

Translation from the original prepared in Spanish for publication in Argentina

ASOCIACIÓN ESCUELAS LINCOLN

Letter to Members of the Association and financial statements
as of July 31, 2019 and for the fiscal year then ended

ASOCIACIÓN ESCUELAS LINCOLN

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ASOCIACIÓN ESCUELAS LINCOLN

LETTER TO MEMBERS OF THE ASSOCIATION

for the fiscal year ended July 31, 2019

(Information not covered by the independent auditors' report)

To the Members of the Association,

In compliance with the legal provisions and the bylaws, we hereby submit for the consideration of the active and honorary members, this Letter to Members of the Association for the eightieth fiscal year ended July 31, 2019, the balance sheet, the statements of revenues and expenses, changes in equity and cash flows. These statements have been approved by the Internal Controllers' Committee.

City of Buenos Aires, October 10, 2019

THE GOVERNING BOARD

Translation from the original prepared in Spanish for publication in Argentina

ASOCIACIÓN ESCUELAS LINCOLN

Financial statements for the fiscal year No. 80 beginning August 1, 2018 and ended July 31, 2019, comparative with the prior year

Stated in constant currency -pesos (Note 2.1)

Registered office: Córdoba 1439, 4th floor, City of Buenos Aires

Main activity: Teaching

Date of registration of the bylaws with the Supervisory Board of Companies (I.G.J.): October 21, 1940

Date of registration of the latest amendment to the bylaws: December 16, 2016

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

Expiration of articles of association: Indefinite

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ASOCIACIÓN ESCUELAS LINCOLN

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

BALANCE SHEET

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

	<u>07/31/2019</u>	<u>07/31/2018</u>		<u>07/31/2019</u>	<u>07/31/2018</u>
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 3.1)	64,059,484	242,458,422	Accounts payable		
Investments (Note 2.3.6 and Exhibit I)	834,132,979	540,459,301	Trade payables (Note 3.5)	55,598,086	60,473,968
Receivables (Note 3.2)	4,306,717	5,781,602	Funds earmarked for specific purposes (Note 3.6)	-	851,536
Other receivables (Note 3.3.1)	4,016,472	4,279,533			
Inventories (Notes 2.3.7 and 3.4)	<u>11,707,003</u>	<u>11,758,468</u>	Total current liabilities	<u>55,598,086</u>	<u>61,325,504</u>
Total current assets	<u>918,222,655</u>	<u>804,737,326</u>	NON CURRENT LIABILITIES		
NON CURRENT ASSETS			Allowances (Note 2.3.9 and Exhibit III)	<u>1,396,907</u>	<u>3,762,143</u>
Other receivables (Note 3.3.2)	1,858,086	2,636,450	Total non current liabilities	<u>1,396,907</u>	<u>3,762,143</u>
Fixed assets (Notes 2.3.8 and Exhibit II)	<u>365,504,999</u>	<u>367,147,308</u>	Total liabilities	<u>56,994,993</u>	<u>65,087,647</u>
Total non current assets	<u>367,363,085</u>	<u>369,783,758</u>	EQUITY (as per the related statement)	<u>1,228,590,747</u>	<u>1,109,433,437</u>
Total assets	<u>1,285,585,740</u>	<u>1,174,521,084</u>	Total liabilities and equity	<u>1,285,585,740</u>	<u>1,174,521,084</u>

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Registration number with the Supervisory Board of Companies (I.G.J.): 2060

STATEMENT OF REVENUES AND EXPENSES

for the fiscal year ended July 31, 2019 (in constant currency - pesos) (Note 2.1)

	<u>07/31/2019</u>
Ordinary gains/losses	
Revenues	
For general purposes, net (Exhibit VI)	928,032,204
For specific purposes (Exhibit VI)	871,002
Other (Exhibit VI)	<u>292,807</u>
Total revenues	<u>929,196,013</u>
Administrative and overhead expenses (Exhibit V)	(330,136,453)
Depreciation of fixed assets (Exhibit II)	(25,756,249)
Specific sectors (Exhibit V)	
- National programs	(13,755,073)
- Professional development	(20,280,290)
- Elementary and middle school	(256,491,854)
- High school	<u>(230,488,109)</u>
Total expenses	<u>(876,908,028)</u>
Surplus from the teaching activity	<u>52,287,985</u>
Other revenues	24,528
Financial and holding gains/losses, including gain or loss on net monetary position– (RECPAM)	<u>66,844,797</u>
Surplus for the year	<u>119,157,310</u>

The accompanying notes and exhibits are an integral part of these financial statements.

