

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, 2020
comparative with the prior year

ASOCIACIÓN ESCUELAS LINCOLN

CONTENT

Letter to Members of the Association

Financial statements as of July 31, 2020 and for the fiscal year then ended, comparative with the prior year

Basic financial statements

- Balance sheet
- Statement of revenues and expenses
- Statement of changes in equity
- Statement of cash flows

Supplementary information

- Notes 1 to 7
- Exhibits I, II, III, IV, V and VI

Independent auditors' report

Internal Controllers' Committee report

ASOCIACIÓN ESCUELAS LINCOLN

LETTER TO MEMBERS OF THE ASSOCIATION for the fiscal year ended July 31, 2020 (information not covered by the independent auditors' report)

To the Members of the Association,

In compliance with the legal provisions and the articles of association, we hereby submit for the consideration of the Active and Honorary Members, this Letter to Members of the Association for fiscal year No. 81, ended July 31, 2020, 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 and are comparatively presented with the prior year ended July 31, 2019. The financial statements have been prepared in constant currency, recognizing the effects of inflation in accordance with the applicable professional accounting standards.

Undoubtedly, this has been a year of changes and particular situations. The suspension of in-person classes at the school by the end of March, as required by the regulations issued to address the COVID-19 pandemic, forced the school officials as well as teaching and non-teaching staff, students and their families to quickly get used to new ways of working, teaching, learning and relating with each other. Despite the changes triggered by the pandemic, the school launched a communication and awareness campaign to publicize its new Mission. In addition, new directors, who are in charge of managing different areas of the School, joined during the year.

In line with our new Mission, consisting in inspiring and challenging all of our learners to be kind and ethical members of a global community and empowering them to develop into self-aware, confident, innovative and collaborative change agents committed to honoring diversity and enhancing their world, a new school year has ended with satisfactory academic results. In addition to launching a new Mission that reflects the concerns and needs of these days, we have developed an ambitious strategic plan that will guide the School throughout the next five years. The 2020-2025 strategic plan organizes the priorities of the Association on the basis of four objectives: (i) teaching and learning objectives, (ii) professional development objectives, (iii) institutional development objectives, (iv) objectives related to guaranteeing the necessary resources for the fulfillment of the School plan and Mission.

Despite the difficulties caused by COVID-19, we were able to ensure the continuity of learning activities at all levels. After facing the challenges posed by the pandemic, by the end of this year, we implemented distance learning with a focus on our intention to promote connection, care and commitment to our students, teachers, parents and staff. We work so that each student be comfortable and equipped to learn in a virtual environment.

The goals set at each school and Management levels were successfully achieved, with the commitment of both foreign and local teachers.

During this school year, students were, on average, 627. Our community was made up of people from around 46 nationalities, with local students accounting for 23% of the total.

In an unprecedented virtual ceremony, last-year students of Lincoln celebrated their graduation. The 68th graduation ceremony was held on June 17, 2020. Over 350 families participated, with more than 1,200 attendees, including students, teachers, school officials and other community members, friends and relatives from around the world, who joined the Zoom meeting to support the 40 graduates.

In addition, we reaffirmed our commitment to the Vicente López district by continuing with the maintenance and cleaning of the riverside park and the ecological reserve, strengthening ties with our neighbors. We are proud to affirm our commitment to the community and the protection of the environment.

Revenues from the teaching activity amounted to \$ 177,473,979. They include revenues from tuition fees allocated to investments in capital assets, which amount to \$ 160,048,461, i.e. revenues used for a specific purpose: investment in capital assets. Total revenues, excluding tuition fees used for investments in capital assets, amounted to \$ 1,131,786,105 and total operating expenses amounted to \$ 1,114,360,587, thus resulting in operating income for the period of \$ 17,425,518.

The accumulated surplus of \$ 1,539,384,245 is mainly allocated as follows: (i) covering at least 5 months of operating expenses, as required by our Institutional Policy to afford any potential liabilities and obligations triggered by an exceptional *force majeure* event, and (ii) making investments in infrastructure as part of a Strategic Investment Plan.

