

*English translation of the financial statements originally issued in Spanish*

**ASOCIACIÓN ESCUELAS LINCOLN**

Letter to members of the Association and financial statements  
as of July 31, 2021 comparative with the prior year

## **ASOCIACIÓN ESCUELAS LINCOLN**

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## **ASOCIACIÓN ESCUELAS LINCOLN**

### **LETTER TO MEMBERS OF THE ASSOCIATION**

for the fiscal year ended July 31, 2021

(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. 82, ended July 31, 2021, 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, 2020. The financial statements have been prepared in constant currency, recognizing the effects of inflation in accordance with the applicable professional accounting standards.

In line with our 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 making progress with new Mission that reflects the concerns and needs of these days, we continue implementing 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 feels comfortable and equipped to learn in a virtual learning environment. Not only were we able to complete the academic program on a distance learning environment, but also all other extracurricular activities were performed through the different digital tools.

The goals set at each School level as well as at management level were successfully achieved, with the commitment of both foreign and local teachers.

During this school year, students were, on average, 557. Our community was made up of people from around 48 nationalities, while local students account for 23% of the total.

The 69th graduation ceremony was held on April 8, 2021, whereby the 56 graduates could celebrate.

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. In this regard, our students have shown a high degree of commitment to the care of our environment and the natural resources of our Planet. Some of our students participated in an environmental journalism contest and were distinguished for their work. The Environmental Committee, an initiative started by a group of students committed to sustainability and the environment, has proven to be a source of awareness and inspiration on sustainability for the entire community.

Revenues from the teaching activity amounted to \$ 1,712,787,656. They include revenues from tuition fees allocated to investments in capital assets, which amount to \$ 157,366,536, i.e. they are revenues used for a specific purpose: investment in capital assets. Total revenues, excluding tuition fees used for investments in capital assets, amounted to \$ 1,555,421,120 and total operating expenses amounted to \$ 1,755,153,205, which resulted in an operating loss for the period of \$ 199,732,085.

The accumulated surplus of \$ 2,050,675,337 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.

Four 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, taking into consideration the lessons learned from the COVID-19 pandemic. Accordingly, a comprehensive evaluation of the school's facilities and buildings will be carried out to ensure their suitability for new and future teaching and learning models. The necessary funds to carry 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 wish to express our 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, October 20, 2021

GOVERNING BOARD

**ASOCIACIÓN ESCUELAS LINCOLN**

Financial statements for fiscal year No. 82 beginning August 1, 2020 and ended July 31, 2021 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.): 2,060

Expiration of articles of association: Indefinite

English translation of the financial statements originally issued in Spanish

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**BALANCE SHEET**

as of July 31, 2021 comparative with the prior year (in constant currency - pesos– Note 2.1)

	<u>7/31/2021</u>	<u>7/31/2020</u>		<u>7/31/2021</u>	<u>7/31/2020</u>
<b>ASSETS</b>			<b>LIABILITIES</b>		
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and banks (Note 3.1)	598,776,458	584,773,086	Payables		
Investments (Note 2.3.6 and Exhibit I)	1,885,430,883	2,131,023,289	Trade payables (Note 3.5)	55,201,856	39,495,826
Receivables (Note 3.2)	15,762,415	24,293,862	Taxes payable (Note 3.6)	21,015,960	15,655,915
Other receivables (Note 3.3.1)	18,081,344	7,313,415	Payroll and social security contributions (Note 3.7)	<u>47,602,924</u>	<u>73,991,290</u>
Inventories (Notes 2.3.7 and 3.4)	<u>9,587,126</u>	<u>19,660,327</u>	Total current liabilities	<u>123,820,740</u>	<u>129,143,031</u>
Total current assets	<u>2,527,638,226</u>	<u>2,767,063,979</u>			
			<b>NON CURRENT LIABILITIES</b>		
<b>NON CURRENT ASSETS</b>			Allowances (Note 2.3.9 and Exhibit III)	<u>10,834,625</u>	<u>904,771</u>
Other receivables (Note 3.3.2)	4,275,758	5,046,665	Total non current liabilities	<u>10,834,625</u>	<u>904,771</u>
Fixed assets (Note 2.3.8 and Exhibit II)	<u>717,778,545</u>	<u>758,563,520</u>	Total liabilities	<u>134,655,365</u>	<u>130,047,802</u>
Total non current assets	<u>722,054,303</u>	<u>763,610,185</u>	<b>EQUITY (as per related statement)</b>	<u>3,115,037,164</u>	<u>3,400,626,362</u>
Total assets	<u>3,249,692,529</u>	<u>3,530,674,164</u>	Total liabilities and equity	<u>3,249,692,529</u>	<u>3,530,674,164</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.): 2,060

