,  
Innsbruck**

Financial Statements  
as of December 31, 2016 (Translation)

*non-binding electronic copy*

**BALANCE SHEET as of December 31, 2016****ASSETS**

	EUR	EUR	Balance as of 31.12.2016 EUR	Balance as of 31.12.2015 EURk
<b>A. FIXED ASSETS</b>				
I. Intangible Assets				
1. Rights	380.768,76			406
2. Prepayments	<u>119.998,80</u>			0
		500.767,56		<u>406</u>
II. Tangible Assets				
1. Investments in third-party buildings	322.057,20			398
2. Othe equipment, furniture and equipment	<u>484.410,89</u>			566
		806.468,09		<u>964</u>
III. Financial Assets				
1. Investments	51.250,00			51
2. Investment securities (uncertificated securities)	<u>2.122.895,72</u>			2.112
		<u>2.174.145,72</u>		<u>2.163</u>
			3.481.381,37	<u>3.533</u>
<b>B. CURRENT ASSETS</b>				
I. Accounts receivables and other assets				
1. Receivables from membership fee	401.298,00			1.056
2. Other assets and receivables <i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>	<u>1.339.802,01</u>			1.061
		1.741.100,01		<u>2.117</u>
II. Cash on hand, bank balances				
thereof Cash	5.414,17			4
thereof Bank deposits administration	4.417.786,34			3.358
thereof Bank deposits sponsorship money	16.774.617,13			7.844
thereof appropriated bank deposits for relief actions	11.419,41			2
thereof appropriated bank deposits for donation	124.406,56			138
thereof appropriated bank deposits for reserves	2.653,86			2
thereof appropriated bank deposits for projects and subsistence	0,00			18.679
thereof appropriated bank deposits for the Gulf Area Office	942.329,45			735
thereof appropriated bank deposits for the Strategic Growth Investment Programme	<u>888.271,99</u>			660
		<u>23.166.898,91</u>		<u>31.422</u>
			24.907.998,92	<u>33.539</u>
<b>C. PREPAID EXPENSES</b>			310.157,38	<u>222</u>
			<u>28.699.537,67</u>	<u>37.294</u>

**BALANCE SHEET as of December 31, 2016****EQUITY AND LIABILITIES**

	EUR	EUR	Balance as of 31.12.2016 EUR	Balance as of 31.12.2015 EURk
<b>A. EQUITY</b>				
I. Capital Stock		786.355,64		764
II. Appropriated Reserves		1.930.000,00		1.000
III. Accumulated Profit		21.775,81		22
thereof carried forward EUR 0.00 (2015 EURk 0)			2.738.131,45	1.786
<b>B. PROVISION AND ACCRUALS</b>				
1. Provisions for severance payments		2.012.976,80		1.985
2. Other provisions and accruals		3.240.962,30		3.034
			5.253.939,10	5.019
<b>C. LIABILITIES</b>				
1. Prepayments received		1.078.168,61		408
<i>thereof due within one year EUR 1,078,168.61 (2015 EURk 408)</i>				
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
2. Accounts payable - trade		842.027,19		907
<i>thereof due within one year EUR 842,027.19 (2015 EURk 907)</i>				
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
3. Liabilities from sponsorship and appropriated accounts				
<i>thereof due within one year EUR 17,716,949.93 (2015 EURk 27,800)</i>				
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
for sponsorship money including interest	16.774.620,48			7.844
for relief actions including interest	0,00			2
for projects and subsistence including interest	0,00			18.679
for the Gulf Area Office	942.329,45			735
for the Strategic Growth Investment Programme	0,00			540
		17.716.949,93		27.800
4. Other liabilities				
<i>thereof due within one year EUR 137,113.99 (2015 EURk 384)</i>	137.113,99			384
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
<i>thereof due to Taxes</i>	252.439,70			259
<i>thereof due within one year EUR 252,439.70 (2015 EURk 259)</i>				
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
<i>thereof due to Social Security</i>	381.625,93			351
<i>thereof due within one year EUR 381,625.93 (2015 EURk 351)</i>				
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
		771.179,62		994
Total liabilities			20.408.325,35	30.109
<i>thereof due within one year EUR 20,408,325.35 (2015 EURk 30,109)</i>				
<i>thereof with a maturity of more than one year EUR 0.00 (2015 EURk 0)</i>				
<b>D. DEFERRED INCOME</b>			299.141,77	380
			28.699.537,67	37.294

**PROFIT AND LOSS ACCOUNTS**  
**for the FISCAL YEAR 2016**

	2016		2015	
	EUR	EUR	EURk	EURk
1. Membership fees		39.514.360,02		38.731
2. Donations and other sales		3.900.932,17		1.070
3. Other operating income				
a) Income from disposal and write up excluding financial assets	-172,23		4	
b) Income from release of accruals	0,00		78	
c) Other income	250.303,95	250.131,72	0	82
4. Personnel expenses				
a) Salaries	15.385.786,21		14.967	
b) Social expenses	3.812.006,98		4.206	
<i>thereof expenses for pensions scheme EUR 0.00 (2015 EURk 0)</i>				
aa) Expenses for severance payments and contributions to company-sponsored employee provision funds EUR 388,765.15 (2015 EURk 805)				
bb) Expenses for statutory social security, payroll related taxes and mandatory contributions EUR 3,250,225.80 (2015 EURk 3,247)		-19.197.793,19		-19.173
5. Depreciation on intangible and tangible fixed assets		-652.589,67		-695
6. Other operating expenses				
a) Taxes, not included in fig. 15	5.626,90		7	
b) Other operating expenses	22.790.895,07	-22.796.521,97	20.984	-20.991
<b>7. Subtotal from fig. 1 to 6 (operating result)</b>		<b>- 1.018.519,08</b>		<b>- 976</b>
8. Income from other securities and loans of financial assets <i>thereof from affiliates EUR 0.00 (2015 EURk 0)</i>		24.373,96		32
9. Other interest and similar income <i>thereof from affiliates EUR 0.00 (2015 EURk 0)</i>		115.617,59		25
10. Income from disposal of and write up of financial assets		10.631,60		221
11. Expenses from financial assets (depreciation)		0,00		-8
12. Interest and similar expenses <i>thereof from affiliates EUR 0.00 (2015 EURk 0)</i>		-207.254,68		-88
<b>13. Subtotal from fig. 8 to 12 (financial result)</b>		<b>- 56.631,53</b>		<b>182</b>
<b>14. Result before taxes (Subtotal from fig.7 and 12)</b>		<b>961.887,55</b>		<b>-794</b>
15. Taxes on income and profit		-10.111,74		-14
<b>16. Result after taxes</b>		<b>951.775,81</b>		<b>-808</b>
17. Release of allocated reserves		0,00		830
18. Allocation to allocated reserves		-930.000,00		0
<b>Profit for the Year</b>		<b>21.775,81</b>		<b>22</b>
19. Profit / Loss carried forward from previous year		0,00		0
<b>20. Total profit</b>		<b>21.775,81</b>		<b>22</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2016****I. GENERAL**