Three years ago, we started to implement a 10-year Strategic Investment Plan by developing the conceptual stage and carrying out the first projects. The plan is being adjusted to the new reality, giving priority to the flexibility required by the new education programs. Its implementation will be resumed to the extent permitted by the measures related to the preventive and mandatory lockdown. The necessary funds to carry

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out the plan are obtained by applying a fund-raising policy exclusively applicable to investments in infrastructure with the objective of financing the Strategic Investment Plan with own funds, so that the School need not incur debts. The implementation of this plan, with the commencement of the works and the resulting use of accumulated funds, initially scheduled for this year was postponed as a result of the restrictions imposed due to the pandemic.

During this year, investments in fixed assets were mainly related to technology, equipment for the classrooms and supplies and equipment necessary for the effective fulfillment of distance learning programs, while properly implementing prevention and healthcare protocols.

In line with our Mission and amid a highly professional environment, we will continue a sound improvement process in all the areas, facing the serious challenges posed by the new school year.

We are waiting for the authorization from the school officials so that some or all teachers and students may return to school, and in-person academic and socio-educational learning activities may be resumed, trusting that we will be able to meet again with our community in the next months.

The School's Management wishes to express its gratitude to the whole community of Asociación Escuelas Lincoln, its staff, suppliers and Active and Honorary Members, for their efforts to maintain academic excellence in a free and respectful environment.

City of Buenos Aires, November 6, 2020.

GOVERNING BOARD

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ASOCIACIÓN ESCUELAS LINCOLN

Financial statements for fiscal year No. 81 beginning August 1, 2019 and ended July 31, 2020 comparative with the prior year

In constant currency - pesos (Note 2.1)

Legal address: Av. Córdoba 1318 - 8th Floor, City of Buenos Aires

Main activity: Teaching

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

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

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

Expiration of articles of association: Indefinite

Translation from the original prepared in Spanish for publication in Argentina

ASOCIACIÓN ESCUELAS LINCOLN

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

BALANCE SHEET

as of July 31, 2020 comparative with the prior year (in constant currency - pesos– Note 2.1)

	<u>07/31/2020</u>	<u>07/31/2019</u>		<u>07/31/2020</u>	<u>07/31/2019</u>
ASSETS			LIABILITIES		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and banks (Note 3.1)	385,311,878	99,064,556	Accounts payable		
Investments (Note 2.3.6 and Exhibit I)	1,404,149,071	1,187,725,544	Payables (Note 3.5)	<u>85,093,424</u>	<u>87,016,339</u>
Receivables (Note 3.2)	16,007,429	6,013,161			
Other receivables (Note 3.3.1)	4,818,870	5,719,072			
Inventories (Notes 2.3.7 and 3.4)	<u>12,954,354</u>	<u>12,317,751</u>	Total current liabilities	<u>85,093,424</u>	<u>87,016,339</u>
Total current assets	<u>1,823,241,602</u>	<u>1,310,840,084</u>	NON CURRENT LIABILITIES		
NON CURRENT ASSETS			Allowances (Note 2.3.9 and Exhibit III)	<u>596,161</u>	<u>1,989,062</u>
Other receivables (Note 3.3.2)	3,325,290	2,645,737	Total non current liabilities	<u>596,161</u>	<u>1,989,062</u>
Fixed assets (Note 2.3.8 and Exhibit II)	<u>499,823,849</u>	<u>524,796,045</u>	Total liabilities	<u>85,689,585</u>	<u>89,005,401</u>
Total non current assets	<u>503,149,139</u>	<u>527,441,782</u>	EQUITY (as per related statement)	<u>2,240,701,156</u>	<u>1,749,276,465</u>
Total assets	<u>2,326,390,741</u>	<u>1,838,281,866</u>	Total liabilities and equity	<u>2,326,390,741</u>	<u>1,838,281,866</u>

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

Translation from the original prepared in Spanish for publication in Argentina

ASOCIACIÓN ESCUELAS LINCOLN

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

STATEMENT OF REVENUES AND EXPENSES

for the fiscal year ended July 31, 2020 comparative with the prior year
(in constant currency - pesos - Note 2.1)