**STATEMENT OF REVENUES AND EXPENSES**

for the fiscal year ended July 31, 2021 comparative with the prior year  
(in constant currency - pesos - Note 2.1)

	<u>7/31/2021</u>	<u>7/31/2020</u>
<b>Ordinary revenues</b>		
Revenues		
For general purposes, net (Exhibit VI)	1,555,205,566	1,712,519,025
For specific purposes (Exhibit VI)	157,366,536	247,495,818
Other (Exhibit VI)	<u>215,554</u>	<u>553,021</u>
Total revenues	<u>1,712,787,656</u>	<u>1,960,567,864</u>
Administrative		
and overhead expenses (Exhibit V)	( 639,627,758)	( 612,589,374)
Depreciation of fixed assets (Exhibit II)	( 61,644,189)	( 58,126,228)
Specific sectors (Exhibit V)		
- National programs	( 59,313,319)	( 30,632,258)
- Professional development	( 28,531,715)	( 19,529,452)
- Elementary and middle school	( 516,218,372)	( 506,995,703)
- High school	( 449,817,852)	( 463,349,386)
Total expenses	<u>(1,755,153,205)</u>	<u>(1,691,222,401)</u>
(Deficit) surplus from the teaching activity	<u>( 42,365,549)</u>	<u>269,345,463</u>
Other revenues, net	321,638	306,928
Financial and holding gains/losses (including gain or loss on net monetary position - RECPAM)	<u>( 243,545,287)</u>	<u>476,145,042</u>
(Deficit) surplus for the year	<u>( 285,589,198)</u>	<u>745,797,433</u>

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

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**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**STATEMENT OF CHANGES IN EQUITY**

for the fiscal year ended July 31, 2021 comparative with the prior year (in constant currency - pesos - Note 2.1)

	<u>Members' contributions</u>			<u>Optional reserve</u>	<u>Accumulated surplus</u>		<u>Total equity</u>	
	<u>Capital Capital</u>	<u>Capital adjustment</u>	<u>Total</u>		<u>Unappropriated surplus</u>	<u>Total</u>	<u>7/31/2021</u>	<u>7/31/2020</u>
Balances at beginning of year	9,510,137	1,054,851,690	1,064,361,827	366,993,335	1,969,271,200	2,336,264,535	3,400,626,362	2,654,809,922
Tuition fees	-	-	-	-	-	-	-	19,007
(Deficit) surplus for the year (as per Statement of revenues and expenses)	-	-	-	-	( 285,589,198)	( 285,589,198)	( 285,589,198)	745,797,433
Balances at year-end	<u>9,510,137</u>	<u>1,054,851,690</u>	<u>1,064,361,827</u>	<u>366,993,335</u>	<u>1,683,682,002</u>	<u>2,050,675,337</u>	<u>3,115,037,164</u>	<u>3,400,626,362</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.): 2,060

**STATEMENT OF CASH FLOWS**

for the fiscal year ended July 31, 2021 comparative with the prior year  
(in constant currency - pesos - Note 2.1)

