

Members of the Board
Fundación Paraguaya de Cooperación y Desarrollo (the Fundación)
Asunción, Paraguay

REPORT OF THE INDEPENDENT AUDITORS

1. Identification of the financial statements that are the object of this audit

We have audited the financial statements of the **Fundación Paraguaya de Cooperación y Desarrollo** (henceforth interchangeably "**Fundación Paraguaya de Cooperación y Desarrollo**" or "the Entity") which includes the statement of the financial position to December 31, 2017, the corresponding statements of resources and outlays, of evolution of the equity capital and cash flows for the fiscal year closing on said date and the complementary information contained in their notes 1 to 16 and in the annexes I to IX (Note 2 describes the main accounting policies applied to generate the attached financial statements).

The figures and other information on the fiscal year closing December 31, 2016 are an integral part of the abovementioned financial statements and are presented in order to interpret solely in relation to the figures and other information to the figures and other information of the current fiscal year.

2. Responsibility of the Board and Management of the Entity in relation to the financial statements

The Board and Management of the Entity are responsible for the preparation and reasonable presentation of the financial statements in accordance with the rules and regulations for the provision of financial information in effect in Paraguay. Furthermore, they are responsible for the internal control which they deem necessary to facilitate the preparation of financial statements free of significant errors.

3. Responsibility of the auditors

Our responsibility is to express an opinion on the attached financial statements based on our audit. We have performed our analysis in accordance with the auditing standards in effect in Paraguay, issued by the Council of Public Accountants of Paraguay. These standards require that we comply with ethical requirements, and that we plan and execute the audit to establish reasonable security that the financial statements are free of significant errors.

An audit entails the application of procedures, mostly based on selective guidelines, to obtain evidence on the figures and other information expressed in the financial statements. The selected procedures, as well as the evaluation of the risk of significant errors in the financial statements, depend on the professional judgment of the auditor. When performing these risk assessments, the auditor considers the internal control relevant to the preparation and reasonable presentation of the financial statements by the Entity, in order to design the auditing procedures that are suited to the circumstances, but not to express an opinion on the effectiveness of the internal control of the Entity. An audit also includes the evaluation of the suitability of the accounting policies applied and of the reasonableness of the accounting estimates made by the Board and the Management of the Entity, as well as the evaluation of


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the presentation of the financial statements as a whole. We consider that the evidence obtained provides sufficient and appropriate basis to our audit opinion.

4. Opinion

Our opinion is that the financial statements mentioned in chapter 1 of this report reasonably present, in all their significant aspects, the financial position of the **Fundación Paraguaya de Cooperación y Desarrollo** to December 31, 2017, as well as the resources and outlays, the evolution of its corporate equity and cash flows for the fiscal year closed on said date, as per the financial information regulations in effect in Paraguay.

Asunción, April 5, 2018

Deloitte & Touche – Paraguay

Signed by Ricardo A. Fabris, Partner

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Translator's Note: This is a true translation of a Report of Independent Auditors that I had before me in May 2018 in Asunción, Paraguay



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
 STATEMENT OF FINANCIAL POSITION TO DECEMBER 31, 2017
 Presented comparatively with fiscal year ending December 31, 2016
 (Expressed in Guaranies)

	Reference	31.12.2017	31.12.2016
Assets			
<u>Current assets</u>			
Available	Note 3	6,190,152,076	14,971,829,730
Short-term investments	Note 4	5,778,479,330	9,762,529,863
Credits	Notes 5 and 6	136,710,887,293	119,585,384,231
Other assets	Note 7	4,764,069,277	4,774,385,928
Total current assets		153,443,587,976	149,094,129,752
<u>Non-current assets</u>			
Short-term investments	Note 4	-	3,099,615,000
Credits	Notes 5 and 6	5,500,518,476	5,389,429,170
Property, plant and equipment	Annex I	14,602,084,243	13,402,837,887
Other assets	Note 7	1,796,526,727	1,413,825,105
Total non-current assets		21,899,129,446	23,305,707,162
Total Assets		175,342,717,422	172,399,836,914
Liabilities			
<u>Current liabilities</u>			
Financial obligations	Note 8	73,213,247,412	62,930,935,343
Received donations for projects	Note 10	1,586,583,662	6,041,415,614
Social and fiscal debts		1,390,490,481	1,698,403,875
Provisions		3,653,246,940	2,752,006,743
Other assets		3,020,104,259	1,632,924,756
Total current liabilities		82,863,672,754	75,055,686,331
<u>Non-current liabilities</u>			
Financial obligations	Note 8	33,173,677,740	41,709,815,471
Total non-current liabilities		33,173,677,740	41,709,815,471
Total liabilities		116,037,350,494	116,765,501,802
Equity capital			
Optional reserves	Note 13 a)	20,610,964,461	19,116,373,403
Reserve of revaluation	Note 13 b)	3,922,648,382	3,304,827,085
Accumulated surplus		31,718,543,566	28,446,179,075
Surplus of the fiscal year		3,053,210,519	4,766,955,549
Total equity capital		59,305,366,928	55,634,335,112
Total Liabilities and Equity capital		175,342,717,422	172,399,836,914

Notes 1 to 16 and Annexes I to IX are an integral part of these financial statements.

Signed by Luis Fernando Sanabria, General Manager

Signed by Liliانا Marroco Franco, Accounting Manager

Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
STATEMENT OF RESOURCES AND EXPENSES CORRESPONDING TO FISCAL YEAR ENDING DECEMBER 31, 2017

Presented comparatively with fiscal year ending December 31, 2016
(Expressed in Guaranies)

	Reference	31.12.2017	31.12.2016
Resources of the microfinance unit		74,917,740,429	73,571,676,720
Expenses of the microfinance unit		(67,366,006,845)	(65,974,986,150)
Sub-total	Annex VII	7,551,733,584	7,596,690,570
Resources of agreements related to microfinance		6,190,125,178	7,044,619,931
Expenses of agreements related to microfinance		(7,127,123,107)	(7,158,347,835)
Sub-total	Annex IV	(936,997,929)	(113,727,904)
Net surplus of the microfinance unit	Annex VII	6,614,735,655	7,482,962,666
Resources of the agricultural school unit		5,126,978,708	4,421,292,787
Expenses of the agricultural school unit		(5,629,749,506)	(4,385,174,807)
Sub-total	Annex VIII	(502,770,798)	36,117,980
Resources of agreements related to agricultural schools		7,332,694,481	6,265,285,027
Expenses for agreements related to agricultural schools		(9,523,245,756)	(7,841,124,570)
Sub-total	Annex VIII	(2,190,551,275)	(1,575,839,543)
Net deficit of the agricultural school unit	Annex V	(2,693,322,073)	(1,539,721,563)
Resources of the entrepreneurial education unit		1,363,499,052	1,334,183,121
Expenses of the entrepreneurial education unit		(1,354,930,357)	(1,331,516,009)
Sub-total	Annex VI and IX	8,568,695	2,667,112
Resources of agreements related to entrepreneurial education		1,846,828,622	505,988,987
Expenses of agreements related to entrepreneurial education		(1,838,101,350)	(474,358,112)
Sub-total		8,727,272	31,630,875
Net surplus of the entrepreneurial education unit	Annex VI and IX	17,295,967	34,297,987
Result before income tax		3,938,709,549	5,977,539,091
Income tax	Note 14	(885,499,030)	(1,210,583,542)
Surplus of the fiscal year		3,053,210,519	4,766,955,549

Notes 1 to 16 and Annexes I to IX are an integral part of these financial statements.