The financial statements of SOS-Kinderdorf International at 31 December 2016 were prepared in accordance with the provisions of the Austrian Association Law, which came into force on 1 July 2002.

**II. ACCOUNTING METHODS**

The financial statements of the association SOS-Kinderdorf International, Innsbruck, at 31 December 2016 were prepared with due regard for the principles of adequate and orderly accounting and the general requirement to provide as accurate a picture as possible of the association's net worth, financial position and results.

The principles of completeness and consistency were respected in drawing up these financial statements.

Valuation was performed on the assumption of a going concern.

The principle of individual evaluation was applied to the assets and liabilities.

In keeping with the principle of prudence, only earnings realised at balance sheet date were included in these financial statements. Due account was taken of all recognisable risks and uncertain liabilities arising in the 2016 fiscal year or earlier.

Recognition, valuation and reporting of the individual items of the financial statements were performed on the basis of the general provisions of § 22 of the Austrian 2002 Association Law (VerG). In accordance with § 22 (1) VerG, the provisions of § 21, §§ 190 – 193 (1) and §§ 193 (3) - 216 of the Austrian Commercial Code (UGB) were applied analogously. In accordance with § 22 VerG, the provisions of §§ 222 - 234, §§ 236 - 240, § 242 (2 and 4), § 269 (1) and §§ 272 - 276 UGB were applied analogously.

The previously used principles of accounting and valuation have also been applied to these financial statements except for the first-time application of RÄG 2014 (Austrian Accounting Amendment Act).

The structures of the balance sheet and profit and loss account were modified pursuant to the provisions of RÄG 2014.

The previous year's figures were modified in accordance with the legal requirements. Changes, due to first-time application of RÄG 2014, to the principles of accounting and valuation applied are described under the relevant items in the following.

Note: Where no currency is specified, the figures quoted in the following are in Euros and Cents.

## **1. Fixed assets**

### **1.1. Intangible assets**

Intangible assets are valued at the cost of acquisition or production less scheduled depreciation. Straight-line amortisation is applied for scheduled depreciation based on a useful life of 4-10 years. Non-scheduled depreciation is carried out where the loss in value is expected to be permanent.

### **1.2. Tangible assets**

Tangible assets are valued at the cost of acquisition or production less scheduled depreciation. Scheduled straight-line amortisation is applied based on the following useful lives: 10 years for leasehold improvements, 10 years for operating and office equipment, 4 years for mobile phones and webcams and computer equipment, and 8 years for vehicles. Low-value assets are reported as disposals and fully depreciated in the year of acquisition.

Non-scheduled depreciation is carried out where the loss in value is expected to be permanent.

Unchanging values pursuant to § 209 (1) UGB were not employed.

### **1.3. Financial assets**

Financial assets are valued at the cost of acquisition less non-scheduled depreciation. Non-scheduled depreciation is carried out where the loss in value is expected to be permanent.

The gilt-edged securities for the social capital serve to cover the accruals for severance payments. According to the 1994 decision of the Executive Committee, the stocks held by the funds must not exceed 30% of the total value.

Due to the first-time application of RÄG 2014, financial assets were revalued on a mandatory basis at the higher market value at the balance sheet date up to the cost of acquisition at the most, although this right was already exercised on a voluntary basis in the previous year.

## **2. Receivables and other assets**

Receivables are carried at nominal value. They are stated on the basis of the realisation and imparity principle at the lower of cost or market. In case of collection risks, write downs are made. Depreciation for future loss of value was carried out where necessary in the year under report.

## **3. Accruals and liabilities**

### **3.1. Accruals for severance payments**

Accruals for severance payments amount to € 2,012,976.80 (compared with € 1,985,116.40 in the previous year). In keeping with the decision of the Executive Committee, they were calculated on a simplified basis with 90 % of theoretical entitlements at the balance sheet date.

### **3.2. Other accruals**

Anniversary bonus accruals are mandatory under Austrian labour law. The amount of the accrual was calculated using the discounted cash-flow method with a discount rate of 2.0 % (2015: 2.0 %) for a retirement age of 60 for women and 65 for men and a fluctuation rate of approx. 5 %. Other accruals were stated at settlement value pursuant to RÄG 2014.

### **3.3. Liabilities**

Liabilities are stated at settlement value.

## **4. Currency translation**

Receivables (liabilities) in other currencies are valued at cost of acquisition or according to the strict lower (higher) of cost or market principle on the basis of the reference rate of Deutsche Bank AG, Frankfurt, (month-end rate) at 31 December 2016.



## 5. Changes of accounting methods

As mentioned in section II, the provisions of RÄG 2014 were applied for the first time to the 2016 financial statements. That involved the following changes to the principles of accounting and valuation:

- The terms of receivables and liabilities were stated in the balance sheet.
- The structure of the profit and loss account was adapted in accordance with the requirements, e.g. the item personnel expenses.
- The KDI accounts were no longer included in the balance sheet (see section III. 1.3).
- Accruals were stated at settlement value (see section III. 1.5.).
- The statement of income was modified in accordance with RÄG 2014 and the previous year's figures adapted accordingly (see section III. 2.2.+3.).
- The events after the balance sheet date were reported in the Annex.

## III. NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

### 1. Notes to the balance sheet

#### 1.1. Fixed assets

Changes in fixed asset items and the breakdown of annual depreciation by individual item are presented in Annex 1.