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Registration number with the Supervisory Board of Companies (I.G.J.): 2060

STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended July 31, 2019 (in constant currency - pesos) (Note 2.1)

	Owners' contributions			Optional reserve	Accumulated surplus		Total Net equity
	Capital	Capital adjustment	Total		Unappropriated surplus	Total	
Balances at beginning of year	127,727,512	364,794,620	492,522,132	169,825,301	447,086,004	616,911,305	1,109,433,437
Surplus for the year (as per statement of revenues and expenses)	-	-	-	-	<u>119,157,310</u>	<u>119,157,310</u>	<u>119,157,310</u>
Balances at year-end	<u>127,727,512</u>	<u>364,794,620</u>	<u>492,522,132</u>	<u>169,825,301</u>	<u>566,243,314</u>	<u>736,068,615</u>	<u>1,228,590,747</u>

The accompanying notes and exhibits are an integral part of these financial statements.

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Registration number with the Supervisory Board of Companies (I.G.J.): 2060

STATEMENT OF CASH FLOWS

for the fiscal year ended July 31, 2019 (in constant currency - pesos) (Note 2.1)

	<u>07/31/2019</u>
CHANGES IN CASH	
Cash at beginning of year	242,458,422
Cash at year-end (Note 2.3.11)	<u>64,059,484</u>
Net decrease in cash	<u>(178,398,938)</u>
CAUSES OF CHANGES IN CASH	
Operating activities	
Revenues collected	1,249,916,102
Payment to suppliers of goods and services	(231,945,098)
Payment to personnel and social security contributions	(481,872,727)
Payment of expenses for which a provision has been set up	<u>(3,995,187)</u>
Net cash flows provided by operating activities	<u>532,103,090</u>
Investing activities	
Net changes in investments	(555,081,567)
Financial gains/losses	66,844,797
Purchase of fixed assets	<u>(36,058,141)</u>
Net cash flows used in investing activities	<u>(524,294,911)</u>
Gain/loss on net monetary position provided by cash	(186,207,117)
Net decrease in cash	<u>(178,398,938)</u>

The accompanying notes and exhibits are an integral part of these financial statements.

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Registration number with the Supervisory Board of Companies (I.G.J.): 2060

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 1 - PURPOSE OF THE ASSOCIATION

Asociación Escuelas Lincoln (Lincoln School) is aimed at keeping the Lincoln School operating, while focused on the development of the institution and of education in line with the laws and regulations in force in the country regardless of the religious beliefs or nationality of its students, professors and associates. The education offered by the institution will keep in mind the nationalist orientation, while building ethical and moral awareness among the students and subject to the principles laid down by the Argentine Constitution, without forgetting the respect and values towards the nationalities of their parents.

The Association does not pursue any profit for its members. Profits accrued shall be invested in the facilities, in setting up other education sites and, in general, in education purposes such as: the purchase of facilities, renewal of teaching material, prizes, scholarships and other similar incentives, reduction in monthly tuition fees, etc.

Note 2 - ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with the professional accounting standards in force contained in the Technical Resolutions (TR) issued by the Argentine Federation of Professional Councils of Economic Sciences (FACPCE) and approved by the Professional Council of Economic Sciences of the City of Buenos Aires (CPCECABA), and the provisions of the Argentine Companies Law and the rules and regulations of the Supervisory Board of Companies (I.G.J.).

The most significant accounting standards applied by the Association are as follows:

2.1) Reporting currency

The financial statements have been prepared in constant currency (purchasing power pesos at current year-end date).

The Association discontinued any inflation accounting method to reflect changes in the purchasing power of the currency in the financial statements from March 1, 2003 to the prior fiscal year in accordance with Decree 664/2003 of the National Executive Branch (PEN) and General Resolution (GR) No. 7/2015 of the I.G.J. in force in that fiscal year. Up to March 1, 2003, the inflation accounting method set forth by the Technical Resolutions issued by the FACPCE and the indexation rates derived from the Internal Wholesale Price Index (IPIM), published by the National Institute of Statistics and Census (INDEC) were applied.

General Resolution 10/2018 of the I.G.J., effective December 28, 2018, requires that the annual or interim financial statements to be filed with the I.G.J. after that date be stated in constant currency and prepared under the standards issued by the FACPCE and adopted by the CPCECABA.

These financial statements have been prepared in constant currency in accordance with Resolution 107/2018 issued by the Steering Committee of the CPCECABA, which provided for the need to restate financial statements for fiscal years ended on or after July 1, 2018, in line with Resolution 539/2018 issued on September 29, 2018 by the Governing Board (JG) of the FACPCE. Additionally, Resolution JG FACPCE No. 539

- a. identified the existence of an inflationary context as from July 1, 2018, as the accumulated inflation rate estimated by the IPIM in the most recent three years had exceeded 100%; a necessary condition to restate the financial statement amounts in accordance with the guidelines set by TR 39 of the FACPCE “Professional accounting standards: amendments to TR Nos. 6 and 17. Restatement in constant currency”, and

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NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 2 - ACCOUNTING STANDARDS (cont.)