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
STATUS OF EVOLUTION OF EQUITY CAPITAL CORRESPONDING TO THE FISCAL YEAR ENDING DECEMBER 31, 2017
Presented comparatively with the fiscal year ending December 31, 2016
 (Expressed in Guaraniés)

	Optional reserves	Reserve of revaluation	Accumulated surplus	Surplus of the fiscal year	Total
Balances to December 31, 2015	17,961,949,903	2,949,616,688	24,419,510,020	5,181,092,555	50,512,169,166
Transfer to accumulated surplus	-	-	5,181,092,555	(5,181,092,555)	-
Provisioning	1,154,423,500	-	(1,154,423,500)	-	-
Revaluation of the fiscal year	-	355,210,397	-	-	355,210,397
Surplus of the fiscal year 2016	-	-	-	4,766,955,549	4,766,955,549
Balances to December 31, 2016	19,116,373,403	3,304,827,085	28,446,179,075	4,766,955,549	55,634,335,112
Transfer to accumulated surplus	-	-	4,766,955,549	(4,766,955,549)	-
Provisioning	1,494,591,058	-	(1,494,591,058)	-	-
Revaluation of the fiscal year 2017	-	617,821,297	-	-	617,821,297
Surplus of the fiscal year 2017	-	-	-	3,053,210,519	3,053,210,519
Balances to December 31, 2017	20,610,964,461	3,922,648,382	31,718,543,566	3,053,210,519	59,305,366,928

Notes 1 to 16 and Annexes I to IX are an integral part of these financial statements.

Signed by Luis Fernando Sanabria, General Manager
 Signed by Liliana Marrocco Franco, Accounting Manager
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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
STATEMENT OF CASH FLOWS CORRESPONDING TO FISCAL YEAR ENDING DECEMBER 31, 2017
Presented comparatively with the fiscal year ending December 31, 2016

(Expressed in Guaranies)

	<u>31.12.2017</u>	<u>31.12.2016</u>
I. CASH FLOW OF OPERATING ACTIVITIES		
Interest and commissions charged	38,157,042,914	36,534,123,968
Interest paid on financial obligations	(7,701,278,335)	(9,287,703,068)
Other income - microfinance unit	36,695,360,656	37,821,372,544
Variation of credits- microfinance unit	(20,054,800,285)	(4,473,673,578)
Net collections - agricultural schools unit	5,126,978,708	5,473,300,983
Net collections - entrepreneurial education unit	1,363,499,052	1,334,183,119
Donations received and other income from agreements	12,308,442,569	9,958,882,758
Payments made to suppliers and employees	(77,759,399,882)	(73,096,504,795)
Payment of income tax	(1,314,602,732)	(759,830,116)
Interest charged temporary investments	252,395,677	604,654,556
Net cash of operating activities	<u>(12,926,361,658)</u>	<u>4,108,806,371</u>
II. CASH FLOW OF INVESTMENT ACTIVITIES		
Temporary investments	7,083,665,533	4,172,491,409
Acquisition of fixed assets	(2,703,892,000)	(4,992,573,106)
Net cash of investment activities	<u>4,379,773,533</u>	<u>(820,081,697)</u>
III. CASH FLOW OF FINANCING ACTIVITIES		
Financial obligations	356,994,234	1,381,561,680
Net cash from financing activities	<u>356,994,234</u>	<u>1,381,561,680</u>
Increase (Decrease) of cash and cash equivalents	(8,189,593,891)	4,670,286,354
Effect of foreign exchange difference on availabilities	(592,083,763)	(1,178,860,889)
Cash and cash equivalents at the beginning of the fiscal year	14,971,829,730	11,480,404,265
Cash and cash equivalents at the end of the fiscal year	<u>6,190,152,076</u>	<u>14,971,829,730</u>

Notes 1 to 16 and Annexes I to IX are an integral part of these financial statements.

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FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO

NOTES TO THE FINANCIAL STATEMENTS CORRESPONDING TO FISCAL YEAR ENDING DECEMBER 31, 2017

Presented comparatively with the fiscal year ending December 31, 2016

(Expressed in Guaranies)

NOTE 1 – BASIC INFORMATION ON THE ENTITY

The Fundación Paraguaya de Cooperación y Desarrollo, founded in 1985, is a non-profit, self-sustaining association, with main offices in Asunción, Paraguay. It became a legal entity on August 12, 1985. On May 11, 1988 Decree of the Executive Branch No. 28.327 approved the amendments to the Articles of Association of the Fundación Paraguaya de Cooperación y Desarrollo and authorized by the Extraordinary General Assembly held on November 20, 1987. The Fundación was recognized as public benefit institution by Resolution No. 102 of the Taxation Department of the Finance Ministry dated February 21, 1991.

The **mission** of the Fundación is to develop and implement practical, innovative and sustainable solutions to eliminate poverty and create decent conditions for every family.

The **vision** is Paraguay, entrepreneur and poverty free, an example to the world.

The Fundación seeks to eliminate poverty and create decent living conditions for families through a comprehensive strategy that offers clients:

- 1) Poverty elimination through the Stoplight: a measurement system and methodology that measures poverty based on 50 indicators, which allows clients (90% of whom are women) to assess their poverty-related issues so that they are able to design their own "life maps" to overcome them;
- 2) Microfinance, Micro-franchises and Micro-insurance: in order to increase the income and reduce the financial risks of clients and create partnerships with other specialized institutions to address the other poverty-related issues;
- 3) Entrepreneurial Education: provides training and tutoring in business management to help clients and their children to find jobs and/or create their own employment; and
- 4) Financially Self-Sustaining Agricultural Schools: also for the children of clients, where students and teachers carry out sustainable activities on the campus, with the dual purpose: a) train students in a business environment, transforming them into rural entrepreneurs, and b) income generation to sustain the schools.

This comprehensive strategy allows clients and their families to play lead roles in leaving poverty behind, and allows resources to be channeled to where they are most needed, using the twenty-four microfinance offices as the main distribution network.

As civil non-profit association, the legal figure of the Fundación Paraguaya does not include owners and it is governed by 35 (thirty-five) partners, all of whom are Paraguayan professionals.

The governing structure is as follows:



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- i) General Assembly: body made up by all the partners of the institution, who meet at least once a year. The Assembly approves the administrative and financial management of the Fundación and selects the members of the Board.
- ii) Board: body made up of at least 6 and maximum 10 main members, who meet every month in physical or virtual meetings. Board members do not receive any payment for the time assigned to the Fundación. According its good governance policy, four crosscutting committees have been set up to facilitate decision-making: 1) Compensations, 2) Audit and Risks, 3) Good Governance and Nominations, and 4) Theme Committees: a) Microfinance, b) Entrepreneurial Education, c) Agricultural School, and d) Teach a Man to Fish.