	<u>7/31/2021</u>	<u>7/31/2020</u>
<b>CHANGES IN CASH</b>		
Cash at beginning of year	584,773,086	150,346,484
Cash at year-end (Note 2.3.10)	<u>598,776,458</u>	<u>584,773,086</u>
Net increase in cash	<u>14,003,372</u>	<u>434,426,602</u>
<b>CAUSES OF CHANGES IN CASH</b>		
<b>Operating activities</b>		
Revenues collected	3,113,116,991	3,806,078,588
Payment to suppliers of goods and services	(1,250,374,885)	( 854,104,853)
Payment to personnel and social security contributions	( 836,699,692)	(1,091,618,212)
Payment of expenses for which a provision has been set up	<u>( 9,308,167)</u>	<u>( 10,557,105)</u>
<b>Net cash flows provided by operating activities</b>	<u>1,016,734,247</u>	<u>1,849,798,418</u>
<b>Investing activities</b>		
Net changes in investments	( 628,015,725)	(1,160,027,308)
Purchase of fixed assets	<u>( 30,327,359)</u>	<u>( 20,499,646)</u>
<b>Net cash flows used in investing activities</b>	<u>( 658,343,084)</u>	<u>(1,180,526,954)</u>
<b>Financing activities</b>		
Tuition fees	_____ -	_____ 19,007
<b>Cash flows provided by financing activities</b>	_____ -	_____ 19,007
RECPAM on cash and cash equivalents	<u>( 344,387,791)</u>	<u>( 234,863,869)</u>
<b>Net increase in cash</b>	<u>14,003,372</u>	<u>434,426,602</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.): 2,060

### NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2021 comparative with the prior year (in constant currency - pesos– Note 2.1)

#### Note 1 - PURPOSE OF THE ASSOCIATION AND MACROECONOMIC CONTEXT - COVID -19

##### *Purpose of the Association:*

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.

##### *Macroeconomic context - COVID-19:*

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic as a result of its rapid spread across the globe, with over 150 countries affected. Most governments took 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 Republic of Argentina, where the Association operates, on March 12, 2020, the National Executive Branch (PEN) established by decree the public emergency in health matters. On March 19, 2020, the Preventive and Mandatory Lockdown (ASPO) was announced, which became flexible on and after November 9, 2020 by means of the Social, Preventive and Mandatory Distancing (DISPO), with different restrictions depending on some regions or provinces of the country.

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/or cash flows. The Governing Board estimates that, if at least the current activity levels are maintained, there will be no future significant impacts either.

#### Note 2 - ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with the professional accounting standards in force contained in the Technical Resolutions (RT) 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. In addition, 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 RT 39 of the FACPCE "Professional accounting standards: amendments to RT Nos. 6 and 17. Restatement in constant currency", and

## ASOCIACIÓN ESCUELAS LINCOLN

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

### NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2021 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 RT 6 “Financial statements in constant currency”, including certain optional simplification.

Upon applying RT 6, the monetary restatement of accounting information (non-monetary assets and liabilities, equity items and revenues and expenses) was 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 Censuses (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 were 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 the revenues and expenses recorded during the year.

The Association’s Governing Board makes estimates to calculate, among others, the recoverable value of non current assets, 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 the Technical Resolutions of the 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.

In addition, the Association’s Governing Board estimates and presents financial and holding gains/losses (jointly with the gain or loss on net monetary position - RECPAM) in the same line.

The Association has consistently applied the following recognition and measurement criteria in the preparation of the financial statements.

##### 2.3.1) Equity

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

## ASOCIACIÓN ESCUELAS LINCOLN

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

### NOTES TO THE FINANCIAL STATEMENTS

as of July 31, 2021 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.)

##### 2.3.1) Equity (cont.)

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 unappropriated 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, 2021.

##### 2.3.2) Revenues and expenses accounts

Original values have been restated at 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 the 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.

##### 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 of 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

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

## **ASOCIACIÓN ESCUELAS LINCOLN**

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### **NOTES TO THE FINANCIAL STATEMENTS**

as of July 31, 2021 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.)

##### 2.3.5) Foreign currency (cont.)

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 the line 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

Bonds, shares and mutual funds 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.

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.

##### 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.

**ASOCIACIÓN ESCUELAS LINCOLN**

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**NOTES TO THE FINANCIAL STATEMENTS**

as of July 31, 2021 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.)

2.3.10) 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 items disclosed in this line 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.