2.1) Reporting currency (cont.)

- b. approved the general and particular standards to be considered in terms of restatement of financial statements in constant currency in accordance with the adjustment methods set forth by TR 6 “Financial statements in constant currency”, including certain optional simplification.

Upon applying TR 6, the monetary restatement of accounting information (non-monetary assets and liabilities, equity items, and revenues and expenses) must be retroactive as if the economy had always been hyperinflationary, using indexation rates derived from a series of indexes resulting from the combination of the Consumer Price Index (IPC) at a general level, published by the INDEC, with a base month December 2016 = 100, with the IPIM at a general level, published by the INDEC for prior periods.

In addition, prior fiscal year figures presented for comparative purposes shall be restated for inflation, which does not imply changes in the decisions taken based on the financial information for such fiscal years. Nevertheless, the Association’s Management has exercised the option set by Resolution JG FACPCÉ 539, which enables to apply the inflation restatement method starting by the determination of equity adjusted at the beginning of the current year and, therefore, no comparative information of the statements of revenues and expenses, changes in equity and cash flows is presented.

Consequently, the financial statements as of July 31, 2019 are stated in constant currency and present comparative figures only in relation to the balance sheet. The lack of comparative information restricts the information available on the financial statements to analyze the changes in figures and ratios normally used in the analysis of financial statements.

The accumulated net effect of the restatement of non-monetary assets and liabilities and equity items at prior fiscal year end (which was recognized in accumulated surplus as of that date) is disclosed below:

Accounts	Nominal currency as of 07/31/2018	Adjustment for restatement in constant currency	Balances as of 07/31/2019 in constant currency
Total assets	599,792,450	574,728,634	1,174,521,084
Total liabilities	42,158,861	22,928,786	65,087,647
Capital	35,754,447	456,767,685	492,522,132
Optional reserve	110,000,000	59,825,301	169,825,301
Accumulated surplus	411,879,142	35,206,862	447,086,004

2.2) Use of estimates

The preparation of these financial statements requires that estimates and assessments be made about the assets and liabilities recorded, the contingent assets and liabilities disclosed to the date of issuance of these financial statements as well as revenues and expenses recorded during the year.

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Registration number with the Supervisory Board of Companies (I.G.J.): 2060

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 2 - ACCOUNTING STANDARDS (cont.)

2.2) Use of estimates (cont.)

The Association's Governing Board makes estimates to calculate, among other, depreciation and amortization and the allowances for bad debts, lawsuits and contingencies. The actual value of future results may differ from the estimates and assessments made to the date of preparation of these financial statements.

2.3) Criteria for recognition, measurement and presentation of assets, liabilities, equity, revenues and expenses and cash flows

These financial statements have been prepared in accordance with the disclosure criteria set forth by Technical Resolutions of FACPCE.

The Company has consistently applied the following recognition and measurement criteria to the preparation of the financial statements.

2.3.1) Equity

The equity balances adjusted at beginning of year have been restated at year-end by applying the indexes mentioned in Note 2.1.

The capital was restated in constant currency, as indicated in Note 2.1. The difference between the restated amount and the nominal value is disclosed as "Capital adjustment".

Retained earnings and surplus have been restated in year-end currency, as indicated in Note 2.1.

The surplus for the year was determined based on the difference between the amounts of equity at the beginning and end of year, measured in constant currency as of July 31, 2019.

2.3.2) Revenues and expenses accounts

Original values have been restated in year-end currency, except for:

a) Depreciation

Depreciation was calculated by applying the depreciation rates to restated amounts determined as indicated in Note 2.3.8.

b) Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM)

It is determined based on the difference between surplus for the year and the subtotal of the revenues and expenses statement accounts restated in constant currency. Se determina por diferencia entre el superávit final del ejercicio y el subtotal de los rubros del Estado de recursos y gastos reexpresados en moneda constante.

It includes:

- the gain or loss on net monetary position, and
- the financial and holding gains/losses

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NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 2 - ACCOUNTING STANDARDS (cont.)

2.3) Criteria for recognition, measurement and presentation of assets, liabilities, equity, revenues and expenses and cash flows (cont.)

2.3.3) Revenue recognition

The Association's revenues are recognized in the statement of revenues and expenses based on the accrual of the tuition payments made at year-end

2.3.4) Implicit financial components

The implicit financial components included in assets, liabilities and revenues and expenses accounts have not been segregated because they are not considered to be material.

2.3.5) Foreign currency

The assets and liabilities denominated in foreign currency and detailed in Exhibit IV have been stated in Argentine pesos by applying the exchange rates prevailing at year-end.