##### 1.1.1. Schedule of investments

	book value at SOS-KDI	nominal capital of par- ticipating com- pany	share of participating company	equity of- participating company	result of last financial year
	(in k€)	(in k€)		(in k€)	(in k€)
Joint Systems Fundraising- & IT- Services GmbH Headquartered in Innsbruck	50	200	25%	483	17

(Figures for the 2016 financial year)

**1.2. Receivables and other assets**

	with a residual term of up to one year €	with a residual term of more than one year €	total €
Receivables from membership fees			
Balance at 31.12.2016	401,298.00	0.00	401,298.00
Balance at 31.12.2015	1,056,437.70	0.00	1,056,437.70
Other receivables			
Balance at 31.12.2016	1,339,802.01	0.00	1,339,802.01
Balance at 31.12.2015	1,061,385.70	0.00	1,061,385.70

The receivables from membership fees comprise value adjustments amounting to € 343,748.00 (2015: € 66,560.00).

Other assets amounting to € 1,339,802.01 (2015: € 1,061,385.70) mainly comprise the following receivables, which become cash-effective after the balance sheet date:

- The CFO's endorsement of the use of ECHO indirect cost flat-rate payments as a contribution to the IPD Department.
- Refunds from licences and use of e-mail marketing including dispatch of e-mails for National Associations amounting to € 499,080.78 (2015: € 542,453.23).
- Receivables from legacy amounting to € 800,000.00 (2015: € 70,162.58).

Other receivables also include receivables for the Strategic Growth Investment Programme amounting to € 0.00 (2015: € 361,609.10).

**1.3. Bank deposits and liabilities from sponsorship and appropriated accounts**

In accordance with the provisions of RÄG 2014, bank accounts which are held in the name of SOS-Kinderdorf International for legal reasons but are not attributable to SOS-Kinderdorf International in economic terms were omitted from the balance sheet for the first time. Such accounts exist in the total amount of € 20,531,801.07 (2015: € 18,678,681.09) as listed in the schedule in Annex 2.

For a breakdown of the bank balances and liabilities, you are referred to the "thereof" items stated in the balance sheet.

#### 1.4. Equity

Capital stock amounted to € 2,738,131.45 at 31.12.2016 (2015: € 1,786,355.64).

Changes in the appropriated reserves are reported as follows:

	€
Balance at 1.1.	1,000,000.00
Allocation	930,000.00
Balance at 31.12.	1,930,000.00

#### 1.5. Accruals

The following table provides a breakdown of the other accruals:

	carry forward 01.01.2016	disposals	release	additions	balance at 31.12.2016
Anniversary bonus payments	1,163,728.00	29,152.98	121,790.02	122,125.00	1,134,910.00
Unconsumed vacations	1,104,005.53	0.00	0.00	125,967.67	1,229,973.20
Overtime	196,921.58	0.00	0.00	52,499.89	249,421.47
Audit of annual financial statements	21,600.00	21,600.00	0.00	24,840.00	24,840.00
Disability equalisation tax	37,584.00	37,584.00	0.00	38,016.00	38,016.00
Losses on futures	88,147.90	0.00	88,147.90	207,254.68	207,254.68
General Assembly	281,000.00	281,000.00	0.00	250,000.00	250,000.00
Forwarding appropriated funds	119,667.85	13,120.90	0.00	0.00	106,246.95
Outstanding invoices	21,000.00	21,000.00	0.00	0.00	0.00
<b>Total</b>	<b>3,033,654.86</b>	<b>403,457.88</b>	<b>209,937.92</b>	<b>820,703.24</b>	<b>3,240,962.30</b>

\*) The release of accruals for anniversary bonus payments is reported in the financial result under "personnel expenses - salaries".

**1.6. Liabilities and accruals from appropriated accounts**

<b>Donations list</b>					
	<b>year</b>	<b>opening balance</b>	<b>additions</b>	<b>disposal</b>	<b>closing balance</b>
<b>Echo Support</b>					
	2012	325,889.54	1,509,259.42	1,634,806.14	200,342.82
	2013	200,342.82	1,408,900.24	1,227,948.92	381,294.14
	2014	381,294.14	1,240,984.23	1,454,659.83	167,618.54
	2015	167,618.54	951,374.73	1,117,373.71	1,619.56
	2016	1,619.56	1,560,075.06	1,550,275.21	11,419.41
<b>Appropriated and general donations</b>					
	General donations 2012	26,526.73	327,209.54	336,434.80	17,301.47
	Appropriated donations	38,059.72	198,446.36	231,234.56	5,271.52
	General donations 2013	17,301.47	356,232.41	335,123.64	38,410.24
	Appropriated donations	5,271.52	225,724.97	175,060.68	55,935.81
	General donations 2014	38,410.24	462,888.95	451,695.16	49,604.03
	Appropriated donations	55,935.81	101,158.00	101,634.48	55,459.33
	General donations 2015	49,604.03	628,856.82	607,553.16	70,907.69
	Appropriated donations	55,459.33	13,099.73	1,003.81	67,555.25
	General donations 2016	70,907.69	502,866.76	515,906.46	57,867.99
	Appropriated donations	67,555.25	61,581.80	62,598.48	66,538.57
<b>Sponsorship moneys including interest*</b>					
	2012	7,224,631.77	196,622,923.54	196,808,535.89	7,039,019.42
	2013	7,039,019.42	223,150,061.26	223,480,338.29	6,708,742.39
	2014	6,708,742.39	208,701,965.56	207,851,673.26	7,559,034.69
	2015	7,559,034.69	203,781,976.71	203,496,896.81	7,844,114.59
	2016	7,844,114.59	305,768,189.89	296,837,687.33	16,774,617.15

\* Foreign currency accounts were converted at the exchange rate at 31.12.

Bank fees and exchange differences were included in the disposals.

Interest earned less withholding tax and bank charges was included in the additions.