	<u>07/31/2020</u>	<u>07/31/2019</u>
Ordinary revenues/expenses		
Revenues		
For general purposes, net (Exhibit VI)	1,128,393,111	1,187,871,601
For specific purposes (Exhibit VI)	163,077,065	134,797,678
Other (Exhibit VI)	<u>364,390</u>	<u>416,929</u>
Total revenues	<u>1,291,834,566</u>	<u>1,323,086,208</u>
Administrative and overhead expenses (Exhibit V)	(403,640,263)	(462,325,709)
Depreciation of fixed assets (Exhibit II)	(38,299,858)	(36,674,434)
Specific sectors (Exhibit V)		
- National programs	(20,183,851)	(20,040,553)
- Professional development	(12,868,119)	(29,060,860)
- Elementary and middle school	(334,063,710)	(372,981,241)
- High school	<u>(305,304,786)</u>	<u>(335,768,640)</u>
Total expenses	(1,114,360,587)	(1,256,851,437)
Surplus from the teaching activity	177,473,979	66,234,771
Other revenues	202,237	34,925
Financial and holding gains/losses (including gain or loss on net monetary position - "RECPAM")	<u>313,735,951</u>	<u>103,279,717</u>
Surplus for the year	<u>491,412,167</u>	<u>169,549,413</u>

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

Translation from the original prepared in Spanish for publication in Argentina

ASOCIACIÓN ESCUELAS LINCOLN

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

STATEMENT OF CHANGES IN EQUITY

for the fiscal year ended July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

	Owners' contributions			Accumulated surplus			Total equity	
	Capital	Capital adjustment	Total	Optional reserve	Unappropriated surplus	Total	07/31/2020	07/31/2019
Balances at beginning of year	9,500,137	691,804,250	701,304,387	241,814,978	806,157,100	1,047,972,078	1,749,276,465	1,579,727,052
Tuition fees	10,000	2,524	12,524	-	-	-	12,524	-
Surplus for the year (as per statement of revenues and expenses)	-	-	-	-	491,412,167	491,412,167	491,412,167	169,549,413
Balances at year-end	<u>9,510,137</u>	<u>691,806,774</u>	<u>701,316,911</u>	<u>241,814,978</u>	<u>1,297,569,267</u>	<u>1,539,384,245</u>	<u>2,240,701,156</u>	<u>1,749,276,465</u>

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

ASOCIACIÓN ESCUELAS LINCOLN

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

STATEMENT OF CASH FLOWS

for the fiscal year ended July 31, 2020 comparative with the prior year
(in constant currency - pesos - Note 2.1)

	<u>07/31/2020</u>	<u>07/31/2019</u>
CHANGES IN CASH		
Cash at beginning of year	99,064,556	345,237,592
Cash at year-end (Note 2.3.10)	<u>385,311,878</u>	<u>99,064,556</u>
Net increase/ (decrease) in cash	<u>286,247,322</u>	<u>(246,173,036)</u>
CAUSES OF CHANGES IN CASH		
Operating activities		
Revenues collected	2,507,857,019	2,673,174,535
Payment to suppliers of goods and services	(562,776,832)	(1,133,306,158)
Payment to personnel and social security contributions	(719,276,371)	(686,140,653)
Payment of expenses for which a provision has been set up	<u>(6,956,165)</u>	<u>(5,688,764)</u>
Net cash flows provided by operating activities	<u>1,218,847,651</u>	<u>848,038,960</u>
Investing activities		
Net changes in investments	(764,351,697)	(790,383,036)
Purchase of fixed assets	<u>(13,507,388)</u>	<u>(38,687,845)</u>
Net cash flows used in investing activities	<u>(777,859,085)</u>	<u>(829,070,881)</u>
Financing activities		
Tuition fees	<u>12,524</u>	<u>-</u>
Cash flows provided by financing activities	<u>12,524</u>	<u>-</u>
RECPAM on cash and equivalents	<u>(154,753,768)</u>	<u>(265,141,115)</u>
Net increase/ (decrease) in cash	<u>286,247,322</u>	<u>(246,173,036)</u>

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

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

Note 1 - PURPOSE OF THE ASSOCIATION AND MACROECONOMIC CONTEXT

Asociación Escuelas Lincoln (Lincoln School) is an entity engaged in teaching activities, offering elementary, middle and high education. It is located in La Lucila, Province of Buenos Aires.