Exchange gains and losses generated during the year are recognized in Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM) of the statement of revenues and expenses.

2.3.6) Short-term investments

Time deposits are stated at nominal value plus interest accrued at year-end.

Securities in foreign currency are stated quoted price and exchange rate prevailing at year-end.

2.3.7) Inventories

Materials are stated at replacement cost.

Advances to suppliers are stated at cost.

The book value of inventories does not exceed their recoverable value.

2.3.8) Fixed assets

They have been valued at acquisition cost, restated in constant currency, as indicated in Note 2.1., net of the related accumulated depreciation.

The acquisition cost includes all the necessary expenses required to bring the assets to a working condition for their intended use.

Depreciation is calculated by applying the straight-line method at annual rates sufficient to extinguish assets value by the end of their estimated useful lives.

The net book value of fixed assets, taken as a homogenous group, does not exceed their estimated recoverable value based on information available at the date of issuance of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 2 - ACCOUNTING STANDARDS (cont.)

2.3) Criteria for recognition, measurement and presentation of assets, liabilities, equity, revenues and expenses and cash flows (cont.)

2.3.9) Allowances

Deducted from assets:

For bad debts: it was calculated based on the individual analysis of receivables overdue at year-end.

Included in liabilities:

For lawsuits and contingencies: it was set up to meet potential liabilities and claims determined based on information received from the legal advisors of the Association at each year-end.

2.3.10) Income tax

The Association is considered tax exempt under the Income Tax Law.

2.3.11) Cash and cash equivalents

The Association presents the statement of cash flows by applying the indirect method. Cash includes cash and bank balances.

All the items disclosed in this statement are stated in constant currency at year-end.

The monetary gain/loss provided by cash is presented in the statement of cash flows segregated from the cash flows provided by operating, investing and financing activities, as a specific item of the reconciliation between cash at the beginning and end of the fiscal year.

	<u>07/31/2019</u>	<u>07/31/2018</u>
Cash	739,648	768,465
Banks	<u>63,319,836</u>	<u>241,689,957</u>
Total (Note 3.1)	<u>64,059,484</u>	<u>242,458,422</u>

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Registration number with the Supervisory Board of Companies (I.G.J.): 2060

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 3 -BREAKDOWN OF THE MAIN BALANCE SHEET ACCOUNTS

	<u>07/31/2019</u>	<u>07/31/2018</u>
3.1) Cash and banks		
Cash in local currency	91,000	142,344
Cash in foreign currency (Exhibit IV)	648,648	626,121
Banks in local currency	6,958,604	3,141,120
Banks in foreign currency (Exhibit IV)	<u>56,361,232</u>	<u>238,548,837</u>
Total	<u>64,059,484</u>	<u>242,458,422</u>
3.2) Receivables		
Tuition fees owed in local currency	10,072,665	6,973,229
Tuition fees owed in foreign currency (Exhibit IV)	1,993,561	1,000,555
Less: Allowance for bad debts in local currency (Note 2.3.9 and Exhibit III)	(7,759,509)	(2,192,182)
Total	<u>4,306,717</u>	<u>5,781,602</u>
3.3) Other receivables		
3.3.1) short term		
Advances to suppliers in foreign currency (Exhibit IV)	-	573,469
Advances and loans to personnel	815,909	1,108,240
Insurance and other expenses to be accrued	2,920,297	2,272,199
Other	<u>280,266</u>	<u>325,625</u>
Total	<u>4,016,472</u>	<u>4,279,533</u>
3.3.2) Non current		
Security deposits	<u>1,858,086</u>	<u>2,636,450</u>
Total	<u>1,858,086</u>	<u>2,636,450</u>
3.4) Inventories		
Material	769,437	481,758
Advances to suppliers in foreign currency (Exhibit IV)	<u>10,937,566</u>	<u>11,276,710</u>
Total	<u>11,707,003</u>	<u>11,758,468</u>

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NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 3 - BREAKDOWN OF THE MAIN BALANCE SHEET ACCOUNTS (cont.)

	<u>07/31/2019</u>	<u>07/31/2018</u>
3.5) Payables		
Suppliers in local currency	5,103,745	6,915,851
Suppliers in foreign currency (Exhibit IV)	-	62,419
Expense provision	5,086,091	4,551,482
Tuition fees collected in advance in local currency	1,505,381	4,534,698
Tuition fees collected in advance in foreign currency (Exhibit IV)	2,212,057	9,654,587
Advances for admission in foreign currency (Exhibit IV)	-	126,952
Payroll and social security contributions payable	8,404,083	9,058,742
Provision for thirteenth month salary and social security contributions	2,779,227	2,995,544
Provision for vacations and social security contributions	23,618,137	15,534,234
Income tax withholdings to be deposited	6,677,758	6,917,980
Turnover tax withholdings to be deposited	52,000	49,714
Other withholdings to be deposited	159,607	49,794
Other	<u>-</u>	<u>21,971</u>
Total	<u>55,598,086</u>	<u>60,473,968</u>
3.6) Funds earmarked for specific purposes		
Funds earmarked for specific purposes in local currency	<u>-</u>	<u>851,536</u>
Total	<u>-</u>	<u>851,536</u>