Two executive positions have been established:

- i) The Trustee: appointed by the Assembly to inspect assets, accounting books and documents of the Fundación. The Trustee maintains close relationship with internal and external audits and participates in the meetings of the Board and of the Audit and Risks Committee. The Trustee provides the Assembly an annual report on the financial information of the Fundación.
- ii) The Executive Director: it is an elective position working full-time in the Fundación supporting the Board (chairing the meetings) and the General Management in their strategic work (not the operational activities).

Credit assistance is provided with the resources of the institution and with funds originating from loans made by local banks and international funds, given that the Fundación does not take funds from the public, nor does it require that its clients make compulsory deposits or savings, hence it is not an intermediation entity.

The other programs are developed with the entity's own resources generated by the microfinance operations and by donations.

NOTE 2 – SUMMARY OF THE MAIN ACCOUNTING POLICIES

a. Accounting bases

The financial statements have been drawn up following the guidelines of the financial information rules and regulations in force in Paraguay, on the basis of historical costs, except in the case of property, plant and equipment and of assets and liabilities in foreign currency, as explained under **items b. and g.** of this Note, and do not fully recognize the effects of inflation on the financial position of the Fundación, on the results of its operations and on the cash flows.

According to the overall consumer price index published by the Central Bank of Paraguay, inflation for the year 2017 was 3.95% and for 2016 it was 3.9%.

b. Foreign currency

The assets and liabilities in foreign currency (in US dollars, Euros and Pounds) are valued at the exchange rate in effect at the close of the fiscal year. See Note 15.

The spreads of the exchange rate originated by fluctuations in the exchange rates, between the dates of the conciliation of the operations and their settlement or valuation at the close of the fiscal year, are recognized in results.



c. Cash and Cash Equivalents

For the preparation of cash flow statements the following were considered within the concept of cash: cash balances, liquid assets in bank accounts and all high liquidity investments, with initially agreed expiry not greater than three months.

d. Short-term Investments

Short-term investments are constituted by fixed term deposits and savings deposit certificates (SDCs) in US dollars, maintained by the Fundación in local banks, which are valued at the nominal value plus the uncollected interest earned at the closing date.

e. Credits

Current Credits

Credits are valued at their purchase price - net of provisions, in the case of arrears, plus the uncollected interest accrued at the closing date.

According to the powers granted in Article 17 of the Articles of Association of the Fundación, the Executive Director may set the interest rates on loans and the charges for the recovery of administrative costs. Such line-items are resources of the Fundación. During the fiscal years closing on 31 December 2016 and 2015 the active interest rates were variable, but not higher than the allowed maximum rates published by the Central Bank of Paraguay.

Credit risk is controlled by the Fundación's management, mostly through the evaluation and analysis of individual transactions, for which certain aspects that are clearly defined in the entity's credit policies are taken into account, such as: proven payment capacity and indebtedness of the debtor, individual limits for the granting of credits, evaluation of economic sectors and the requirement of operating capital, in accordance with market risks.

Overdue Credit and Refinanced or Renegotiated Credit

Overdue Credits

The Fundación institutes estimative provisions for credits of doubtful collection on the total of the portfolio of borrowers presenting arrears in the fulfillment of their obligations and on those credits the collection of which is being managed directly or judicially.

Refinanced or Renegotiated Credits

The credit policy established the management of the Fundación defines "refinancing" as the rescheduling of the original payment plan of a loan, which may contemplate the total capital balance. Refinancing may only be granted upon request of the client, provided there is a justified cause and having tried all other alternatives.

The percentages of provisions for overdue credits are applied on the balance of capital to be collected on the cutoff date. Interest is suspended as of 31 days of arrears. Below is a description of the provision percentages applied:



To December 31, 2017

Overdue credits		Refinanced and Overdue Credits	
Days of arrears	% provision on capital due	Days of arrears	% provision on capital due
0 days	1%	0 days	0%
1 – 30 days	10%	1 – 30 days	30%
31 – 90 days	30%	31 – 90 days	60%
91 – 180 days	60%	More than 90 days	100%
More than 180 days	100%	In judicial process	100%
In judicial process	100%		

To December 31, 2016

Overdue credits		Refinanced and Overdue Credits	
Days of arrears	% provision on capital due	Days of arrears	% provision on capital due
0 days	1%	0 days	0%
1 – 30 days	10%	1 – 30 days	30%
31 – 90 days	30%	31 – 90 days	60%
91 – 180 days	60%	More than 90 days	100%
More than 180 days	100%	In judicial process	100%
In judicial process	100%		

Uncollectible Credits

The policy established by the management of the Fundación indicates that the overdue credits that comply with the following requirements must be written off as irrecoverable and recorded in memoranda accounts:

- a. Loans with more than 180 days in arrears
- b. Loans that cannot be recovered at any point in time due to:
 - i. Death of the debtor(s)
 - ii. Debtor has moved and/or left the country with no date of return, nor known domicile
 - iii. Debtor(s) and their guarantors have lost all their assets and what is left is not significant to recover the debt and the costs of recovery
 - iv. Amounts pending collection do not justify the recovery efforts
 - v. Backup documentation of the loans has lapsed, was destroyed or lost.

f. Other Non-Current Assets

These are the assets received from the recovery of credits that are entered in the books as the amount of the credit paid or written-off plus the expenses incurred for their incorporation into the assets of the Fundación. If such amount is higher than the estimated realizable value or market value of the assets received, the necessary provisions are instituted to appraise said assets at their market value, charged to the results of the year.

It also includes the stock of animals valued at their cost plus the corresponding re-categorizations. In addition to eucalyptus plantations valued at their cost up to their harvesting and stockpiling condition.



g. Property, Plant and Equipment

General Criterion

The assets of property, plant and equipment are valued at the purchase cost plus all other necessary expenses for their rollout, adjusted by the consumer price index issued by the Central Bank of Paraguay, minus the corresponding accumulated depreciation.

The counterpart to the net increase in the value of these assets is a special reserve that is part of the equity capital.

Depreciation is calculated based on the straight line method, as of the month following the month in which the assets were purchased, applying annual rates sufficient to extinguish their values at the end of their estimated lifespan. See Annex 1.

The cost of improvements extending the lifespan of the assets or increasing their productive capacity is input to the respective accounts of the asset. Maintenance costs are charged to results.

The residual value of the assets, considered as a whole, does not exceed their recoverable value at the close of each fiscal year.