The Association operates in a complex economic context, whose main variables have shown significant volatility as a consequence of political and economic events, with considerable signs of devaluation of the Argentine peso, a sustained increase in inflation rates, country risk at levels higher than usual ones and a fall in the economic activity as a result of the recession that began in previous years and deepened during the preventive and mandatory lockdown, as described below.

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across over 150 countries. Most governments have taken increasingly stringent steps to help contain the spread of the virus, including population lockdown, quarantine and free movement restrictions, closing of public and private facilities, except for stores equipped with daily necessities (healthcare, food, fuel and communications), closing of the country's borders and drastic reduction in the transport by air, water, rail and road.

In the Argentine Republic, where the Association operates, on March 12, 2020, the National Executive Branch (PEN) issued Decree No. 260/2020, as amended. By means of such decree, the public emergency in health matters established by the Economic Emergency Law was extended for a term of one year in order to tackle the crisis caused by COVID-19. Then, on March 19, the PEN issued Decree No. 297/2020 providing for a preventive and mandatory lockdown of Argentina's population. The lockdown was initially effective from March 20 to March 31, 2020, and was then extended until November 8, 2020 inclusive. This term can be further extended for as long as it is considered necessary, and the level of lockdown will vary across the different regions of the country in light of the epidemiological situation.

The measures adopted by the PEN originally led to the slowdown or suspension of most of the non-essential activities carried out by individuals and, consequently, significantly affected the national economy, due to the interruption or slowdown of supply chains and the considerable increase in economic uncertainty, evidenced by a rise in asset price volatility, exchange rates and interest rates. Subsequently, given the epidemiological situation in the different regions of the country, the restrictive measures were progressively eased, and economic and personal activities were gradually resumed.

As a result of the abovementioned events, the Association's activity has been impacted as follows:

- In-person classes were replaced by distance learning.
- The staff continued to work remotely, as required by the preventive and mandatory lockdown.

As of the date of issuance of these financial statements, these events have had no significant impact on the Association's financial position, the results of its activities and cash flows. Management estimates that, if at least the current activity levels are maintained, there will be no future significant impacts either.

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

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

These financial statements have been prepared in constant currency (Argentine pesos purchasing power at the end of the current reporting period) in accordance with I.G.J. General Resolution 10/2018, effective as from December 28, 2018, and Resolution 107/2018 issued by the Steering Committee (CD) of the CPCECABA, as amended, which provided for the need to restate the financial statements for fiscal years ended on or after July 1, 2018 in constant currency, in line with Resolution 539/2018 issued on September 29, 2018 by the Governing Board (JG) of the FACPCE. Moreover, 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 Internal Wholesale Price Index (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 Technical Resolution No. 39 of the FACPCE "Professional accounting standards: amendments to Technical Resolution Nos. 6 and 17. Restatement in constant currency", and
- 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 Technical Resolution No. 6 "Financial statements in constant currency", including certain optional simplification mechanisms.

Upon applying Technical Resolution No. 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 National Institute of Statistics and Census (INDEC), with a base month December 2016 = 100, with the 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 year.

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.

The Association's Board of Members makes estimates to calculate, among other, depreciation and amortization and the allowances for bad debts, lawsuits and contingencies.

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

Note 2 - ACCOUNTING STANDARDS (cont.)

2.2) Use of estimates (cont.)

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.

For comparative purposes, certain reclassifications were made to the prior-year financial information in order to disclose figures on a consistent basis. The modification of the comparative information does not imply changes in the decisions taken based thereon.

The Association has consistently applied the following recognition and measurement criteria in 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".

The optional reserve and the accumulated 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, 2020.

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.

It includes:

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

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 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.

The line resources for specific purposes in the statement of revenues and expenses includes annual tuition fees accrued for investments in capital assets (Exhibit VI).

2.3.4) Income tax

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

2.3.5) Foreign currency

The transactions denominated in foreign currency have been stated in Argentine pesos by applying the exchange rates prevailing at the date of the transaction.

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

Securities in foreign currency are stated at the 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 was calculated based on restated values by applying the straight line method at annual rates sufficient to extinguish asset value by the end of their estimated useful lives.

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 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.)

2.3.8) Fixed assets (cont.)

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

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) Cash and cash equivalents

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

All the accounts of this statement are stated in constant currency at the end of the reporting period.

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.