Note 4 - TERMS, INTEREST RATES AND ADJUSTMENT CLAUSES OF INVESTMENTS, RECEIVABLES AND PAYABLES

The breakdown of investments, receivables and payables as per estimated collection or payment terms is as follows:

	<u>07/31/2019</u>	<u>07/31/2018</u>
4.1) Investments		
a) Total amount of receivables without any established term	<u>834,132,979</u>	<u>540,459,301</u>
Total investments (Exhibit IV)	<u>834,132,979</u>	<u>540,459,301</u>

Time deposits in the amount of \$ 2,224,110 accrue interest at an annual nominal rate of 14% as of July 31, 2018. Other investments are stated at quoted price and exchange rate prevailing at each year-end.

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NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 4 - TERMS, INTEREST RATES AND ADJUSTMENT CLAUSES OF INVESTMENTS, RECEIVABLES AND PAYABLES (cont.)

	<u>07/31/2019</u>	<u>07/31/2018</u>
4.2) Receivables		
a) Total amount of receivables overdue	4,306,717	5,781,602
b) Total amount of receivables to become due:		
Up to 3 months	280,266	899,094
From 6 to 9 months	2,920,297	2,272,199
From 9 to 12 months	815,909	1,108,240
Over 1 year	<u>1,858,086</u>	<u>2,636,450</u>
Subtotal	<u>5,874,558</u>	<u>6,915,983</u>
Total receivables	<u>10,181,275</u>	<u>12,697,585</u>

Receivables do not accrue any interest nor do they have adjustment clauses as of July 31, 2019 and 2018.

4.3) Payables

a) Total amount of payables without any established term	-	851,536
b) Total amount of payables to become due		
Up to 3 months	29,200,722	41,944,190
From 3 to 6 months	2,779,227	2,995,544
From 6 to 9 months	<u>23,618,137</u>	<u>15,534,234</u>
Subtotal	<u>55,598,086</u>	<u>60,473,968</u>
Total payables	<u>55,598,086</u>	<u>61,325,505</u>

Payables do not accrue any interest nor do they have adjustment clauses as of July 31, 2019 and 2018.

Note 5 - TAX EXEMPTIONS

Based on the provisions of section 20. f) of Law No. 20628, the Association is Income tax exempt, according to the resolution of the Tax Authorities dated November 28, 1958.

Regarding the Turnover tax, the Association is registered with the Province of Buenos Aires, but it is tax exempt in accordance with the provisions of section 166, l) of the Tax Code, under resolution of the Tax Bureau of the Province of Buenos Aires dated May 5, 2000 effective as from October 21, 1996.

Additionally, the Association is exempt from paying the Real Property Tax as from year 2008 in connection with the facilities where the institution is operating.

The Association has already complied with the mandatory census in accordance with the legislation in force.

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NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 6 - RESTRICTED ASSETS

There are no restricted assets at year-end.

Note 7 - SUBSEQUENT EVENTS

No events or transactions have occurred from year-end to the date of issuance of these financial statements that would have a material effect on the financial position of the Association or its revenues and expenses at year-end.

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INVESTMENTS

as of July 31, 2019 comparative with the prior year
(in constant currency - pesos - Note 2.1)

<u>Main accounts and characteristics</u>	<u>07/31/2019</u>	<u>07/31/2018</u>
<u>SHORT TERM INVESTMENTS</u>		
Low risk securities in foreign currency (Exhibit IV)	<u>834,132,979</u>	<u>540,459,301</u>
Total short term investments	<u>834,132,979</u>	<u>540,459,301</u>

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EXHIBIT II

ASOCIACIÓN ESCUELAS LINCOLN

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

FIXED ASSETS

as of July 31, 2019 comparative with the prior year (in constant currency - pesos- Note 2.1)