Assets received as donation

There are certain assets with a value of incorporation into the net worth which has been determined according to the best estimate of the management using figures based on appraisals. These values, determined in this way, are considered as their purchase cost and with counterpart in the results of the fiscal year. This cost is revaluated and depreciated as per the abovementioned general criterion. Below is a description of the main assets received as donations and incorporated into the assets of the Fundación:

i. Under the donation agreement with stipulations as to its use signed on December 20, 2002 between the Fundación Paraguaya de Cooperación y Desarrollo and the Asociación Paraguaya de Educación y Asistencia (APEA), the latter donated to the Fundación the lands, buildings and facilities of the "San Francisco de Asís" Agricultural School located in Cerrito (Department of Villa Hayes, Paraguayan Chaco), which was administrated and maintained by APEA until December 31, 2002 and which is administrated by the Fundación as of January 1, 2003. These assets donated with stipulations as to their use were activated by the Fundación to December 31, 2002 under the line-item "Property, Plant and Equipment" and are subject to the obligations and commitments mentioned in Note 12. The landed property and buildings of the Agricultural School received as donation with stipulations were entered into the books at the "quick sale" value estimated by an independent expert, while the movables, equipment and others received in donation with stipulations were entered into the accounts with 50% of the estimated market value established by an independent expert.

ii. On July 1, 2011 the Fundación received the usufruct of the real estate of the Belén Agricultural School and donation of the movables and livestock of said school. These chattels



were activated at the market value, considered as their cost under assets.

h. Accounting Recognition of Resources and Outlays

Resources and expenses are recognized in terms of their earnings, except when:

- a. Interest earned and uncollected on credit installments more than 2 installments in arrears (if the term of the installments is less than 30 days) or more than 60 days, which are recognized in the accounting at the time of their collection.
- b. Interest and recovery of administrative costs generated by the credit portfolio under collection and judicial process, which are recognized in the accounting at the time of their collection.
- c. Donations received and unused at the close of the year, as mentioned in Note 2.i below.

Resources and outlays are displayed in the statement of resources and outlays segmented for each operating units of the Fundación (including those related to financial and non-financial services). Common overhead or administrative outlays of the Fundación which cannot be directly assigned to each one of the referred operating units, such as considerations for senior and administrative personnel (Comptroller's Office, Administrative Management, Technology and Human Resources) are included in the statement of resources and outlays as expenses of the Microfinance Unit.

i. Accounting Recognition of Donations Received

Donations received in cash to finance activities and administrative costs of the units are presented at the time of their actual receipt under the line-item "Received donations for projects" of liabilities and are recognized as income in the statement of results at the time of their execution. Some of the donations received by the Fundación present commitments and contingencies in terms of their use or destination, as detailed in Note 12.

Note 10 of the financial statements summarizes the donations received from third parties and pending realization.

j. Use of Estimates

The preparation of the current financial statements requires that the Management and Board of the Fundación perform estimates and evaluations that affect the amount of the recorded and contingent assets and liabilities, as well as the resources and outlays recorded during the fiscal year. Actual future results may differ from the estimates and evaluations performed on the date of the preparation of the current financial statements.

The main estimates related to the financial statements refer to provisions on doubtful debts, provisions on assets received from credit recovery and depreciations of property, plant and equipment.

k. Comparative Information

Financial statements to December 31, 2017 and the respective complementary information are presented comparatively to the financial statements and complementary information of the fiscal



year closing on December 31, 2016.

NOTE 3 - AVAILABLE

The available balance is made up as follows:

<u>Item</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
Revenues to deposit	3.380.217.861	2.682.865.561
Banks in local currency	2.152.186.687	6.209.168.846
Banks in foreign currency (*)	<u>657.747.528</u>	<u>6.079.795.323</u>
Total	<u>6.190.152.076</u>	<u>14.971.829.730</u>

(*) To December 31, 2017 and 2016 includes USD 15,007 and USD 15,545 (equivalent to Gs. 83,738,610 and Gs. 86,428,765 respectively) of restricted availability accounted for in compliance with contract clauses related to the IDB-Rural financing agreement.




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NOTE 4 – SHORT-TERM INVESTMENTS

Short-term investments are made up as follows:

To December 31, 2017

<u>Institution</u>	<u>Start</u>	<u>Expiry</u>	<u>Rate</u>	<u>Amount in currency of origin USD</u>	<u>Equivalent in Guaraníes</u>
Short-term					
Banco Sudameris S.A.E.C.A. (*)	13/01/2017	18/01/2018	4.3%	500,000	2,789,985,000
Banco GNB Paraguay S.A.	29/12/2016	03/01/2018	3%	250,000	1,394,992,500
Banco GNB Paraguay S.A.	29/12/2016	03/01/2018	3%	250,000	1,394,992,500
Total capital				1,000,000	5,579,970,000
Interest earned				35,575	198,509,330
Total capital and interest				1,035,575	5,778,479,330

To December 31, 2016

<u>Institution</u>	<u>Start</u>	<u>Expiry</u>	<u>Rate</u>	<u>Amount in currency of origin USD</u>	<u>Equivalent in guaranies</u>
Short-term					
Banco GNB Paraguay S.A.	29/12/2016	27/07/2017	2.3%	500,000	2,879,615,000
Banco GNB Paraguay S.A. (*)	07/01/2017	10/01/2017	4.8%	500,000	2,879,615,000
Banco Sudameris S.A.E.C.A	02/03/2016	07/03/2017	4.9%	500,000	2,879,615,000
Banco GNB Paraguay S.A.	29/12/2016	27/06/2017	1.7%	150,000	863,884,500
Total capital				1,650,000	9,502,729,500
Interest earned				45,110	259,800,363
Total capital and interest				1,695,110	9,762,529,863
Long-term					
Banco GNB Paraguay S.A.	29/12/2016	03/01/2018	3%	250,000	1,439,807,500
Banco GNB Paraguay S.A.	29/12/2016	03/01/2018	3%	250,000	1,439,807,500
Treasury bonds	23/09/2014	22/09/2021	9%	-	220,000,000
Total capital				500,000	3,099,615,000

*These fixed term deposits are of restricted availability as the guarantee financial obligations, as indicated in Note 9.



NOTE 5 - CREDITS

Credits are made up as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
<u>Short-term</u>		
Credits granted to third parties (*)	137,376,438,822	120,025,852,162
Loans granted to employees (**)	737,114,725	489,375,303
Refinanced or renegotiated loans	<u>289,672,849</u>	<u>603,592,306</u>
Subtotal credits	138,403,226,396	121,118,819,771
Accrued interest receivable	1,835,141,906	1,958,295,494
Provisions for doubtful debts (***)	(2,183,979,981)	(2,194,577,485)
Generic provisions for doubtful debts (***)	(1,343,501,028)	(1,297,153,549)
Total	136,710,887,293	119,585,384,231
<u>Long-term</u>		
Credits granted to third parties (*)	4,747,352,561	4,818,434,493
Loans granted to employees (**)	682,575,419	467,931,630
Refinanced or renegotiated loans	70,590,496	103,063,047
Total	5,500,518,476	5,389,429,170
Overall Total	142,211,405,769	124,974,813,401

(*) As indicated in Note 9 certain documents of the loan portfolio were delivered as collateral for the financial obligations contracted by the Entity.

(**) In fiscal year 2017 and 2016 no credits were granted to the General Manager, the Executive Director, the members of the Board of the Fundación, or their relatives.

(***) See the following table on the evolution of the provisions for doubtful debts.