The breakdown of cash as of July 31, 2021 and 2020 is as follows:

	<u>7/31/2021</u>	<u>7/31/2020</u>
Cash	1,543,877	1,839,670
Banks	<u>597,232,581</u>	<u>582,933,416</u>
Total (Note 3.1)	<u>598,776,458</u>	<u>584,773,086</u>

Note 3 -BREAKDOWN OF THE MAIN BALANCE SHEET ACCOUNTS

	<u>7/31/2021</u>	<u>7/31/2020</u>
3.1) Cash and banks		
Cash in local currency	111,000	138,106
Cash in foreign currency (Exhibit IV)	1,432,877	1,701,564
Banks in local currency	1,026,861	5,308,048
Banks in foreign currency (Exhibit IV)	<u>596,205,720</u>	<u>577,625,368</u>
Total	<u>598,776,458</u>	<u>584,773,086</u>
3.2) Receivables		
Tuition fees owed in local currency	12,563,001	34,413,854
Tuition fees owed in foreign currency (Exhibit IV)	10,276,237	1,705,960
Checks to be deposited in foreign currency (Exhibit IV)	3,116,299	-
Less: Allowance for bad debts in local currency (Note 2.3.9 and Exhibit III)	<u>( 10,193,122)</u>	<u>( 11,825,952)</u>
Total	<u>15,762,415</u>	<u>24,293,862</u>

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**NOTES TO THE FINANCIAL STATEMENTS**

as of July 31, 2021 comparative with the prior year (in constant currency - pesos– Note 2.1)

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

	<u>7/31/2021</u>	<u>7/31/2020</u>
3.3) Other receivables		
3.3.1) Current		
Insurance and other expenses to be accrued	8,468,137	6,279,241
Expenses to be recovered	4,011,184	1,034,174
Taxes to be recovered	3,450,867	-
Sundry	<u>2,151,156</u>	<u>-</u>
Total	<u>18,081,344</u>	<u>7,313,415</u>
3.3.2) Non current		
Security deposits	<u>4,275,758</u>	<u>5,046,665</u>
Total	<u>4,275,758</u>	<u>5,046,665</u>
3.4) Inventories		
Material	2,138,389	2,302,100
Advances to suppliers in foreign currency (Exhibit IV)	<u>7,448,737</u>	<u>17,358,227</u>
Total	<u>9,587,126</u>	<u>19,660,327</u>
3.5) Trade payables		
Ordinary in local currency	20,662,015	7,535,864
Ordinary in foreign currency (Exhibit IV)	502,488	-
Provision for expenses	12,735,708	16,594,840
Tuition fees collected in advance in local currency	8,546,983	2,815,782
Tuition fees collected in advance in foreign currency (Exhibit IV)	12,601,339	12,549,340
Other	<u>153,323</u>	<u>-</u>
Total	<u>55,201,856</u>	<u>39,495,826</u>
3.6) Taxes payable		
Income tax withholdings to be deposited	20,977,598	15,587,456
Turnover tax withholdings to be deposited	<u>38,362</u>	<u>68,459</u>
Total	<u>21,015,960</u>	<u>15,655,915</u>
3.7) Payroll and social security contributions		
Payroll and social security contributions payable	34,571,539	17,290,454
Provision for thirteenth month salary and vacations and social security contributions payable	<u>13,031,385</u>	<u>56,700,836</u>
Total	<u>47,602,924</u>	<u>73,991,290</u>

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**NOTES TO THE FINANCIAL STATEMENTS**

as of July 31, 2021 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>7/31/2021</u>	<u>7/31/2020</u>
4.1) Investments		
Total amount of investments without any established term	<u>1,885,430,883</u>	<u>2,131,023,289</u>
Total investments (Exhibit I)	<u>1,885,430,883</u>	<u>2,131,023,289</u>

Investments are stated at quoted price and exchange rate prevailing at each year-end.

4.2) Receivables

a) Total amount of receivables overdue	15,762,415	24,293,862
b) Total amount of receivables to become due		
Up to 3 months	494,935	1,772,894
From 6 to 9 months	8,468,137	5,540,521
From 9 to 12 months	9,118,272	-
Over 1 year	<u>4,275,758</u>	<u>5,046,665</u>
Subtotal	<u>22,357,102</u>	<u>12,360,080</u>
Total receivables	<u>38,119,517</u>	<u>36,653,942</u>

Receivables do not accrue any interest nor do they have adjustment clauses as of July 31, 2021 and 2020.

4.3) Payables

Total amount of payables to become due		
Up to 3 months	110,789,355	72,442,195
From 3 to 6 months	9,429,954	5,665,642
From 6 to 9 months	<u>3,601,431</u>	<u>51,035,194</u>
Subtotal	<u>123,820,740</u>	<u>129,143,031</u>
Total payables	<u>123,820,740</u>	<u>129,143,031</u>

Payables do not accrue any interest nor do they have adjustment clauses as of July 31, 2021 and 2020.