Main account	Original values					Depreciation					Net	
	At beginning of year	Increases for the year	Decreases for the year	Transfers for the year	At year-end	Accumulated at beginning of the year	Decreases for the year	For the year		Accumulated at year-end	07/31/2019	07/31/2018
								Rate %	Amount			
Land	43,135,291	-	-	-	43,135,291	-	-	-	-	-	43,135,291	43,135,291
Buildings	559,615,508	-	-	-	559,615,508	392,635,890	-	2	5,792,962	398,428,852	161,186,656	166,979,618
Improvements to facilities	238,627,994	-	-	37,242,762	275,879,756	170,190,541	-	6.67	8,604,407	178,794,948	97,075,808	68,437,453
Work in progress	54,379,495	15,545,637	645,807	(37,242,762)	32,036,563	-	-	-	-	-	32,036,563	54,379,495
Fences and pavement	8,674,311	-	-	-	8,674,311	8,674,311	-	20	-	8,674,311	-	-
Facilities	80,953,012	4,357,425	-	-	85,310,437	78,828,608	-	10 and 20	1,489,946	80,318,554	4,991,883	2,124,404
Scientific equipment	623,244	-	-	-	623,244	623,244	-	20	-	623,244	-	-
Devices and sport related items	1,421,632	-	-	-	1,421,632	1,421,632	-	20	-	1,421,632	-	-
Teaching items	9,518,244	-	-	-	9,518,244	9,518,244	-	20	-	9,518,244	-	-
Furniture and fixture	77,208,590	8,662,806	-	-	85,871,396	67,387,321	-	20	4,509,106	71,896,427	13,974,969	9,821,269
MS and household items	156,073	-	-	-	156,073	156,073	-	-	-	156,073	-	-
Machinery and tools	8,388,777	764,428	-	-	9,153,205	8,189,326	-	20	220,195	8,409,521	743,684	199,451
Computers	83,561,687	6,675,245	22,694	-	90,214,238	78,753,181	22,694	33.33	4,269,413	82,999,900	7,214,338	4,808,506
Vehicles	11,968,019	52,600	4,601,586	-	7,419,033	10,079,167	4,601,586	20	870,220	6,347,801	1,071,232	1,888,852
Advances for the purchase of fixed assets in local currency	2,043,983	-	2,043,983	-	-	-	-	-	-	-	-	2,043,983
Advances for the purchase of fixed assets in foreign currency (Exhibit IV)	13,328,986	-	9,254,411	-	4,074,575	-	-	-	-	-	4,074,575	13,328,986
Total as of 07/31/2019	1,193,604,846	36,058,141	16,568,481	-	1,213,094,506	826,457,538	4,624,280		25,756,249	847,589,507	365,504,999	367,147,308

ASOCIACIÓN ESCUELAS LINCOLN

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

ALLOWANCES

as of July 31, 2019 comparative with the prior year (in constant currency - pesos- Note 2.1)

<u>Accounts</u>	<u>Balances at beginning of the year</u>	<u>Increases for the year</u>	<u>Decreases/ Utilization for the year</u>	<u>Effects on gain or loss on net monetary position</u>	<u>Balances at year-end</u>
DEDUCTED FROM CURRENT ASSETS					
Allowance for bad debts	<u>2,192,182</u>	<u>6,423,286</u> (1)	<u>83,707</u> (3)	<u>(772,252)</u>	<u>7,759,509</u>
Total as of 07/31/2019	<u>2,192,182</u>	<u>6,423,286</u>	<u>83,707</u>	<u>(772,252)</u>	<u>7,759,509</u>
INCLUDED IN NON CURRENT LIABILITIES					
Allowance for lawsuits and contingencies	<u>3,762,143</u>	<u>105,071</u> (2)	<u>1,144,996</u> (3)	<u>(1,325,311)</u>	<u>1,396,907</u>
Total as of 07/31/19	<u>3,762,143</u>	<u>105,071</u>	<u>1,144,996</u>	<u>(1,325,311)</u>	<u>1,396,907</u>

(1) It is recognized in Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM) of the statement of revenues and expenses.

(2) It is recognized in "lawsuits and contingencies" of Exhibit V.

(3) Utilizations

ASOCIACIÓN ESCUELAS LINCOLN

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

as of July 31, 2019 comparative with the prior year

Items	07/31/2019			07/31/2018	
	Type and amount of foreign currency	Prevailing exchange rate (Pesos in constant currency)	Amount in local currency (Pesos in constant currency)	Amount in local currency (Pesos in constant currency)	Amount in local currency (Pesos in constant currency)
ASSETS					
CURRENT ASSETS					
Cash and banks					
Cash	USD	14,850	43.680	648,648	626,121
Banks	USD	1,290,321	43.680	<u>56,361,232</u>	<u>238,548,837</u>
				<u>57,009,880</u>	<u>239,174,958</u>
Investments					
Low risk securities	USD	19,096,451	43.680	<u>834,132,979</u>	<u>540,459,301</u>
Accounts receivable					
Tuition fees owed	USD	45,640	43.680	<u>1,993,561</u>	<u>1,000,555</u>
				<u>1,993,561</u>	<u>1,000,555</u>
Other receivables					
Advances to suppliers				<u>-</u>	<u>573,469</u>
Inventories					
Advances to suppliers	USD	250,402	43.680	<u>10,937,566</u>	<u>11,276,710</u>
Total current assets				<u>904,073,986</u>	<u>792,484,993</u>
NON CURRENT ASSETS					
Fixed assets					
Advances to suppliers	USD	93,282	43.680	<u>4,074,575</u>	<u>13,328,986</u>
Total non current assets				<u>4,074,575</u>	<u>13,328,986</u>
Total assets				<u>908,148,561</u>	<u>805,813,979</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Suppliers				-	62,419
Fees collected in advance	USD	50,412	43.880	2,212,057	9,654,587
Advances for admission				<u>-</u>	<u>126,952</u>
Total current liabilities and liabilities				<u>2,212,057</u>	<u>9,843,958</u>