The evolution of the provisions for doubtful debts is as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
Initial balance	(3,491,731,034)	(4,202,519,231)
Plus		
Setting up of specific provisions - net of reversals (Annex VII)	(3,189,371,081)	(4,335,523,151)
Setting up of generic provisions (Annex VII)	(1,343,501,028)	(1,297,153,549)
Minus		
Application of provisions on debts written of as uncollectible	4,497,122,134	6,343,464,897
Final balance	<u>(3,527,481,009)</u>	<u>(3,491,731,034)</u>



NOTE 6 - ADDITIONAL INFORMATION ON CREDITS

a) Portfolio concentration

Number of clients	Amount and percentage of loan portfolio							
	In effect				Overdue			
	Capital (*)	Interest	Total	%	Capital (*)	Interest	Total	%
2017								
10 largest debtors	1,643,561,712	11,558,166	1,655,119,878	1,22%	693,606,376	22,823,962	716,430,338	7.22%
50 subsequent largest debtors	4,565,280,332	19,908,102	4,585,188,434	3,38%	1,575,182,852	60,885,607	1,636,068,459	16.49%
100 subsequent largest debtors	4,787,574,180	37,456,413	4,825,030,593	3,55%	1,134,282,000	42,074,621	1,176,356,621	11.86%
Other subsequent debtors	123,354,366,532	1,399,592,186	124,753,958,718	91,85%	6,149,890,888	240,842,849	6,390,733,737	64.43%
Total loan portfolio	134,350,782,756	1,468,514,867	135,819,297,623	100%	9,552,962,116	366,627,039	9,919,589,155	100%

Number of clients	Amount and percentage of loan portfolio							
	In effect				Overdue			
	Capital (*)	Interest	Total	%	Capital (*)	Interest	Total	%
2016								
10 largest debtors	1,484,843,132	19,083,888	1,503,927,020	1,26%	605,838,407	25,083,937	630,922,344	6.65%
50 subsequent largest debtors	4,052,245,990	44,157,321	4,096,403,311	3,44%	1,317,588,263	45,385,167	1,362,973,430	14.36%
100 subsequent largest debtors	4,198,678,902	43,347,717	4,242,026,619	3,57%	991,960,930	37,568,747	1,029,529,677	10.85%
Other subsequent debtors	107,641,894,446	1,493,700,755	109,135,595,201	91,73%	6,215,198,871	249,967,962	6,465,166,833	68.14%
Total loan portfolio	117,377,662,470	1,600,289,681	118,977,952,151	100%	9,130,586,471	358,005,813	9,488,592,284	100%

(*) Does not include balances of provisions

b) Loan portfolio distributed by economic sector

Economic sector	Amount			
	Capital (*)	Interest	Total	%
2017				
Agricultural	388,649,527	34,324,883	422,974,410	0,29%
Livestock	497,158,333	42,312,082	539,470,415	0,37%
Industrial	69,683,913,521	406,884,328	70,090,797,849	48,09%
Commerce	55,267,196,044	1,055,899,764	56,323,095,808	38,65%
Consumption	16,966,773,147	270,397,550	17,237,170,697	11,83%
Services	1,100,054,300	25,323,299	1,125,377,599	0,77%
Total	143,903,744,872	1,835,141,906	145,738,886,778	100%

Economic sector	Amount			
	Capital (*)	Interest	Total	%
2016				
Agricultural	430,661,173	40,330,879	470,992,052	0.37%
Livestock	1,398,838,935	114,021,597	1,512,860,532	1.18%
Industrial	52,185,687,529	412,735,837	52,598,423,366	40.94%
Commerce	53,794,854,081	1,073,211,483	54,868,065,564	42.71%
Consumption	18,145,991,438	308,328,347	18,454,319,785	14.37%
Services	552,215,785	9,667,351	561,883,136	0.44%
Total	126,508,248,941	1,958,295,494	128,466,544,435	100%

(*) Does not include balances of provisions



c) Loan portfolio distributed by geographic area

2017	Capital (*)	Interest	Total 2017	%	Total 2016	%
Alto Paraná	7,548,783,152	81,215,248	7,629,998,400	5.24%	5,821,992,571	5%
Asunción	5,261,141,587	48,409,695	5,309,551,282	3.65%	4,052,835,844	3%
Caaguazú	14,083,332,010	144,565,170	14,227,897,180	9.77%	11,148,124,117	9%
Canindeyú	3,477,708,034	75,277,698	3,552,985,732	2.44%	3,681,079,279	3%
Central	30,851,710,185	327,119,866	31,178,830,051	21.40%	27,757,547,325	22%
Chaco	3,111,309,436	52,139,816	3,163,449,252	2.17%	2,380,064,087	2%
Concepción	3,627,258,246	49,705,654	3,676,963,900	2.52%	3,087,834,909	2%
Cordillera	7,581,955,241	63,639,134	7,645,594,375	5.25%	6,228,711,463	5%
Guairá	4,880,492,365	62,794,192	4,943,286,557	3.39%	4,079,168,015	3%
Itapúa	9,816,300,715	77,218,422	9,893,519,137	6.79%	8,597,349,994	7%
Misiones	3,722,379,809	50,378,062	3,772,757,871	2.59%	3,125,346,723	2%
Ñeembucú	8,536,645,392	176,776,101	8,713,421,493	5.98%	8,027,103,970	6%
Paraguarí	30,668,668,784	468,496,013	31,137,164,797	21.38%	30,914,830,914	24%
San Pedro	10,661,014,916	155,251,247	10,816,266,163	7.43%	9,564,555,224	7%
Préstamo al Exterior (**)	75,045,000	2,155,588	77,200,588	0.05%	-	0%
Total	143,903,744,872	1,835,141,906	145,738,886,778	100%	128,466,544,435	100%

(*) Does not include balances of provisions

(**) Loan granted to Transmit Enterprise of England.

d) Distribution of short-term investments, loans and financial obligations according to their maturities

The management of the Fundación controls the liquidity mainly by matching the maturities of its assets and liabilities, in accordance with the short, medium and long-term strategies defined and monitored permanently, for both assets and liabilities.

The table below shows the financial fit at the close of each fiscal year.

Concept	Time remaining for their maturity - Balances to December 31, 2017					Total (*)
	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	More than 1 year and up to 3 years	More than 3 years	
Short-term investments	5,579,970,000	-	-	-	-	5,579,970,000
Interest earned	198,509,330	-	-	-	-	198,509,330
Credits (*)						
Capital	28,421,850,407	85,217,906,746	24,762,801,943	5,441,244,044	59,941,732	143,903,744,872
Interest	1,710,819,308	122,167,010	2,155,588	-	-	1,835,141,906
Total assets	35,911,149,045	85,340,073,756	24,764,957,531	5,441,244,044	59,941,732	151,517,366,108
Financial obligations	13,355,354,242	31,803,183,108	28,054,710,062	33,173,677,740	-	106,386,925,152
Total obligations	13,355,354,242	31,803,183,108	28,054,710,062	33,173,677,740	-	106,386,925,152



Concept	Time remaining for their maturity - Balances to December 31, 2016					
	Up to 30 days	From 31 to 180 days	From 181 days to 1 year	More than 1 year and up to 3 years	More than 3 years	Total (*)
Short-term investments	-	863,884,500	2,879,615,000	8,638,845,000	220,000,000	12,602,344,500
Interest earned	-	433,126	259,367,237	-	-	259,800,363
Credits (*)						
Capital	26,738,491,063	70,390,926,825	23,989,401,883	5,362,120,510	27,308,660	126,508,248,941
Interest	1,795,872,107	162,129,516	293,871	-	-	1,958,295,494
Total assets	28,534,363,170	71,417,373,967	27,128,677,991	14,000,965,510	247,308,660	141,328,689,298
Financial obligations	7,401,317,502	41,297,976,677	14,231,641,163	41,709,815,472	-	104,640,750,814
Total obligations	7,401,317,502	41,297,976,677	14,231,641,163	41,709,815,472	-	104,640,750,814