The breakdown of cash as of July 31, 2020 and 2019 is as follows:

	<u>07/31/2020</u>	<u>07/31/2019</u>
Cash	1,212,174	1,053,188
Banks	<u>384,099,704</u>	<u>98,011,368</u>
Total (Note 3.1)	<u>385,311,878</u>	<u>99,064,556</u>

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

Note 3 - BREAKDOWN OF THE MAIN BALANCE SHEET ACCOUNTS

	<u>07/31/2020</u>	<u>07/31/2019</u>
3.1) Cash and banks		
Cash in local currency	91,000	129,575
Cash in foreign currency (Exhibit IV)	1,121,174	923,613
Banks in local currency	3,497,517	13,914,655
Banks in foreign currency (Exhibit IV)	<u>380,602,187</u>	<u>84,096,713</u>
Total	<u>385,311,878</u>	<u>99,064,556</u>
3.2) Receivables		
Tuition fees owed in local currency	22,675,577	14,223,319
Tuition fees owed in foreign currency (Exhibit IV)	1,124,071	2,838,640
Less: Allowance for bad debts in local currency (Note 2.3.9 and Exhibit III)	<u>(7,792,219)</u>	<u>(11,048,798)</u>
Total	<u>16,007,429</u>	<u>6,013,161</u>
3.3) Other receivables		
3.3.1) Non current		
Advances and loans to personnel	-	1,161,776
Insurance and other expenses to be accrued	3,650,695	4,158,224
Expenses to be recovered	681,426	-
Other	<u>486,749</u>	<u>399,072</u>
Total	<u>4,818,870</u>	<u>5,719,072</u>
3.3.2) Non current		
Security deposits	<u>3,325,290</u>	<u>2,645,737</u>
Total	<u>3,325,290</u>	<u>2,645,737</u>
3.4) Inventories		
Material	1,516,873	1,095,605
Advances to suppliers in foreign currency (Exhibit IV)	<u>11,437,481</u>	<u>11,222,146</u>
Total	<u>12,954,354</u>	<u>12,317,751</u>
3.5) Payables		
Ordinary	4,965,444	7,267,245
Provision for expenses	10,934,479	7,242,107
Tuition fees collected in advance in local currency	1,855,342	6,149,789
Tuition fees collected in advance in foreign currency (Exhibit IV)	8,268,865	6,993,469
Payroll and social security contributions	11,392,825	11,966,610
Provision for thirteenth month salary and social security contributions	3,733,139	3,957,353
Provision for vacations and social security contributions	33,627,516	33,629,968
Income tax withholdings to be deposited	10,270,705	9,508,488
Turnover tax withholdings to be deposited	45,109	74,043
Other withholdings to be deposited	<u>-</u>	<u>227,267</u>
Total	<u>85,093,424</u>	<u>87,016,339</u>

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 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

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

	<u>07/31/2020</u>	<u>07/31/2019</u>
4.1) Investments		
Total amount of investments without any established term	<u>1,404,149,071</u>	<u>1,187,725,544</u>
Total investments (Exhibit I)	<u>1,404,149,071</u>	<u>1,187,725,544</u>
Investments are stated at quoted price and exchange rate prevailing at each year-end.		
4.2) Receivables		
a) Total amount of receivables overdue	16,007,429	6,013,161
b) Total amount of receivables to become due		
Up to 3 months	1,168,175	399,073
From 6 to 9 months	3,650,695	4,158,223
From 9 to 12 months	-	1,161,776
Over 1 year	<u>3,325,290</u>	<u>2,645,737</u>
Subtotal	<u>8,144,160</u>	<u>8,364,809</u>
Total receivables	<u>24,151,589</u>	<u>14,377,970</u>

Receivables do not accrue any interest nor do they have adjustment clauses as of July 31, 2020 and 2019.

4.3) Payables

a) Payables to become due		
Up to 3 months	47,732,769	49,429,018
From 3 to 6 months	3,733,139	3,957,353
From 6 to 9 months	<u>33,627,516</u>	<u>33,629,968</u>
Subtotal	<u>85,093,424</u>	<u>87,016,339</u>
Total payables	<u>85,093,424</u>	<u>87,016,339</u>

Payables do not accrue any interest nor do they have adjustment clauses as of July 31, 2020 and 2019.