## 1.7. Liabilities

## Schedule of liabilities:

	with a residual term of up to one year €	with a residual term of one to five years €	with a residual term of more than five years €	secured by real property €
Trade payables				
Balance at 31.12.2016	842,027.19	0.00	0.00	0.00
Balance at 31.12.2015	906,614.52	0.00	0.00	0.00
Liabilities from sponsorship and appropriated accounts				
Balance at 31.12.2016	17,716,949.93	0.00	0.00	0.00
Balance at 31.12.2015	27,799,316.94	0.00	0.00	0.00
Other liabilities				
Balance at 31.12.2016	771,179.62	0.00	0.00	0.00
Balance at 31.12.2015	994,431.74	0.00	0.00	0.00

Other liabilities include expenditures amounting to € 634,065.63 (2015: € 610,104.58), which become cash-effective after the balance sheet date. They mainly comprise liabilities for payroll taxes and social insurance.

The liabilities from sponsorship and appropriated accounts comprise restricted funds received from Promoting Associations for sponsorship moneys and emergency aid campaigns which have not yet been forwarded to the facilities concerned.

## 1.8. Contingencies, financial commitments from the use of tangible assets

### 1.8.1. Contingencies

No contingencies are present in these financial statements.

### 1.8.2. Commitments from rental and leasing agreements

Commitment for the following year:	approx. k€ 663
Total commitments for the following five years:	approx. k€ 2,248

## 2. Notes to the profit and loss account

### 2.1. General

The profit and loss account was prepared on the basis of the total cost method.

### 2.2. Breakdown pursuant to § 22 of the 2002 Austrian Association Law

	2016	2015
<b>A.Membership fees</b>		
Income membership fees	39,514,360.02	38,730,751.70
Assigned expenses membership fees	-42,447,853.12	-40,004,294.87
<b>B.Public subsidies</b>		
Income public subsidies	0.00	0.00
Assigned expenses public subsidies	0.00	0.00
<b>C.Donations</b>		
Income donations	3,042,283.90	372,328.78
Assigned expenses Spenden	-113,015.44	-36,176.32
<b>D.Other receipts</b>		
Income other receipts	0.00	0.00
Assigned expenses other receipts	0.00	0.00
<b>E.Other sales</b>		
Other Income	858,648.27	698,184.29
Expenses allocated to other income	-998,083.91	-936,613.03

The differences between income and expenses are covered using the balances of the previous year.

### **2.2.1. Membership fees**

The current method for calculating membership fees came into force in 2013.

The membership fee covers the costs of all the units of the General Secretariat (GSC). It comprises two components: a governance fee and a support fee. The governance fee covers expenses incurred in connection with the management of the federation. The support fee relates to expenses incurred in the GSC in the framework of direct support measures for individual members. The two components of the fee apply to all member associations in equal measure.

The membership fees of the National Associations (NAs) are paid by the Promoting Associations (PSAs) on behalf of the respective NAs so as to keep administrative requirements and bank charges to a minimum.

This is the indirect membership fee, which is assigned to the PSAs in keeping with their share of international transfers.

In the introductory phase of the new method of calculation, some member associations required a transitional period of step-by-step adjustment of their membership fees. For that purpose, all members paid into a phase-in pool, which was used to provide planned support payments to a number of member associations.

The phase-in pool was also used to cover unplanned defaults on payment, which resulted in a shortfall in the pool amounting to € 325,542.00.

The International Senate decided in the following years to reduce the total amount of the membership fees with the result that the shortfall could not be made good as planned. For that reason the shortfall in the phase-in pool amounting to € 325,541.70 was written off. This amount is reported under the item losses on receivables.

As some member associations are having difficulties with various aspects of the method of calculation, it is currently the subject of discussion, and changes are to be made for the future.

### **2.3. Other income**

Other income comprises income from the disposal of fixed assets, income from the release of accruals and income from capital gains.

Charging on of various licences and maintenance costs, charging the Donor Service Application = DSAPP to our National Associations, and the amount of the CFO's endorsement of the use of ECHO indirect cost flat-rate payments as a contribution to the IPD Department were reported under income in accordance with RÄG 2014. The amounts for the previous year were accordingly adjusted by k€ 698 as also reported under income.

### **2.4. Personnel expenses**

Severance payments and contributions to the employee severance fund include severance payments totalling € 238,988.94 (2015: € 663,293.56).



## 2.5. Other operating expenses

The major items in other operating expenses are listed below:

	2016	2015
Expenses for GSC offices	10,477,684.50	11,235,309.03
Professional services and strategy work	2,552,109.80	2,706,303.53
Additions to accruals for General Assembly 2020	250,000.00	0.00
Losses on receivables / write downs	780,425.19	66,560.00
IT operating and consulting expenses	1,038,205.27	651,741.97
Translations	96,375.09	82,170.44
Additions to accruals for appropriated funds	113,015.44	36,176.32
Information services for member associations	24,083.22	57,142.71
Travel expenses	1,272,229.85	1,276,954.69
Office rentals	558,875.77	516,661.71
Telecommunications charges	166,825.54	163,535.12
Legal and consulting expenses	984,725.49	1,140,206.85
Electricity, gas, water, running costs	317,587.44	306,893.12
Auditing costs	47,161.00	16,665.60
Seminars	990,760.61	1,016,194.51
Transfer of appropriated funds (Echo)	1,550,298.15	0.00

### 3. Derivative financial instruments

For hedging against exchange rate risks, SOS KDI invested in forward exchange contracts denominated in various currencies in 2016. The purpose of these hedges is to maintain the value of incoming funds needed to guarantee the organisation's ability to meet its budgeted financial obligations even if the exchange rates fall below the budgeted rates. As a consequence of these hedges, no profit can be made should the exchange rates rise above the exchange rates guaranteed in the contracts.