(*) Does not include balances of provisions

- e) Classification of the portfolio and the provisions for doubtful debts (calculated according to arrears):

To December 31, 2017

Current and overdue loans granted to third parties

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current Portfolio	93.46%	132,834,065,962	1,464,893,644	134,298,959,606	1%	1,327,590,816
Overdue portfolio 1 - 30 days	4.62%	6,570,568,175	237,302,868	6,807,871,043	10%	657,057,177
Overdue portfolio 31 - 90 days	1.01%	1,439,619,798	64,527,498	1,504,147,296	30%	431,886,100
Overdue portfolio 91 - 180 days	0.48%	679,348,981	24,793,486	704,142,467	60%	407,609,375
Overdue portfolio > 180 days	0.42%	600,188,467	29,244,095	629,432,562	100%	600,188,467
Total	100%	142.123.791.383	1.820.761.591	143.944.552.974		3.424.331.935

Number of loans: 20874

Loans granted to employees of the Fundación

	Quality of the portfolio	Capital	Interest earned	Total	Percentage Provision	Provision
Current Portfolio	93.97%	1,334,112,788	882,787	1,334,995,575	1%	13,341,131
Overdue portfolio 1 - 30 days	2.23%	31,608,711	972,454	32,581,165	10%	3,160,871
Overdue portfolio 31 - 90 days	3.11%	44,198,827	690,599	44,889,426	30%	13,259,648
Overdue portfolio 91 - 180 days	0.69%	9,769,818	356,076	10,125,894	60%	5,861,891
Total	100%	1,419,690,144	2,901,916	1,422,592,060		35,623,541

Number of loans: 163



Refinanced or renegotiated loans

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current Portfolio	50.69%	182,604,006	2,738,436	185,342,442	1%	1,826,038
Overdue portfolio 1 - 30 days	38.44%	138,491,664	7,847,662	146,339,326	30%	41,547,501
Overdue portfolio 31 - 90 days	10.42%	37,539,204	746,772	38,285,976	60%	22,523,523
Overdue portfolio 91 - 180 days	0.45%	1,628,471	145,529	1,774,000	100%	1,628,471
Total	100%	360,263,345	11,478,399	371,741,744		67,525,533

Number of loans: 28

Total Portfolio

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current Portfolio	93.36%	134,350,782,756	1,468,514,867	135,819,297,623	1%	1,342,757,985
Overdue portfolio 1 - 30 days	4.68%	6,740,668,550	246,122,984	6,986,791,534	10%	701,765,549
Overdue portfolio > 30 days	1.95%	2,812,293,566	120,504,055	2,932,797,621	53%	1,482,957,475
Grand total	100%	143,903,744,872	1,835,141,906	145,738,886,778		3,527,481,009

Number of loans: 21,065

To December 31, 2016**Current and overdue loans granted to third parties**

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current Portfolio	91.72%	114,738,406,605	1,572,994,447	116,311,401,052	1%	1,147,384,539
Overdue portfolio 1 - 30 days	5.83%	7,295,087,569	233,216,293	7,528,303,862	10%	729,509,202
Overdue portfolio 31 - 90 days	1.46%	1,831,605,182	82,596,218	1,914,201,400	30%	549,481,740
Overdue portfolio 91 - 180 days	0.48%	597,588,200	23,478,139	621,066,339	60%	358,552,933
Overdue portfolio > 180 days	0.51%	635,206,801	28,866,996	664,073,797	100%	635,206,801
Total	100,00%	125,097,894,357	1,941,152,093	127,039,046,450		3,420,135,215

Loans granted to employees of the Fundación

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current Portfolio	94,71%	906,622,703	988,633	907,611,336	1%	9,066,224
Overdue portfolio 1 - 30 days	0.37%	3,525,978	59,263	3,585,241	10%	352,599
Overdue portfolio 31 - 90 days	1.52%	14,534,227	47,613	14,581,840	30%	4,360,268
Overdue portfolio 91 - 180 days	1.52%	14,510,604	161,713	14,672,317	60%	8,706,361
Overdue portfolio > 180 days	1.89%	18,113,421	639,447	18,752,868	100%	18,113,421
Total	100,00%	957.306.933	1.896.669	959.203.602		40.598.873

Number of loans: 92

Refinanced or renegotiated loans

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current portfolio	79.86%	361,783,957	8,680,321	370,464,278	1%	3,617,836
Overdue portfolio 1- 30 days	20.14%	91,263,694	6,566,411	97,830,105	30%	27,379,110
Total	100%	453,047,651	15,246,732	468,294,383		30,996,946

Number of loans: 39



Total Portfolio

	Quality of the portfolio	Capital	Interest earned	Total	Percentage provision	Provision
Current Portfolio	91.70%	116,006,813,265	1,582,663,401	117,589,476,666	1%	1,160,068,599
Overdue portfolio 1 - 30 days	5.84%	7,389,877,241	239,841,967	7,629,719,208	10%	757,240,911
Overdue portfolio > 30 days	2.46%	3,111,558,435	135,790,126	3,247,348,561	51%	1,574,421,524
Grand total	100%	126,508,248,941	1,958,295,494	128,466,544,435		3,491,731,034

Number of loans: 21,540

Short-term investments and credit portfolio by currency

	Short-term investments (*)	%	Credits (*)	%
2017				
In national currency	-	-	143,828,699,872	99.9%
In foreign currency	5,579,970,000	100%	75,045,000	0.1%
Total resident and non-resident in the country	5,579,970,000	100%	143,903,744,872	100%
2016				
In national currency	220,000,000	2%	126,508,248,941	100%
In foreign currency	12,382,344,500	98%	-	-
Total resident in the country	12,602,344,500	100%	126,508,248,941	100%

(*) Only includes capital balances.



NOTE 7 - OTHER ASSETS**Other assets are made up as follows:**

The other assets are made up as follows:

<u>Description</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
<u>Short-term</u>		
Advance payment of income tax	1,210,583,544	1,106,564,354
Miscellaneous	1,021,451,012	1,012,232,795
Executed projects to recover – entrepreneurial education unit enterprising		
Credits receivable - agricultural schools unit	283,423,649	129,348,219
Items for sale in agricultural schools	264,884,689	559,202,134
Executed projects to recover - agricultural schools unit	227,316,818	27,289,829
VAT tax credit	171,774,488	279,783,597
Kits for sale - microfinance unit	134,417,078	156,294,020
Rental guarantee	102,388,238	116,507,670
Footwear TOMs - Donation to be made	54,237,734	146,797,801
Advance payment for expenses	39,086,218	146,239,258
Rentals paid in advance	91,269,958	171,528,583
Insurance paid in advance	87,263,211	78,565,073
Insurance collected for claims	18,182,610	20,034,471
Advances to staff	16,631,530	19,933,379
Wheelchairs- Donation to be made LDS	396,780	3,724,473
Executed projects to recover – entrepreneurial education unit	-	660,117,615
Sub-total	<u>4,764,069,277</u>	<u>4,774,385,928</u>
<u>Description</u>	<u>31,12,2017</u>	<u>31,12,2016</u>
<u>Long-term</u>		
Animals - agricultural schools	582,276,501	556,099,341
Eucalyptus plantation	527,775,582	239,921,587
Goods acquired as credit recovery	666,364,478	574,732,428
Materials and supplies	20,110,166	43,071,749
Sub-total	<u>1,796,526,727</u>	<u>1,413,825,105</u>
Total	<u>6,560,596,004</u>	<u>6,188,211,033</u>



