

## **Kiron Open Higher Education gGmbH, Berlin**

Financial statements for the fiscal year 2016  
Including Auditor's Opinion

(Translation of the original German version)

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#### II. Auditor's Opinion

*Note:*

*According to the regulations as set out in the German Commercial Code ("HGB" – "Handelsgesetzbuch") the financial statements and the auditors opinion have to be prepared in*

*German language. This is a translated version of the original German Version that is the sole relevant version for German legal purposes.*

**Kiron Open Higher Education gGmbH, Berlin Balance Sheet as of December 31, 2016**

31.12.2016 31.12.2015 31.12.2016 31.12.2015 EUR EUR kEUR EUR EUR kEUR

**A. Fixed assets A. Shareholders' Equity**

**Tangible assets I. Subscribed capital** 25.004,00 1

thereof not yet called-up -12.002,50 Other fixed assets, office and technical equipment 95.914,00 2 called-up equity 13.001,50

**II. Net income of the year** 0,00 0 **B. Current assets**

13.001,50 1 **I. Stocks**

**B. Donations not used** Work-in-progress 72.490,71 0

Donations not yet used according to the articles of incorporation 199.650,87 745 **II. Receivables and other assests**

**C. Accruals** 1. Trade receivables 17.354,17 0 2. Receivables due from shareholder 5.041,59 0 Other accruals 85.977,80 6 3. Other assets 11.994,95 34.390,71

**D. Liabilities III. Cash at bank** 459.048,61 823

1. Advance payments 102.104,34 13 2. Trade payables 159.631,85 27 **C. Prepaid expenses** 7.002,08 0 3. Liabilities due to shareholders 3.142,20 4 4. Other liabilities 105.337,55 29

- thereof from taxes: EUR 75.377,50 (prior year kEUR 4) - thereof for social security: EUR 217,70 (prior year kEUR 7)

370.215,94 73

668.846,11 825 668.846,11 825

**Kiron Open Higher Education gGmbH, Berlin**

**Income statement for the fiscal year 2016**

31.12.2015 EUR EUR kEUR

1. Donations and grants

a) Donations received during fiscal year 1.537.373,75 831 b) Use of donations received in prior year 665.154,79 0 c) Amount of donations not used during fiscal year -120.288,35 -745

Income from use of donations 2.082.240,19 86

2. Revenues 57.304,83 1

3. Increase in unbilled services 72.490,71 0

4. Total performance 2.212.035,73 87

5. Other operating income 4.376,37 0

6. Cost of materials

a) Cost of raw materials, supplies and trading stock 69.295,02 0 b) Cost of purchased services 66.249,24 0

135.544,26 7.

Personnel expenses

a) Wages and salaries 1.057.691,88 23 b) Social security 204.015,20 4

1.261.707,08 27

8. Depreciation on fixed assets 75.857,19 0

9. Other operating expenses 743.297,57 60

10. Interest and similar expenses 6,00 0

11. Net income for the year 0,00 0

## **Kiron Open Higher Education gGmbH, Berlin Notes for the fiscal year from January 1, 2016 to December 31, 2016**

### **I. General Information**

These financial statements have been prepared acc. to §§ 242 et seq. and 264 et seq. HGB [„Handelsgesetzbuch“: German Commercial Code] as well as the pertinent regulations for the German Limited Liabilities Companies Act (GmbHG) und according to articles of the corporation. The regulations for small-sized entities are applied.

These financial statements comply with accounting standards for companies collecting donations issued by the IDW [„Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf“: Institute of Public Auditors in germany, Düsseldorf].

The income statement is structured according to the cost summary method.

To improve the transparency of presentation, we summarized individual items of the Balance Sheet as well as of the Profit & Loss Statement and then separately categorized and explained them in detail in these Notes.

The company was founded as of March 4, 2015. The fiscal year 2015 is a short business year. Prior year figures are therefore not comparable to the actual figures.

### **Register Information**

The company is registered as Kiron Open Higher Education gGmbH, Berlin, within the trade register of the local court Charlottenburg. The register number is HRB 171400 B.

### **II. Accounting and Valuation Methods**

For the preparation of the Annual Financial Statements, the following accounting and valuation methods were consistently applied:

Fixed Assets are capitalized at acquisition costs and reduced by scheduled amortization over the period of their useful lives.