At balance sheet date, the forward exchange contracts still open were valued as follows:

	Transaction date	Due Date	Nominal	Hedge rate	Countervalue	Marketvalue
Sell CHF/ Buy EUR	22.07.2016	22.02.2017	480,000.00	0.9220	442,555.20	- 3,997.07
Sell CHF/ Buy EUR	22.07.2016	24.04.2017	480,000.00	0.9228	442,932.48	- 3,964.45
Sell CHF/ Buy EUR	22.07.2016	22.06.2017	480,000.00	0.9235	443,280.96	- 4,003.31
Sell NOK/ Buy EUR	22.07.2016	22.02.2017	25,600,000.00	0.1055	2,701,772.80	- 108,108.21
Sell NOK/ Buy EUR	22.07.2016	24.04.2017	25,600,000.00	0.1053	2,695,526.40	- 107,025.41
Sell NOK/ Buy EUR	22.07.2016	22.06.2017	25,600,000.00	0.1051	2,690,073.60	- 105,836.22
Sell NOK/ Buy EUR	22.12.2016	23.01.2017	2,705,407.28	1.0483	2,836,000.00	- 25,614.26
Sell USD/ Buy EUR	22.12.2016	23.03.2017	2,697,982.03	1.0512	2,836,000.00	- 25,612.29
Sell USD/ Buy EUR	22.12.2016	23.05.2017	3,645,345.93	1.0546	3,844,236.00	- 33,643.17
Sell USD/ Buy EUR	22.12.2016	24.07.2017	2,680,790.28	1.0579	2,836,000.00	- 25,135.60
Sell USD/ Buy EUR	22.12.2016	22.09.2017	2,671,346.23	1.0616	2,836,000.00	- 24,410.28
Sell USD/ Buy EUR	22.12.2016	22.11.2017	3,608,774.30	1.0652	3,844,236.00	- 33,247.35
Sell USD/ Buy EUR	23.12.2016	19.01.2017	643,246.87	1.0447	672,000.00	- 8,266.71
Sell GBP/ Buy EUR	22.07.2016	22.02.2017	240,000.00	1.1939	286,525.92	- 6,546.55
Sell GBP/ Buy EUR	22.07.2016	24.04.2017	240,000.00	1.1919	286,047.86	- 6,552.67
Sell GBP/ Buy EUR	22.07.2016	22.06.2017	240,000.00	1.1901	285,624.82	- 6,549.54
Buy EUR/ Sell SEK	22.07.2016	22.02.2017	1,520,626.83	9.4698	14,400,000.00	15,072.95
Buy EUR/ Sell SEK	22.07.2016	24.04.2017	1,520,552.81	9.4702	14,400,000.00	14,493.65
Buy EUR/ Sell SEK	22.07.2016	22.06.2017	1,520,485.69	9.4707	14,400,000.00	13,977.11
Buy EUR/ Sell SEK	29.08.2016	22.08.2017	1,518,116.83	9.4854	14,400,000.00	11,538.14
Buy EUR/ Sell SEK	21.10.2016	23.10.2017	1,487,231.19	9.6824	14,400,000.00	- 19,528.13
Buy EUR/ Sell GBP	29.08.2016	22.08.2017	278,310.88	0.8623	240,000.00	363.15
Buy EUR/ Sell GBP	21.10.2016	23.10.2017	267,100.56	0.8985	240,000.00	- 10,459.06
Buy EUR/ Sell NOK	29.08.2016	22.08.2017	2,718,980.13	9.4153	25,600,000.00	- 69,499.65
Buy EUR/ Sell NOK	21.10.2016	23.10.2017	2,814,720.06	9.0950	25,600,000.00	35,008.44
Buy EUR/ Sell CHF	29.08.2016	22.08.2017	440,894.43	1.0887	480,000.00	- 6,817.49
Buy EUR/ Sell CHF	21.10.2016	23.10.2017	445,075.38	1.0785	480,000.00	- 3,008.12
Buy EUR/ Sell CAD	29.08.2016	22.02.2017	158,371.61	1.4649	232,000.00	- 4,329.09
Buy EUR/ Sell CAD	29.08.2016	24.04.2017	157,963.79	1.4687	232,000.00	- 4,374.76
Buy EUR/ Sell CAD	29.08.2016	22.06.2017	157,581.50	1.4723	232,000.00	- 4,400.53
Buy EUR/ Sell CAD	29.08.2016	22.08.2017	157,156.66	1.4762	232,000.00	- 4,441.17
Buy EUR/ Sell CAD	21.10.2016	23.10.2017	158,593.01	1.4629	232,000.00	- 2,580.28

The notional market value of all the hedging contracts listed under this item was € -567,497.93. This is comprised of contracts with a positive market value amounting to € 90,453.44 and contracts with a negative market value amounting to € -657,951.37. In keeping with the applicable accounting rules, the negative market values are posted as losses on futures, although commitments had been received from six Promoting Associations at balance sheet date to the effect that they will cover the losses themselves so that, in these cases, SOS-Kinderdorf International is not exposed to any risk and no provisions for losses had to be made. The item other accruals includes an accrual for losses on futures amounting to € 207,254.68 for the residual exposure. In keeping with the prudent person principle, the hedging contracts with positive market values are not taken into account.

Depending on possible future changes in the exchange rates, the market value of the forward exchange contracts that are still open may change by the settlement dates and differ from the valuation at balance sheet date.

#### IV. ADDITIONAL DISCLOSURES

##### 1. Average number of employees

The average number of employees during the year under report was as follows:

	2016	2015
Employees	266	271

##### 2. Audit costs for annual financial statements

Audit costs for annual financial statements in the 2016 financial year totalled € 24,840.00. This sum is comprised of auditing activities amounting to € 18,240.00 and other services amounting to € 6,600.00.

##### 3. Executive bodies

Executive bodies of the association according to the statutes valid at balance sheet date on 31 December 2016:

- The General Assembly (all SOS member associations worldwide)
- The International Senate (as per current list of members on the website)
- The President of the association (Siddhartha Kaul)
- The Management Team
- The Arbitration Tribunal when convened.

##### 4. Remuneration paid to the members of the executive bodies of the association:

In the year under report, the members of the executive bodies of the association received emoluments in the amount of € 519,058.76. This amount includes salaries, insurance and payments in kind.

## 5. Representation

The association is represented by the following persons:

Siddhartha Kaul (President since 22.06.2012)

Gitta Trauernicht-Jordan (Vice-President since 22.06.2012)

Norbert Joachim Meder (Chief Executive Officer since 14.10.2016, Chief Financial Officer since 24.06.2016, Deputy Secretary General from 02.09.2013 to 24.06.2016)

Carsten Völz (Chief Operating Officer since 24.06.2016, Deputy Secretary General from 01.10.2015 to 24.06.2016)

The association is represented collectively by two persons in each case.