USD: United States dollars

ASOCIACIÓN ESCUELAS LINCOLN

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

EXPENSES

for the fiscal year ended July 31, 2019 (in constant currency - pesos) (Note 2.1)

<u>Accounts</u>	<u>Overhead and administrative expenses</u>	<u>Specific sectors</u>				<u>07/31/2019</u>
		<u>National programs</u>	<u>Professional development</u>	<u>Elementary and Middle school</u>	<u>High school</u>	
Payroll and social security contributions	124,553,103	13,471,034	10,593,327	243,184,337	213,912,916	605,714,717
Transportation and snack	52,719,968	192,704	122,004	2,974,176	3,579,363	59,588,215
Maintenance and cleaning service	32,312,687	-	-	313,747	646,107	33,272,541
Other employee benefits	14,646,042	47,798	45,345	817,408	180,031	15,736,624
Safety and surveillance	16,485,853	-	-	-	-	16,485,853
Teaching and sport items	-	34,430	174,786	7,991,106	2,785,619	10,985,941
Documentation of foreign personnel	44,769,353	-	-	-	-	44,769,353
Conferences and courses	831,829	9,107	30,802	331,053	3,579,789	4,782,580
Development and certifications	1,518,537	-	3,198,285	425,371	1,308,356	6,450,549
Utilities	14,773,448	-	1,397,114	-	-	16,170,562
Data systems	11,156,390	-	-	-	-	11,156,390
Sport items	-	-	-	-	3,869,373	3,869,373
External advisory services	3,596,654	-	4,718,627	118,926	324,592	8,758,799
Insurance	3,962,611	-	-	-	-	3,962,611
Stationery	2,199,942	-	-	276,351	186,857	2,663,150
Lawsuits and contingencies (Exhibit III)	105,071	-	-	-	-	105,071
Medicines	553,702	-	-	-	-	553,702
Other	<u>5,951,263</u>	<u>-</u>	<u>-</u>	<u>59,379</u>	<u>115,106</u>	<u>6,125,748</u>
Total as of 07/31/2019	<u>330,136,453</u>	<u>13,755,073</u>	<u>20,280,290</u>	<u>256,491,854</u>	<u>230,488,109</u>	<u>851,151,779</u>

ASOCIACIÓN ESCUELAS LINCOLN

Registration number with the Supervisory Board of Companies (I.G.J.): 2060

REVENUES

for the fiscal year ended July 31, 2019 (in constant currency - pesos) (Note 2.1)

<u>Accounts</u>	<u>For general purposes, net</u>	<u>For specific purposes</u>	<u>Other</u>	<u>07/31/2019</u>
For teaching services	788,459,172	-	-	788,459,172
For transportation services	29,787,417	-	-	29,787,417
For lunch services	15,988,965	-	-	15,988,965
Investments in capital assets	93,796,650	-	-	93,796,650
Other	<u>-</u>	<u>871,002</u>	<u>292,807</u>	<u>1,163,809</u>
Total as of 7/31/2019	<u>928,032,204</u>	<u>871,002</u>	<u>292,807</u>	<u>929,196,013</u>



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Translation from the original prepared in Spanish for publication in Argentina

INDEPENDENT AUDITORS' REPORT

To the Board of Members of
ASOCIACIÓN ESCUELAS LINCOLN
Legal address: Córdoba 1439, 4th floor, City of Buenos Aires

Taxpayer identification number [C.U.I.T.] 30 -52733523 -6

Report on the financial statements

We have audited the accompanying financial statements of ASOCIACIÓN ESCUELAS LINCOLN (hereinafter "the Association"), which comprise the balance sheet as of July 31, 2019, the statements of revenues and expenses, changes in equity and cash flows for the year then ended, notes 1 to 7 and Exhibits I, II, III, IV, V and VI presented as supplementary information.

The figures and other information for the year ended July 31, 2019, as described in Note 2.1., are an integral part of these financial statements, and are presented for the purpose of being construed solely in relation to the figures and information of the current year.