**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 turnover tax, the Association is registered with the Province of Buenos Aires, and it is tax exempt in accordance with the provisions of subsection I), section 166 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.



**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**NOTES TO THE FINANCIAL STATEMENTS**

as of July 31, 2021 comparative with the prior year (in constant currency - pesos– Note 2.1)

Note 5 - TAX EXEMPTIONS (cont.)

Additionally, the Association is exempt from paying real property tax as from year 2008 in connection with the facilities where the institution is operating.

Note 6 - RESTRICTED ASSETS

As of July 31, 2021, a lien of \$8,600,000 was levied on real property owned by the Association as a result of a tax claim. In this regard, the Association's Governing Board will initiate the necessary proceedings to obtain an exemption in order to regularize the situation. As of July 31, 2021, there are no other restricted assets.

As of July 31, 2020, there were 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.): 2,060

**INVESTMENTS**

as of July 31, 2021 comparative with the prior year  
(in constant currency - pesos - Note 2.1)

<u>Main accounts and characteristics</u>	<u>7/31/2021</u>	<u>7/31/2020</u>
<b><u>SHORT TERM INVESTMENTS</u></b>		
Securities in foreign currency	870,505,342	720,425,055
Mutual funds in foreign currency	<u>1,014,925,541</u>	<u>1,410,598,234</u>
Total short term investments (Exhibit IV)	<u>1,885,430,883</u>	<u>2,131,023,289</u>

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**FIXED ASSETS**

as of July 31, 2021 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 year	Decreases for the year	Rate %	Amount	Accumulated at year-end	7/31/2021	7/31/2020
Land	93,215,576	-	-	-	93,215,576	-	-	-	-	-	93,215,576	93,215,576
Building	1,209,331,944	-	-	24,445,922	1,233,777,866	873,525,360	-	2	18,974,371	892,499,731	341,278,135	335,806,584
Improvements to facilities	596,158,099	-	-	15,411,913	611,570,012	404,835,349	-	6.67	19,950,176	424,785,525	186,784,487	191,322,750
Work in progress	70,932,365	12,756,717	-	(39,857,835)	43,831,247	-	-	-	-	-	43,831,247	70,932,365
Fences and pavement	18,745,230	-	-	-	18,745,230	18,745,230	-	20	-	18,745,230	-	-
Facilities	186,361,043	-	-	-	186,361,043	177,199,166	-	10 and 20	3,292,942	180,492,108	5,868,935	9,161,877
Scientific equipment	1,346,834	-	-	-	1,346,834	1,346,834	-	20	-	1,346,834	-	-
Devices and sport related items	3,072,153	-	-	-	3,072,153	3,072,153	-	20	-	3,072,153	-	-
Teaching related items	20,568,975	-	-	-	20,568,975	20,568,975	-	20	-	20,568,975	-	-
Furniture and fixture	189,197,203	924,115	-	-	190,121,318	165,774,511	-	20	10,076,972	175,851,483	14,269,835	23,422,692
MS and household items	337,274	-	-	-	337,274	337,274	-	20	-	337,274	-	-
Machinery and tools	20,172,351	798,259	-	-	20,970,610	18,727,307	-	20	648,121	19,375,428	1,595,182	1,445,044
Computers	213,203,454	9,999,435	217,800	-	222,985,089	189,778,140	146,583	33.33	8,312,862	197,944,419	25,040,670	23,425,314
Vehicles	16,032,568	-	-	-	16,032,568	15,598,178	-	20	388,745	15,986,923	45,645	434,390
Advances for the purchase of fixed assets in local currency	-	303,835	-	-	303,835	-	-	-	-	-	303,835	-
Advances for the purchase of fixed assets in foreign currency (Exhibit IV)	9,396,928	5,544,998	9,396,928	-	5,544,998	-	-	-	-	-	5,544,998	9,396,928
<b>Total as of 7/31/2021</b>	<b>2,648,071,997</b>	<b>30,327,359</b>	<b>9,614,728</b>	<b>-</b>	<b>2,668,784,628</b>	<b>1,889,508,477</b>	<b>146,583</b>		<b>61,644,189</b>	<b>1,951,006,083</b>	<b>717,778,545</b>	
<b>Total as of 7/31/2020</b>	<b>2,628,108,078</b>	<b>20,499,646</b>	<b>535,727</b>	<b>-</b>	<b>2,648,071,997</b>	<b>1,831,645,213</b>	<b>262,964</b>		<b>58,126,228</b>	<b>1,889,508,477</b>		<b>758,563,520</b>