## 6. Events after the balance sheet date

No material events occurred after the balance sheet date.

Innsbruck, June 20, 2017

Siddhartha Kaul m.p.

Norbert Joachim Meder m.p.

**SCHEDULE OF FIXED ASSETS according to art. 226 (1) Austrian Commercial Code (UGB) as of December 31, 2016**

**TRANSLATION**

	Historical cost resp. Cost of production				Accumulated depreciation					Book value	Book value
	Opening balance	Additions	Disposals	Balance as of	Opening balance	Additions	Write-ups	Disposals	Balance as of	30.12.2012	30.12.2011
	31.12.2011			30.12.2012	31.12.2011				30.12.2012	EUR	EUR
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>FIXED ASSETS</b>											
I. Intangible assets											
1. Rights	2.095.215,04	215.640,26	0,00	2.310.855,30	1.689.708,05	240.378,49	0,00	0,00	1.930.086,54	380.768,76	405.506,99
2. Prepayments	0,00	119.998,80	0,00	119.998,80	0,00	0,00	0,00	0,00	0,00	119.998,80	0,00
	<u>2.095.215,04</u>	<u>335.639,06</u>	<u>0,00</u>	<u>2.430.854,10</u>	<u>1.689.708,05</u>	<u>240.378,49</u>	<u>0,00</u>	<u>0,00</u>	<u>1.930.086,54</u>	<u>500.767,56</u>	<u>405.506,99</u>
II. Tangible assets											
1. Investments in third-party buildings	3.020.578,22	0,00	0,00	3.020.578,22	2.622.491,47	76.029,55	0,00	0,00	2.698.521,02	322.057,20	398.086,75
2. Other tools and office equipment											
a) Office equipment	1.760.616,33	142.813,69	16.462,28	1.886.967,74	1.204.173,17	219.553,65	0,00	15.922,58	1.407.804,24	479.163,50	556.443,16
b) Cars	73.561,43	12.812,95	46.065,08	40.309,30	64.057,82	2.623,69	0,00	31.619,60	35.061,91	5.247,39	9.503,61
3. Low value items	0,00	114.004,29	114.004,29	0,00	0,00	114.004,29	0,00	114.004,29	0,00	0,00	0,00
	<u>4.854.755,98</u>	<u>269.630,93</u>	<u>176.531,65</u>	<u>4.947.855,26</u>	<u>3.890.722,46</u>	<u>412.211,18</u>	<u>0,00</u>	<u>161.546,47</u>	<u>4.141.387,17</u>	<u>806.468,09</u>	<u>964.033,52</u>
III. Financial assets											
1. Investments	51.250,00	0,00	0,00	51.250,00	0,00	0,00	0,00	0,00	0,00	51.250,00	51.250,00
2. Investment securities	2.123.292,72	0,00	0,00	2.123.292,72	11.028,60	0,00	10.631,60	0,00	397,00	2.122.895,72	2.112.264,12
	<u>2.174.542,72</u>	<u>0,00</u>	<u>0,00</u>	<u>2.174.542,72</u>	<u>11.028,60</u>	<u>0,00</u>	<u>10.631,60</u>	<u>0,00</u>	<u>397,00</u>	<u>2.174.145,72</u>	<u>2.163.514,12</u>
	<u>9.124.513,74</u>	<u>605.269,99</u>	<u>176.531,65</u>	<u>9.553.252,08</u>	<u>5.591.459,11</u>	<u>652.589,67</u>	<u>10.631,60</u>	<u>161.546,47</u>	<u>6.071.870,71</u>	<u>3.481.381,37</u>	<u>3.533.054,63</u>

## Appendix KDI-accounts as of December 31, 2016

Annex 2

Country	Institute	Account number	Region	Account Balance	Currency	Account balance in EUR
IN	Standard Chartered Bank	520-0-503389-2	ASIA	35,933.52	INR	500.31
BD	Standard Chartered Bank SCB House	01512336401	ASIA	7,504.83	USD	7,101.47
KH	ANZ Royal Bank Cambodia Ltd.	775513	ASIA	788,223.04	USD	745,858.29
KH	ANZ Royal Bank Cambodia Ltd.	1275168	ASIA	51,108.51	USD	48,361.57
LK	Hatton National Bank (FCBU)	906020000018	ASIA	583,761.10	USD	552,385.60
VN	Standard Chartered Bank	88000207111	ASIA	3,145,832.93	USD	2,976,753.34
ZA	Nedbank Randburg	1984629646	ESAF	469,527.95	ZAR	32,391.51
ZA	Nedbank Randburg	1984406094	ESAF	598,432.48	ZAR	41,284.30
ZA	Nedbank Randburg	037984525870	ESAF	1,097,180.56	ZAR	75,691.64
KE	CFC Stanbic Bank Kenya Limited	100000392779	ESAF	129,415.85	USD	122,460.12
KE	CFC Stanbic Bank Kenya Limited	100000392531	ESAF	278,201.86	USD	263,249.30
KE	CFC Stanbic Bank Kenya Limited	100000392388	ESAF	75,680.08	USD	71,612.49
KE	CFC Stanbic Bank Kenya Limited	100000459458	ESAF	7,766,379.86	KES	71,595.77
KE	CFC Stanbic Bank Kenya Limited	100000459253	ESAF	243,746.08	KES	2,247.02
ET	Commercial Bank of Ethiopia	1000074669526	ESAF	67,888.05	USD	64,239.26
ET	Commercial Bank of Ethiopia	1000001080807	ESAF	258,372.28	USD	244,485.50
ET	Commercial Bank of Ethiopia	10000-009204-05	ESAF	86,909.40	ETB	3,671.52
BI	Banque de la République du Burundi	3320/277	ESAF	91,902.49	EUR	91,902.49
BI	Banque de la République du Burundi	3320/278	ESAF	138,395.46	EUR	138,395.46
KE	CFC Stanbic Bank Kenya Limited	0100003362797	ESAF	243,856.92	USD	230,750.30
ET	Commercial Bank of Ethiopia	1000001091283	ESAF	888,585.41	USD	840,826.47
ET	Commercial Bank of Ethiopia	1000001088867	ESAF	371,743.21	USD	351,763.07
ET	Commercial Bank of Ethiopia	1000000937464	ESAF	29,036.09	ETB	1,226.64
ET	Commercial Bank of Ethiopia	1000000971417	ESAF	3,087,988.64	ETB	130,453.40
KE	CFC Stanbic Bank Kenya Ltd.	0100002712886	ESAF	8,244.85	USD	7,801.71
KE	CFC Stanbic Bank Kenya Limited	100000392612	ESAF	60,910.84	USD	57,637.06
KE	CFC Stanbic Bank Kenya Limited	100000459528	ESAF	3,258,678.22	KES	30,040.71
KE	Citibank N.A.	102773004	ESAF	91,376.60	USD	86,465.37
KE	Citibank N.A.	5102415002	ESAF	336,153.89	KES	3,098.90
MZ	Banco Internacional de Mocambique	54256466	ESAF	1,670.93	USD	1,581.12
MZ	Banco Internacional de Mocambique	83742817	ESAF	13,5341.75	USD	128,067.52