Management's Responsibility for the Financial Statements

The Governing Board is responsible for the preparation of these financial statements in accordance with the professional accounting standards in force in the City of Buenos Aires, Republic of Argentina, and for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards set forth by Technical Resolution No. 37 of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a selective test basis, evidence supporting the amounts and disclosures in the financial statements. We relied on our professional judgment to select the procedures to be performed, including assessing the risk that the financial statements may include material misstatements. When performing this risk assessment, we considered the Association's existing internal controls on the preparation and presentation of financial statements for the purpose of selecting the adequate auditing procedures, but not of expressing an opinion on the efficiency of the Association's internal controls. An audit also includes assessing the accounting principles used and the reasonableness of the significant estimates made by the Governing Board, as well as evaluating the overall financial statement presentation. 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of July 31, 2019, the results of its operations, the changes in equity and cash flows for the year then ended, in conformity with professional accounting principles in force in the City of Buenos Aires, Republic of Argentina.



Translation from the original prepared in Spanish for publication in Argentina

Emphasis of Matter regarding reporting currency

Without further qualifying our opinion, we draw your attention to the disclosures made in Note 2.1 to the financial statements, according to which the Governing Board has prepared the accompanying financial statements in constant currency, by exercising the option given in the accounting standards in force in the City of Buenos Aires to apply the inflation restatement method starting by the determination of the equity adjusted at the beginning of the current year, which implies that no comparative information of the statements of revenues and expenses, changes in equity and cash flows is presented.

Report on other legal and regulatory requirements

In compliance with legal provisions in force, we report that:

- a. The accompanying financial statements have not yet been transcribed into the Inventory Book and arise from the Association's accounting records, the transcription of which into the Journal is pending;
- b. we have performed the anti-money laundering and terrorist financing procedures set forth by the applicable professional standards issued by the FACPCE; and
- c. as of July 31, 2019, the accrued liability for retirement and pension contributions payable to the Argentine Pension Fund System arising from the accounting records was \$ 4,715,208, no amounts being due as of that date.

The accompanying financial statements are prepared in accordance with accounting principles and practices generally accepted in the City of Buenos Aires, Republic of Argentina and may differ in some material respects from financial statements prepared in accordance with accounting principles and practices of other jurisdictions. Accordingly, these financial statements should only be relied upon by those who are familiar with accounting principles and practices generally accepted in the City of Buenos Aires, Republic of Argentina.

City of Buenos Aires, October 10, 2019

KPMG

Natalia P. Zabala
Director

INTERNAL CONTROLLERS' COMMITTEE REPORT

To the Members of
Asociación Escuelas Lincoln
Av. Córdoba 1439, 4th floor (1055)
City of Buenos Aires

1. We have examined the inventory, the balance sheet of Asociación Escuelas Lincoln as of July 31, 2019, and the related statements of revenues and expenses, changes in equity and cash flows for the fiscal year then ended, as well as the supplementary information, notes 1 to 7 and exhibits I to VI, which have been submitted to us by the Association for consideration. Additionally, we have reviewed the Letter to Members of the Association issued by the Governing Board for such year. The preparation and issuance of the referred financial statements is the responsibility of the Association.
2. Our examination was conducted in accordance with the rules applicable to supervisory auditor's duties in force in the Republic of Argentina, based on the similar duties met by the internal controller. Those standards require that the financial statements be examined in conformity with the auditing standards in force in the Republic of Argentina, including the verification of the consistency of the documents examined with the information on the Association's decisions recorded in the minutes of the Governing Board's and Members' meetings as well as the compliance of such decisions with the law and the bylaws in their formal and documentary aspects. To perform our professional task, we have reviewed the work performed by the external auditors of Asociación Escuelas Lincoln, KPMG, who issued an unqualified report on ... 2019. An audit requires that the auditor plans and performs the procedures to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the disclosures in the financial statements, as well as evaluating the accounting principles used, the significant estimates made by the Governing Board, and the overall presentation of the financial statements. We have not assessed the operating management criteria, since they are the exclusive responsibility of the Governing Board and Members at meeting.
3. Additionally, we have examined the Letter to Members of the Association dated October 10, 2019 for the fiscal year ended July 31, 2019 and, having obtained the information and explanations we considered it necessary, we have no observations.
4. Based on the work performed, with the scope described in the paragraphs above, we report that:
 - a) In our opinion, the accompanying financial statements of Asociación Escuelas Lincoln as of July 31, 2019 and for the fiscal year then ended have been prepared, in all material respects, in accordance with the accounting information framework of the Supervisory Board of Companies (I.G.J.).
 - b) As far as it relates to our area of responsibility, we have no observations to make in connection with the Letter to Members of the Association.

City of Buenos Aires, October 10, 2019

Pablo F. Olocco
By the Internal Controllers' Committee