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**ALLOWANCES**

as of July 31, 2021 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>
<b>DEDUCTED FROM ASSETS</b>					
Allowance for bad debts	<u>11,825,952</u>	<u>9,900,347</u> ( 1)	<u>7,499,444</u> (4)	<u>(4,033,733)</u>	<u>10,193,122</u>
Total as of 7/31/2021	<u>11,825,952</u>	<u>9,900,347</u>	<u>7,499,444</u>	<u>(4,033,733)</u>	<u>10,193,122</u>
Total as of 7/31/2020	<u>16,768,338</u>	<u>10,116,974</u> ( 1)	<u>10,067,332</u> (3)	<u>(4,992,028)</u>	<u>11,825,952</u>
<b>INCLUDED IN LIABILITIES</b>					
Allowance for lawsuits and contingencies	<u>904,771</u>	<u>10,501,451</u> ( 2)	<u>-</u>	<u>( 571,597)</u>	<u>10,834,625</u>
Total as of 7/31/2021	<u>904,771</u>	<u>10,501,451</u>	<u>-</u>	<u>( 571,597)</u>	<u>10,834,625</u>
Total as of 7/31/2020	<u>3,018,724</u>	<u>325,667</u> ( 2)	<u>1,540,929</u> (4)	<u>( 898,691)</u>	<u>904,771</u>

- (1) It is recognized in the line 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 the line Lawsuits and contingencies of Exhibit V.
- (3) The amount of \$ 5,833,401 is included in the line 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 \$ 4,233,931 is related to utilizations.
- (4) Utilizations for the year.

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**ASSETS AND LIABILITIES IN FOREIGN CURRENCY**

as of July 31, 2021 comparative with the prior year

Items	Type and amount of foreign currency		7/31/2021	Amount in local currency (pesos in constant currency)	7/31/2020
			Prevailing exchange rate (pesos in constant currency)		Amount in local currency (pesos in constant currency)
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and banks					
Cash	USD	14,850	96.49	1,432,877	1,701,564
Banks	USD	6,178,938	96.49	<u>596,205,720</u>	<u>577,625,368</u>
				<u>597,638,597</u>	<u>579,326,932</u>
Investments					
Securities and mutual funds	USD	19,540,169	96.49	<u>1,885,430,883</u>	<u>2,131,023,289</u>
Accounts receivable					
Tuition fees owed	USD	106,501	96.49	10,276,237	1,705,960
Checks to be deposited	USD	32,297	96.49	<u>3,116,299</u>	<u>-</u>
				<u>13,392,536</u>	<u>1,705,960</u>
Inventories					
Advances to suppliers	USD	77,197	96.49	<u>7,448,737</u>	<u>17,358,227</u>
Total current assets				<u>2,503,910,753</u>	<u>2,729,414,408</u>
<b>NON CURRENT ASSETS</b>					
Fixed assets					
Advances to suppliers	USD	57,467	96.49	<u>5,544,998</u>	<u>9,396,928</u>
Total non current assets				<u>5,544,998</u>	<u>9,396,928</u>
Total assets				<u>2,509,455,751</u>	<u>2,738,811,336</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade payables					
Suppliers	USD	5,197	96.69	502,488	-
Fees collected in advance	USD	130,327	96.69	<u>12,601,339</u>	<u>12,549,340</u>
Total current liabilities and liabilities				<u>13,103,827</u>	<u>12,549,340</u>

USD: United States dollars

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**EXPENSES**

for the fiscal year ended July 31, 2021 comparative with the prior year (in constant currency - pesos - Note 2.1)