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MZ	Banco Internacional de Mocambique	54889488	ESAF	535,418.80	USD	506,641.56
NG	Citibank Nigeria	0006049048	ESAF	1,311,174.99	USD	1,240,703.06
NG	Citibank Nigeria	6049017	ESAF	55,751,575.32	NGN	169,027.09
NG	Citibank Nigeria	6049952	ESAF	469,135.95	USD	443,921.22
NG	Citibank Nigeria	0006049969	ESAF	-	USD	-
RW	ECOBANK	0011013800833801	ESAF	11,696.61	EUR	11,696.61
RW	ECOBANK	0011013800833802	ESAF	450,379.87	EUR	450,379.87
SD	Bank of Khartoum	1046599/EUR	ESAF	480.19	EUR	480.19
SD	Bank of Khartoum	1391512/EUR	ESAF	151,944.81	EUR	151,944.81
SD	Bank of Khartoum	1391512/SDG	ESAF	832,226.19	SDG	121,252.14
SD	Bank of Khartoum	1046599/SDG	ESAF	111.61	SDG	16.26
KE	Citibank N.A.	0102417019	ESAF	2,711.36	USD	2,565.63
KE	Citibank N.A.	0102988001	ESAF	160,304.88	USD	151,688.95
KE	Citibank N.A.	102417003	ESAF	104,421.27	USD	98,808.92
KE	Citibank N.A.	102417011	ESAF	165,230.06	USD	156,349.41
KE	CFC Stanbic Bank Kenya Limited	0100002212786	ESAF	106,856.78	USD	101,113.53
KE	CFC Stanbic Bank Kenya Limited	0100003235054	ESAF	49,224.34	USD	46,578.67
KE	CFC Stanbic Bank Kenya Limited	0100002369871	ESAF	915.16	USD	865.97
KE	Citibank N.A.	102881001	ESAF	24,077.47	USD	22,783.37
KE	CFC Stanbic Bank Kenya Ltd.	0100002957811	ESAF	58.52	USD	55.37
KE	CFC Stanbic Bank Kenya Limited	0100003267614	ESAF	480.47	USD	454.65
KE	CFC Stanbic Bank Kenya Limited	100000392469	ESAF	373,681.12	USD	353,596.82
KE	CFC Stanbic Bank Kenya Limited	100000392857	ESAF	608.38	USD	575.68
KE	CFC Stanbic Bank Kenya Limited	0100001411971	ESAF	37,787.97	USD	35,756.97
KE	CFC Stanbic Bank Kenya Limited	100000459393	ESAF	819,463.67	KES	7,554.37
TZ	Barclays Bank Tanzania Limited	8008610	ESAF	889,329.95	USD	841,530.99
TZ	Barclays Bank Tanzania Limited	8008602	ESAF	115,739.33	USD	109,518.67
TZ	Barclays Bank Tanzania Limited	4008985	ESAF	1,332,448.32	TZS	578.39
UG	Stanbic Bank Uganda Ltd.	9030008172349	ESAF	82,290.05	USD	77,867.19
UG	Stanbic Bank Uganda Ltd.	9030005748347	ESAF	28,407,291.00	UGX	7,456.80
TZ	The Peoples Bank of Zanzibar	022108000015	ESAF	191490.11	USD	181,198.06
TZ	The Peoples Bank of Zanzibar	022108000081	ESAF	30.81	USD	29.15
KZ	JSC Altyn Bank	001-005487-031	EUCB	-	EUR	-
KZ	JSC Altyn Bank	001-005487-030	EUCB	-	USD	-