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 applicable resolution of the tax authorities.

Regarding the turnover tax, the Association is registered in the Province of Buenos Aires, but it is tax exempt in accordance with the provisions of section 166, 1) 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.

ASOCIACIÓN ESCUELAS LINCOLN

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

NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

Note 5 - TAX EXEMPTIONS (cont.)

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

Note 6 - RESTRICTED ASSETS

As of July 31, 2020 and 2019 there are no restricted assets.

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.

ASOCIACIÓN ESCUELAS LINCOLN

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

INVESTMENTS

as of July 31, 2020 comparative with the prior year
(in constant currency - pesos - Note 2.1)

<u>Main accounts and characteristics</u>	<u>07/31/2020</u>	<u>07/31/2019</u>
<u>SHORT TERM INVESTMENTS</u>		
Banks in foreign currency (Exhibit IV)	<u>1,404,149,071</u>	<u>1,187,725,544</u>
Total short-term investments	<u>1,404,149,071</u>	<u>1,187,725,544</u>

Translation from the original prepared in Spanish for publication in Argentina

EXHIBIT II

ASOCIACIÓN ESCUELAS LINCOLN

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

FIXED ASSETS

as of July 31, 2020 comparative with the prior year (in constant currency - pesos– Note 2.1)

Main account	Original values					Depreciation				Net		
	At the 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	07/31/2020	07/31/2019
								Rate %	Amount			
Land	61,420,527	-	-	-	61,420,527	-	-	-	-	-	61,420,527	61,420,527
Building	796,838,934	-	-	-	796,838,934	567,324,560	-	2	8,248,607	575,573,167	221,265,767	229,514,374
Improvements to facilities	392,813,558	-	-	-	392,813,558	254,586,897	-	6.67	12,162,501	266,749,398	126,064,160	138,226,661
Work in progress	45,617,000	1,120,924	-	-	46,737,924	-	-	-	-	-	46,737,924	45,617,000
Fences and pavement	12,351,389	-	-	-	12,351,389	12,351,389	-	20	-	12,351,389	-	-
Facilities	121,473,899	1,320,951	-	-	122,794,850	114,365,935	-	10 and 20	2,392,077	116,758,012	6,036,838	7,107,964
Scientific equipment	887,440	-	-	-	887,440	887,440	-	20	-	887,440	-	-
Devices and sport related items	2,024,268	-	-	-	2,024,268	2,024,268	-	20	-	2,024,268	-	-
Teaching items	13,553,069	-	-	-	13,553,069	13,553,069	-	20	-	13,553,069	-	-
Furniture and fixture	122,272,651	-	-	2,390,969	124,663,620	102,373,632	-	20	6,856,580	109,230,212	15,433,408	19,899,019
MS and household items	222,233	-	-	-	222,233	222,233	-	-	-	222,233	-	-
Machinery and tools	13,033,288	258,443	-	-	13,291,731	11,974,353	-	20	365,226	12,339,579	952,152	1,058,935
Computers	128,456,442	4,615,355	352,995	7,762,737	140,481,539	118,183,915	173,269	33.33	7,035,758	125,046,404	15,435,135	10,272,527
Vehicles	10,563,993	-	-	-	10,563,993	9,038,661	-	20	1,239,109	10,277,770	286,223	1,525,332
Advances for the purchase of fixed assets in foreign currency (Exhibit IV)	10,153,706	6,191,715	-	(10,153,706)	6,191,715	-	-	-	-	-	6,191,715	10,153,706
Total as of 7/31/2020	1,731,682,397	13,507,388	352,995	-	1,744,836,790	1,206,886,352	173,269	-	38,299,858	1,245,012,941	499,823,849	-
Total as of 7/31/2019	1,699,579,084	38,687,845	6,584,532	-	1,731,682,397	1,176,796,450	6,584,532	-	36,674,434	1,206,886,352	-	524,796,045