Accounts	Administrative and overhead expenses	Specific sectors				7/31/2021	7/31/2020
		National programs	Professional development	Elementary and Middle school	High school		
Payroll and social security contributions	226,986,647	58,944,105	16,115,004	497,141,420	432,251,235	1,231,438,411	1,175,122,347
Transportation and snack	49,802,579	185,597	38,498	3,287,012	2,089,023	55,402,709	96,267,007
Maintenance and cleaning service	59,552,434	-	-	619,698	964,943	61,137,075	69,411,614
Other employee benefits	47,371,609	117,394	39,131	2,118,027	1,625,835	51,271,996	48,491,797
Safety and surveillance	29,735,880	-	-	-	-	29,735,880	34,185,395
Teaching related items	234,279	66,223	-	12,122,714	6,708,597	19,131,813	18,393,396
Documentation of foreign personnel	109,477,039	-	-	-	-	109,477,039	69,733,065
Conferences and courses	40,470	-	-	123,401	563,463	727,334	5,269,079
Development and certifications	1,268,089	-	11,705,469	-	1,863,353	14,836,911	12,516,997
Utilities	19,007,048	-	633,613	-	-	19,640,661	26,940,072
Data systems	28,125,221	-	-	-	-	28,125,221	25,278,510
Sport related items	61,130	-	-	-	2,665,285	2,726,415	7,364,692
External advisory services	31,520,200	-	-	526,286	455,777	32,502,263	14,214,084
Bank expenses	9,609,497	-	-	-	-	9,609,497	9,611,657
Insurance	9,617,256	-	-	-	-	9,617,256	8,709,114
Stationery and printing	3,486,894	-	-	279,101	630,341	4,396,336	4,992,102
Lawsuits and contingencies (Exhibit III)	10,501,451	-	-	-	-	10,501,451	325,667
Medicines	658,943	-	-	-	-	658,943	693,045
Other	2,571,092	-	-	713	-	2,571,805	5,576,533
Total as of 7/31/2021	<u>639,627,758</u>	<u>59,313,319</u>	<u>28,531,715</u>	<u>516,218,372</u>	<u>449,817,852</u>	<u>1,693,509,016</u>	
Total as of 7/31/2020	<u>612,589,374</u>	<u>30,632,258</u>	<u>19,529,452</u>	<u>506,995,703</u>	<u>463,349,386</u>		<u>1,633,096,173</u>

**ASOCIACIÓN ESCUELAS LINCOLN**

Registration with the Supervisory Board of Companies (I.G.J.): 2,060

**REVENUES**

for the fiscal year ended July 31, 2021 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>7/31/2021</u>	<u>7/31/2020</u>
For teaching services	1,541,683,058	-	-	1,541,683,058	1,641,380,226
For transportation services	13,522,508	-	-	13,522,508	46,463,128
For lunch services	-	-	-	-	24,675,671
Investments in capital assets	-	143,702,301	-	143,702,301	242,899,422
Other	<u>-</u>	<u>13,664,235</u>	<u>215,554</u>	<u>13,879,789</u>	<u>5,149,417</u>
Total as of 7/31/2021	<u>1,555,205,566</u>	<u>157,366,536</u>	<u>215,554</u>	<u>1,712,787,656</u>	
Total as of 7/31/2020	<u>1,712,519,025</u>	<u>247,495,818</u>	<u>553,021</u>		<u>1,960,567,864</u>



KPMG  
Bouchard 710 - 1<sup>st</sup> Floor - C1106ABL  
Buenos Aires, Argentina

+54 11 4316 5700  
www.kpmg.com.ar

## INDEPENDENT AUDITORS' REPORT

To the Governing Board 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, 2021, 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, 2020 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.

### *Governing Board'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 the Governing Board 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, 2021, the revenues and expenses, 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, 2021, the accrued liability for retirement and pension contributions payable to the Argentine Pension Fund System arising from the accounting records was \$ 10,410,105, no amounts being due as of that date.

City of Buenos Aires, October 20, 2021

KPMG

Natalia P. Zabala  
*Partner*

## **INTERNAL CONTROLLERS' COMMITTEE REPORT**

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

1. We have examined the inventory, the balance sheet of Asociación Escuelas Lincoln as of July 31, 2021, 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 examined 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 examined the work performed by the external auditors of Asociación Escuelas Lincoln, KPMG, who expressed an unqualified opinion on October 20, 2021. 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 the meeting.
3. Additionally, we have examined the Letter to Members of the Association dated October 20, 2021, for the fiscal year ended July 31, 2021 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, 2021, the revenues and expenses, 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, October 20, 2021

Pablo F. Olocco  
Controller