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KZ	JSC Altyn Bank	001-005487-020	EUCB	38,082.13	KZT	107.99
KZ	JSC Kazkommertsbank	KZ199261802164140000	EUCB	243,590.45	KZT	690.77
KZ	JSC Kazkommertsbank	KZ83926020CN00000653	EUCB	124,364.87	KZT	352.67
MK	Stopanska Banka a.d. Skopje	0009484280	EUCB	31,107.91	EUR	31,107.91
MK	Stopanska Banka a.d. Skopje	0009054134	EUCB	0.46	EUR	0.46
MK	Stopanska Banka a.d. Skopje	0016830358	EUCB	0.31	USD	0.29
MK	Stopanska Banka a.d. Skopje	0009484337	EUCB	-	MKD	-
MK	Stopanska Banka a.d. Skopje	200000028748852	EUCB	35,3373.00	MKD	5,739.23
EE	Swedbank AS	221057664223	EUCB	4,276.16	EUR	4,276.16
EE	Swedbank AS	221018698584	EUCB	37,086.88	EUR	37,086.88
BA	Raiffeisen Bank dd Bosnia I Hercego	030000626-9 EUR	EUCB	1,273.41	EUR	1,273.41
BA	Raiffeisen Bank dd Bosnia I Hercego	030000626-9 USD	EUCB	305.73	USD	289.30
BA	Raiffeisen Bank dd Bosnia I Hercego	030000626-9 BAM	EUCB	243,704.91	BAM	124,604.34
BA	Raiffeisen Bank dd Bosnia I Hercego	030001358-8	EUCB	-	BAM	-
BO	Banco Bisa S.A.	060803201-1	LAAM	24,369.67	USD	23,059.87
CR	Banco Nacional de Costa Rica	100-02-080-0000136	LAAM	40,215.36	USD	38,053.90
CR	Banco Nacional de Costa Rica	100-01-000-1276393	LAAM	13,860,389.59	CRC	23,818.36
UY	Banco Santander	38.03.732 UYU	LAAM	704,873.63	UYU	22,925.63
UY	Banco Santander	38.03.732 USD	LAAM	265,036.88	USD	250,791.90
MA	ATTIJARIWAFI BANK	007780000300500040000157	MENA	4,492,725.36	MAD	421,041.69
MA	ATTIJARIWAFI BANK	007780000300200030026050	MENA	978,158.20	MAD	91,669.39
JO	Arab Jordan Investment Bank	226 614385 2 648 0	MENA	476,941.63	USD	451,307.37
JO	Arab Jordan Investment Bank	226 614385 02 545 0	MENA	-	USD	-
JO	Arab Jordan Investment Bank	226 614385 1 648 0	MENA	762,730.00	JOD	1,017,244.60
JO	Arab Jordan Investment Bank	226 614385 1 645 0	MENA	18,164.00	JOD	24,225.13
PS	Arab Bank PLC	9050/707834/530	MENA	260,944.85	EUR	260,944.85
PS	Arab Bank PLC	9050-707834-510	MENA	15,821.61	USD	14,971.24
PS	Arab Bank PLC	9050-707834-570	MENA	1,036,424.69	ILS	255,446.90
MA	ATTIJARIWAFI BANK	120R300763	MENA	128,325.80	MAD	12,026.22
GM	ECOBANK Gambia LTD	0010014900300702	WCAF	110,618.40	USD	104,672.98
GM	ECOBANK Gambia LTD	0010014900300701	WCAF	63,835.31	GMD	1,392.51
CM	Citibank N.A. Cameroon	005400600422	WCAF	876,300.54	EUR	876,300.54
CM	Citibank N.A. Cameroon	005400602459	WCAF	18,505,688.00	XAF	28,211.74
SN	BICIS PRESTIGE	0952807936100290	WCAF	127,603.07	EUR	127,603.07

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SN	BICIS PRESTIGE	0952807936100096	WCAF	141,596,133.00	XOF	215,861.91
BF	Ecobank Burkina	0180181701524104	WCAF	66,431,255.00	XOF	101,273.80
BF	Ecobank Burkina	0180181701524102	WCAF	29,581,298.00	XOF	45,096.40
BF	Ecobank Burkina	0180181701524101	WCAF	124,634,837.00	XOF	190,004.58
BF	Ecobank Burkina	0210181701524101	WCAF	22,853,663.00	XOF	34,840.18
BF	Ecobank Burkina	0180181701524103	WCAF	15,415,199.00	XOF	23,500.32
BJ	Orabank Bénin	000090180139	WCAF	8,434,103.00	XOF	12,857.71
RW	Banque de Kigali	040-00200994-43 US	WCAF	7,022.96	USD	6,645.50
RW	Banque de Kigali	040-6049986-32	WCAF	79,311.07	USD	75,048.33
CF	CBCA Commercial Bank Centrafrique	37124605401-51	WCAF	27,063,723.00	XAF	41,258.38
CF	CBCA Commercial Bank Centrafrique	37124139301-96	WCAF	178,060,992.00	XAF	271,452.23
CI	Banque Int. pour le Commerce et	CI0060155001171980008027	WCAF	70,215,292.00	XOF	107,042.52
CI	Banque Int. pour le Commerce et	CI0060155000775730005931	WCAF	125,640,620.00	XOF	191,537.89
CM	Citibank N.A. Cameroon	0-054002-009	WCAF	20,187,646.00	XAF	30,775.87
CV	BCN - BANCO CABO-VERDIANO DE	67646 15 002	WCAF	87,942.91	EUR	87,942.91
CV	BCN - BANCO CABO-VERDIANO DE	67646 15 001	WCAF	-	USD	-
GM	Standard Chartered Bank Gambia Ltd.	8700130990200	WCAF	91,144.02	USD	86,245.29
GN	Banque Int. pour le Commerce et	09842 067532001 33	WCAF	20,134.84	USD	19,052.65
GQ	Banco Nacional de Guinea Ecuatorial	37102675301-13	WCAF	4,857,745.00	XAF	7,405.58
GW	ECOBANK Guinea Bissau	00101818-00637-601	WCAF	38,025.00	EUR	38,025.00
GW	ECOBANK Guinea Bissau	00101818-00637-603	WCAF	81,276.00	USD	76,907.65
GW	ECOBANK Guinea Bissau	0010141800676106	WCAF	162,663,329.00	XOF	247,978.65
GM	ECOBANK Gambia LTD	0011014900300701	WCAF	-	EUR	-
LR	INTERNATIONAL BANK (LIBERIA) Ltd	00-1219-7005-3080-202	WCAF	156,980.63	USD	148,543.37
LR	INTERNATIONAL BANK (LIBERIA) Ltd	00-1219-1005-3080-101	WCAF	354,534.25	LRD	3,686.76
GM	Standard Chartered Bank Gambia Ltd.	87 00 1322 47700	WCAF	376,092.12	USD	355,878.24
SL	Standard Chartered Bank Sierra Leon	8700100922300	WCAF	577,672.14	USD	546,623.90
TD	Ecobank Tchad SA	0010182805013701	WCAF	73,173.00	XAF	111.55
TD	Ecobank Tchad SA	01805013702	WCAF	-825.00	XAF	-1.26
TG	ECOBANK Togo, B.P. 3302	7010181400054803	WCAF	216,019,365.00	XOF	329,319.40
TG	ECOBANK Togo, B.P. 3302	7010181400054801	WCAF	176,294,250.00	XOF	268,758.85
						<b>20,531,801.07</b>

*non-binding electronic copy*

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**TRANSLATION****AUDITOR'S REPORT****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, 2016, 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, 2016 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 20, 2017

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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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 2016". 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****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, 2016 until December 31, 2016.

*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.

**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, 2016 to December 31, 2016; no unusual receipts or expenses, especially self-dealings, were detected.

Vienna, June 20, 2017

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.

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

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