ASOCIACIÓN ESCUELAS LINCOLN

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

ALLOWANCES

as of July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

<u>Accounts</u>	<u>Balances at beginning of year</u>	<u>Increases for the year</u>	<u>Decreases for the year</u>	<u>Effects on gain or loss on net monetary position</u>	<u>Balances at year end</u>
DEDUCTED FROM ASSETS					
Allowance for bad debts	<u>11,048,798</u>	<u>6,666,159</u> (1)	<u>6,633,449</u> (3)	<u>(3,289,289)</u>	<u>7,792,219</u>
Total as of 07/31/2020	<u>11,048,798</u>	<u>6,666,159</u>	<u>6,633,449</u>	<u>(3,289,289)</u>	<u>7,792,219</u>
Total as of 07/31/2019	<u>3,121,457</u>	<u>13,946,163</u> (1)	<u>4,919,209</u> (4)	<u>(1,099,613)</u>	<u>11,048,798</u>
INCLUDED IN LIABILITIES					
Allowance for lawsuits and contingencies	<u>1,989,062</u>	<u>214,585</u> (2)	<u>1,015,331</u> (4)	<u>(592,155)</u>	<u>596,161</u>
Total as of 07/31/2020	<u>1,989,062</u>	<u>214,585</u>	<u>1,015,331</u>	<u>(592,155)</u>	<u>596,161</u>
Total as of 07/31/2019	<u>5,356,932</u>	<u>149,611</u> (2)	<u>1,630,365</u> (4)	<u>(1,887,116)</u>	<u>1,989,062</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) The amount of \$3,843,677 is included in Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM) of the statement of revenues and expenses, and the amount of \$2,789,772 is related to utilizations.

(4) Utilizations for the year.

ASOCIACIÓN ESCUELAS LINCOLN

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

ASSETS AND LIABILITIES IN FOREIGN CURRENCY

as of July 31, 2020 comparative with the prior year

<u>Accounts</u>	<u>07/31/2020</u>			<u>07/31/2019</u>	
	<u>Type and amount of foreign currency</u>		<u>Prevailing exchange rate.</u> (pesos in constant currency)	<u>Amount in local currency</u> (pesos in constant currency)	<u>Amount in local currency</u> (pesos in constant currency)
ASSETS					
CURRENT ASSETS					
Cash and banks					
Cash	USD	15,546	72.12	1,121,174	923,613
Banks	USD	5,277,346	72.12	<u>380,602,187</u>	<u>84,096,713</u>
				<u>381,723,361</u>	<u>85,020,326</u>
Investments					
Securities	USD	19,469,621	72.12	<u>1,404,149,071</u>	<u>1,187,725,544</u>
Accounts receivable					
Tuition fees owed	USD	15,586	72.12	<u>1,124,071</u>	<u>2,838,640</u>
				<u>1,124,071</u>	<u>2,838,640</u>
Inventories					
Advances to suppliers	USD	158,590	72.12	<u>11,437,481</u>	<u>11,222,146</u>
Total current assets				<u>1,798,433,984</u>	<u>1,286,806,656</u>
NON CURRENT ASSETS					
Fixed assets					
Advances to suppliers	USD	85,853	72.12	<u>6,191,715</u>	<u>10,153,706</u>
Total non current assets				<u>6,191,715</u>	<u>10,153,706</u>
Total assets				<u>1,804,625,699</u>	<u>1,296,960,362</u>
LIABILITIES					
CURRENT LIABILITIES					
Trade payables					
Fees collected in advance	USD	114,337	72.32	<u>8,268,865</u>	<u>6,993,469</u>
Total current liabilities and liabilities				<u>8,268,865</u>	<u>6,993,469</u>

USD: United States dollars

Translation from the original prepared in Spanish for publication in Argentina

EXHIBIT V

ASOCIACIÓN ESCUELAS LINCOLN

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

EXPENSES

for the fiscal year ended July 31, 2020 comparative with the prior year (in constant currency - pesos - Note 2.1)