Fixed Assets are amortized according to their foreseeable useful life using the straight- line method of depreciation. Additions to Fixed Assets are depreciated pro rata temporis.

Work-in-progress is recorded at the lower of cost or market.

Receivables and other assets are recorded at their nominal value.

1/5

<sup>2/5</sup> Prepaid expenses reflect payments before balance sheet date that represent expenses relating to accounting periods after balance sheet date.

Other Accruals account for contingent liabilities. They are recorded at the settlement value required according to reasonable business assessment (i.e. including future costs and price increases).

Liabilities are valued at their settlement value.

### **III. Notes to the Balance Sheet**

#### **Fixed Assets**

The development of the fixed assets over the reporting period are set out in the Schedule attached to these notes.

#### **Work-in-progress**

This item includes project related expenses of the fiscal year yet to be billed.

#### **Receivables**

All receivables are due within one year.

#### **Shareholders' Equity**

The subscribed capital amounts to EUR 25.004,00 (prior year: EUR 999,00). Thereof EUR 12.002,50 are yet not called up.

#### **Donations not used**

The accounting of donations and grants complies with accounting standards for companies collecting donations issued by the IDW [„Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf“: Institute of Public Auditors in Germany, Düsseldorf]. According to this donations are entered in time of cash flow in the reserve „Donations not used“ (shown in balance sheet). If donations were used according to the articles of the company they are shown as income in a separate line of the income statement.

During the reporting period the reserve for Donations not used decreased by EUR 544,866.44 to EUR 199,650.87 (prior year: EUR 744,517.31)..

#### **Other Accruals**

Other Accruals of EUR 85,977.80 (prior year: EUR 6,200.00) include expenses for outstanding vacation, social security obligations, accounting and the preparation of the annual financial statements and tax returns.

### **Liabilities**

All Liabilities are due within one year and are not backed-up by securities.

### **IV. Notes to the Income statement**

The structure of income statement complies with accounting standards for companies collecting donations issued by the IDW (IDW RS HFA 21).

### **Split-up of Revenues**

2016 2015 kEUR kEUR

Revenues 57 1 Donations used in fiscal year 2016 2.082 86

2.139 87

### **Contingent Liabilities**

No Contingent Liabilities existed at the Balance Sheet date.

### **Other financial commitments**

There are other financial commitments of kEUR 52. They reflect the following:

kEUR

Obligations from lease agreements 52

4/5 The existing lease agreements are to some extent concluded for an unlimited period of time respectively expire in 2017 and 2018. For the unlimited office lease agreement the financial obligation for one fiscal year was included in the above sum.

## **V. Other Information**

### **Management**

If one Managing Director is appointed, he solely represents the Company. If several managing directors are appointed, the Company is jointly represented by two managing directors or one managing director together with one person holding proxy. The Company may grant sole power of representation.

Managing Directors are:

Mr. Markus Kreßler, businessman, Berlin

Mr. Vincent Zimmer, businessman, Göttingen

The managing directors are authorized to solely represent the Corporation, to conduct legal transactions with themselves or do so as representatives of third parties.

### **Number of employees**

Average number of employees for the year under report:

Employees 42 Trainees 0

42

Berlin, June 30, 2017

The Management

### **Development of Fixed assets**

Acquisition cost Accumulated depreciation Book value Book value 31.12.2015 Additions 31.12.2016 01.01.2016 Additions 31.12.2016  
31.12.2016 31.12.2015

EUR EUR EUR EUR EUR EUR EUR EUR

#### **Fixed assets**

Other fixed assets, office and technical equipment 2.232,46 169.673,19 171.905,65 134,46 75.857,19 75.991,65 95.914,00 2.098,00

2.232,46 169.673,19 171.905,65 134,46 75.857,19 75.991,65 95.914,00 2.098,00

## II. Translation of the German audit opinion

To Kiron Open Higher Education gGmbH, Berlin:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Kiron Open Higher Education gGmbH, Berlin, for the business year from January 1, 2016 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Audit Tax & Consulting Services GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

*[signed] [signed]* Uwe Müller ppa. Judith Krüger

Wirtschaftsprüfer Wirtschaftsprüferin [Certified Public Auditor]  
[Certified Public Auditor]

Berlin, as of August 12, 2017