Accounts	Overhead and administrative expenses	Specific sectors				07/31/2020	07/31/2019
		National programs	Professional development	Elementary and middle school	High school		
Payroll and social security contributions	140,632,180	19,530,396	6,777,704	320,084,393	286,021,603	773,046,276	862,479,800
Transportation and snack	56,942,085	196,413	86,096	3,504,631	2,701,911	63,431,136	84,847,916
Maintenance and cleaning service	44,536,027	-	-	419,922	779,944	45,735,893	47,376,915
Other employee benefits	29,955,355	70,717	40,103	1,296,050	589,426	31,951,651	35,254,961
Safety and surveillance	22,525,043	-	-	-	-	22,525,043	23,474,277
Teaching items	10,533	145,432	765	8,094,288	5,120,213	13,371,231	15,642,929
Documentation of foreign personnel	45,947,700	-	-	-	-	45,947,700	50,899,761
Conferences and courses	969,320	13,197	-	172,908	2,316,415	3,471,840	6,809,936
Development and certifications	1,570,429	-	4,498,085	146,006	2,033,034	8,247,554	9,184,965
Utilities	17,275,230	-	475,809	-	-	17,751,039	23,025,333
Data systems	16,656,222	-	-	-	-	16,656,222	15,885,632
Sport items	16,337	-	-	-	4,836,320	4,852,657	5,509,617
External advisory services	7,242,754	227,696	989,557	50,048	855,724	9,365,779	12,471,692
Bank expenses	6,333,201	-	-	-	-	6,333,201	8,218,313
Insurance	5,738,508	-	-	-	-	5,738,508	5,642,379
Stationery	3,024,108	-	-	265,230	-	3,289,338	3,792,071
Lawsuits and contingencies (Exhibit III)	214,585	-	-	-	-	214,585	149,611
Medicines	456,653	-	-	-	-	456,653	788,419
Other	3,593,993	-	-	30,234	50,196	3,674,423	8,722,476
Total as of 07/31/2020	<u>403,640,263</u>	<u>20,183,851</u>	<u>12,868,119</u>	<u>334,063,710</u>	<u>305,304,786</u>	<u>1,076,060,729</u>	
Total as of 07/31/2019	<u>462,325,709</u>	<u>20,040,553</u>	<u>29,060,860</u>	<u>372,981,241</u>	<u>335,768,640</u>		<u>1,220,177,003</u>

ASOCIACIÓN ESCUELAS LINCOLN

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

REVENUES

for the fiscal year ended July 31, 2020 comparative with the prior year
(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>07/31/2020</u>	<u>07/31/2019</u>
For teaching services	1,081,519,161	-	-	1,081,519,161	1,122,690,413
For transportation services	30,614,944	-	-	30,614,944	42,414,431
For lunch services	16,259,006	-	-	16,259,006	22,766,756
Investments in capital assets	-	160,048,461	-	160,048,461	133,557,454
Other	-	<u>3,028,604</u>	<u>364,390</u>	<u>3,392,994</u>	<u>1,657,154</u>
Total as of 07/31/2020	<u>1,128,393,111</u>	<u>163,077,065</u>	<u>364,390</u>	<u>1,291,834,566</u>	
Total as of 07/31/2019	<u>1,187,871,601</u>	<u>134,797,678</u>	<u>416,929</u>		<u>1,323,086,208</u>



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INDEPENDENT AUDITORS' REPORT

To the Board of Members of
ASOCIACIÓN ESCUELAS LINCOLN
Legal address: Av. Córdoba 1318, 8th 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, 2020, 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 fiscal year ended July 31, 2019 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 period.

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 Management 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.



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Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of July 31, 2020, 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.

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, 2020, the accrued liability for retirement and pension contributions payable to the Argentine Pension Fund System arising from the accounting records was \$ 6,190,710, no amounts being due as of that date.

City of Buenos Aires, November 6, 2020.

Natalia P. Zabala
Partner

INTERNAL CONTROLLERS' COMMITTEE REPORT

To the Members of
Asociación Escuelas Lincoln
Av. Córdoba 1318, 8th floor (1055)
City of Buenos Aires

1. We have examined the inventory, the balance sheet of Asociación Escuelas Lincoln as of July 31, 2020, 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 the year. The preparation and issuance of the aforementioned 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 corporate decisions recorded in the minutes of the Governing Board and Members' meetings as well as the compliance of such decisions with the law and the articles of association 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 November 6, 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 November 6, 2020, for the fiscal year ended July 31, 2020 and, having obtained the information and explanations we considered 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 financial statements of Asociación Escuelas Lincoln present fairly, in all material respects, the financial position of the Association as of July 31, 2020, 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.
 - 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, November 6, 2020.

Pablo F. Olocco
By the Internal Controllers' Committee