NOTE 8 - FINANCIAL OBLIGATIONS

Financial obligations are as follows:

Financial obligations with local entities

Description	31.12.2017 (*)	31.12.2016 (*)
Banco GNB Paraguay S.A.	22,124,999,999	19,971,491,729
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	11,500,000,000	12,708,333,333
Interfisa Banco S.A.E.C.A.	3,012,060,643	530,803,750
Solar de Ahorro y Finanzas S.A.E.C.A.	2,002,360,508	1,348,128,832
Banco Atlas S.A.	1,522,382,196	5,151,520,836
Finlatina S.A. de Finanzas	-	352,860,906
Sub- Total (Annex II)	40,161,803,346	40,063,139,386
Overdraft in current account	201,344,294	
Total	40,363,147,640	40,063,139,386

(*) All loans are short-term.

Financial obligations with entities abroad

Description	31.12.2017			31.12.2016		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Inter-American Development Bank	269,688,373	1,184,620,740	1,454,309,113	277,393,206	1,492,833,278	1,770,226,484
Locfund Limited Partnership	3,564,761,538	1,919,475,000	5,484,236,538	3,899,915,385	5,484,236,538	9,384,151,923
Oikocredit	6,305,194,000	18,915,582,000	25,220,776,000	6,305,194,000	25,220,776,000	31,525,970,000
Kiva	12,397,989,517	-	12,397,989,517	11,664,337,346	-	11,664,337,346
Oxfam Novid - Triple Jump	9,511,969,655	-	9,511,969,655	-	9,511,969,655	9,511,969,655
INCOFIN	-	11,154,000,000	11,154,000,000	-	-	-
Subtotal	32,049,603,083	33,173,677,740	65,223,280,823	22,146,839,937	41,709,815,471	63,856,655,408
Interest earned payable	800,496,689	-	800,496,689	720,956,020	-	720,956,020
Total obligations	73,213,247,412	33,173,677,740	106,386,925,152	62,930,935,343	41,709,815,471	104,640,750,814

Refer to Annexes II and III for more information on capital balances and interest rates per operation.

NOTE 9 - GUARANTEES AND SURETIES

The guarantees and sureties that cover the financial obligations contracted by the Fundación as of December 31, 2017 are detailed below.

Guarantees granted by Fundación Paraguaya

- The financial obligations contracted with OIKOCREDIT to 31.12.2017, are guaranteed by documents from the Fundación's loan portfolio, the value of which covers the balance of the debts held with said entity.



- b) The financial obligations contracted with BBVA S.A. to 31.12.2017, are guaranteed by a fixed-term deposit with a total value of USD 500,000 of Sudameris Bank, which the Fundación holds in said financial institution. See Note 4.

Guarantees granted by third parties

- c) Guarantee or surety granted by the International Action Institution (Washington, DC) to Banco Bilbao Vizcaya Argentaria Paraguay S.A. up to the amount of USD 450,000, which guarantees the line of credit and loans that Banco Bilbao Vizcaya Argentaria Paraguay S.A. granted within said line to the Fundación.

The guarantees and sureties that cover the financial obligations contracted by the Fundación to December 31, 2016 are detailed below.

Guarantees granted by Fundación Paraguaya

- I. The financial obligations contracted with Banco Bilbao Vizcaya Argentaria Paraguay S.A. to 31.12.2016, are guaranteed with savings deposits certificates for a total value of USD 500,000 of Banco GNB Paraguay S.A., plus documents of the Fundación's loan portfolio. See Note 4.

Guarantees granted by third parties

- II. Guarantee or surety granted by the International Action Institution (Washington, DC) to Banco Bilbao Vizcaya Argentaria Paraguay S.A. up to the amount of USD 450,000, which guarantees the line of credit and loans that Banco Bilbao Vizcaya Argentaria Paraguay S.A. granted within said line to the Fundación.

NOTE 10 - RECEIVED DONATIONS FOR PROJECTS

Part of the resources with which the Fundación finances its activities have been obtained from International Agencies and local contributors through donation agreements in some cases, or through subsidy programs for specific activities developed by the Fundación.

Donations for projects to be made up as follows:

Description	31.12.2017	31.12.2016
Microfinance Unit (Annex IV)	839,179,710	1,481,882,916
Unit of Self-Sufficient Agricultural Schools (Annex V)	747,403,952	4,274,660,641
Entrepreneurial Education Unit (Annex VI)	-	284,872,057
Total	1,586,583,662	6,041,415,614

The description of the donations to be made, as well as the resources used by the operating units of the microfinance unit, agricultural schools unit and entrepreneurial education unit in 2017 and 2016 are detailed in Annexes IV, V and VI.



NOTE 11 - ASSETS DIRECTLY LINKED TO THE MICROFINANCE UNIT

A summary is provided below on the assets of the Fundación to December 31, 2017 and 2016 directly related to the Microfinance Unit and to the services rendered by said operating unit

Description	December 31			
	2017	%	2016	%
Available	4,866,112,106	3.03%	10,633,013,537	6.95%
Short-term investments	5,778,479,330	3.59%	8,858,845,000	5.79%
Credits	142,211,405,769	88.42%	124,974,813,401	81.72%
Sundry credits	3,180,666,986	2.01%	3,905,274,611	2.55%
Property, plant and equipment	4,744,368,418	2.95%	4,559,376,377	2.98%

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The following are the main contracts signed by the Fundación in effect to December 31, 2017 and 2016:

- a) On December 20, 2002 the Fundación received, as donation from the Asociación Paraguaya de Educación y Asistencia (APEA) the lands, buildings and facilities of the "San Francisco de Asís" Agricultural School located in Cerrito (Department of Villa Hayes – Paraguayan Chaco), which had been administrated and maintained by APEA until December 31, 2002 and which, as of January 1, 2003 has been administrated by the Fundación. Taking on its administration entails the following obligations for the Fundación:
- Taking on the property, administration and management of the School with the mission of providing technical education on agriculture and livestock to young low-income farmers and introducing academic and administrative reforms.
 - Investing the sum of Gs. 2,450,000,000 in a five-year period to: i) subsidize the spread between operational income and outlays of the School; ii) build new infrastructure; iii) purchase production goods and inputs; iv) open credit lines and provide technical assistance to graduates; v) purchase the land of 14.52 hectares bordering with the School and which is valued at USD 46,464, which was already complied with at the close of 2002.
 - Take on the work obligations of the School to the cutoff date (December 31, 2002), which has already been complied with at the close of 2002.
 - Maintain the current system of boarding school, grants and subsidies of the School enabling the access of at least one hundred young low-income farmers.
 - Develop self-help programs and technical advice for graduates.
 - Ensure an ecclesial space for students to receive catechism and pastoral education inspired on the Catholic religion.
- b) On July 1, 2010 the Fundación received the usufruct of property of the Centro de Formación Técnica Agropecuaria SOS Hermann Gmeiner "SOS Aldea de Niños Paraguay", located in Belén, to administrate and provide continuity to social work in the area. The term of the usufruct will be 20 years, extendable upon common agreement between the parties. Once said term has elapsed, if the extension is not agreed on, the usufruct will terminate and the ownership of the assets and the



administration shall be returned to "SOS Aldea de Niños Paraguay". Taking up the usufruct entails the following obligations for the Fundación:

- Maintain the school open with the mission of education low-income youth and make academic and administrative reforms.
 - Develop self-help programs and provide technical advice so that graduates may apply what they have learned in the School in their communities of origin and facilitate their access to credit for production purposes to develop viable projects.
- c) On February 16, 2011 the Fundación received the usufruct of the property of the Granja San Fernando, located in San Pedro, to administrate and provide continuity to social work in the area. The term of the usufruct will be 20 years, extendable. If the extension were not agreed on, the usufruct shall terminate and ownership of the assets and administration of the farm shall return to the Diocese of San Pedro and the Fundación shall not manage the farm any longer.

In addition to the above, to December 31, 2017 and 2016 there are no other situations, commitments or contingencies which could result in the generation of obligations for the Fundación, other than those disclosed in these financial statements.

NOTE 13 - RESERVES

a) Optional Reserves

As internal policy the Fundación determined the annual establishment, with the deduction from the accumulated surplus of previous years, of the following reserves prior approval of the Ordinary General Assembly:

- i. Maintenance reserve of the capital value, which is determined in terms of the annual variation of the consumer price index on the accumulated surplus of the previous fiscal year which includes the surplus of said fiscal year. The amounts of capital maintenance reserves established in 2017 and 2016 total Gs. Gs. 1.494.591.058 y Gs. 1.154.423.500, respectively.
- ii. IDB SP/SD-87-08-PR maintenance reserve, which to December 31, 2005 was determined in terms of the annual variation of the consumer price index on the balance of the referred IDB loan. As of 2006 the Fundación no longer establishes the aforementioned reserve as the reserve established on December 31, 2005 is deemed sufficient and appropriate for the purposes of its creation.

b) Revaluation reserves

Fixed assets have been revaluated as per provisions of Law 125/91, using coefficients that reflect inflation in the country. This special reserve provides the matching funds of the net increase in the value of the assets. The rise in net worth generated by the revaluation may be capitalized, but not distributed as dividend, earnings or profit.



NOTE 14 – INCOME TAX**a) Current:**

Due to the activity of the Microfinance Unit and other services, the Fundación is subject to the income tax on commercial, industrial and service activities (IRACIS), the overall rate of which is 10%.

The income tax levied on the results of the year is based on the book earnings before this item, adjusted by the line-items that the Law includes or excludes for the determination of taxable earnings to which the tax rate is applied and by the recognition of the charge or the income originated from the application of the deferred tax, if any.

Due to the activity of agricultural and livestock production of the Agricultural Schools, the Fundación is taxpayer of the income tax on agriculture and livestock activities (IRAGRO). The IRAGRO is calculated on the book result according to the regime established in the tax legislation in effect.

	31.12.2017			
	IRACIS		IRAGRO	
	Taxed	Exempt	Taxed	Exempt
Profit (lost) before taxes	4,333,689,685	(340,152,640)	(343,659,927)	288,832,431
Tax adjustments				
(+) Non-deductible expenses	4,521,300,619	215,338,788	62,432,226	15,916,005
Taxable income	8,854,990,304		(281,227,701)	
Tax rate	10%	-	10%	-
Income tax	885,499,030		-	

	31.12.2016			
	IRACIS		IRAGRO	
	Taxed	Exempt	Taxed	Exempt
Profit (lost) before taxes	7,367,824,108	(1,409,097,456)	(514,556,928)	533,369,367
Tax adjustments				
(+) Non-deductible expenses	4,738,011,312	74,026,275	98,925,302	-
Taxable income	12,105,835,420		(415,631,626)	
Tax rate	10%	-	10%	-
Income tax	1,210,583,542		-	

b) Deferred:

The Fundación has calculated the deferred tax to December 31, 2017 and 2016, and has decided not to account for it as it represents a non-significant amount for these financial statements as a whole.



NOTE 15 - POSITION IN FOREIGN CURRENCY

The position of monetary assets and liabilities in foreign currency is as follows:

Concept	31.12.2017				31.12.2016			
	Gs.	USD	Euros	Pounds	Gs.	USD	Euros	Pounds
Assets in foreign currency	7,990,772,083	1,382,533	-	36,815	18,803,160,277	3,183,040	-	66,885
Liabilities in foreign currency	(15,610,636,845)	(2,731,406)	-	(41,428)	(17,618,014,553)	(3,013,318)	-	(30,740)
Net position	(7,619,864,762)	(1,348,873)	-	(4,613)	1,185,145,724	169,722	-	36,145

Assets and liabilities in foreign currency were valued at the exchange rate in effect on the closing date of each fiscal year, as detailed below:

Currency	31.12.2017		31.12.2016	
	Assets	Liabilities	Assets	Liabilities
USD	5,579.97	5,600.98	5,759.23	5,774.63
Euros	6,667.51	6,693.17	6,025.88	6,042.57
Pounds	7,504.50	7,533.32	7,046.42	7,066.41

To the date of these financial statements, the exchange rate for assets of the US dollar was Gs. 5,550.56, euros 6,792.78 and pounds sterling Gs. 7,771.34. The exchange rate for liabilities of the US dollar was Gs. 5,557.53, euros 6,801.86 and pounds sterling Gs. 7,781.32.

NOTE 16 - SUBSEQUENT EVENTS

Between the closing date of the fiscal year and the date of these financial statements, there have been no significant events of a financial or other nature that need to be mentioned.

Signed by Luis Fernando Sanabria, General Manager

Signed by Liliana Marroco Franco, Accounting Manager

Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of the Notes of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017
PROPERTY, PLANT AND EQUIPMENT

ANNEX I

Account	Values of origin					Balance to 31.12.2017
	Initial balance	Hights	Lows and adjustments	Reclassifications	Revaluation of the period	
Real estate	6,731,422,915	-	-	-	303,587,173	7,035,010,088
Furniture, tools and installations	12,814,059,110	601,187,594	(20,065,405)	1,286,125,472	443,077,431	15,124,384,202
Computing equipment	3,816,303,496	187,348,862	(1,366,699)	-	54,169,840	4,056,455,499
Transport material	903,286,202	-	-	-	28,030,633	931,316,835
Improvements in third party property	1,864,326,131	58,314,773	-	-	53,928,957	1,976,569,861
Other goods	294,202,894	-	-	-	2,632,932	296,835,826
Sub-total 2017	26,423,600,748	846,851,229	(21,432,104)	1,286,125,472	885,426,966	29,420,572,311
Works underway (*)	263,561,182	1,569,186,776	26,844,345	(1,286,125,472)	-	573,466,831
Sub-total 2017	263,561,182	1,569,186,776	26,844,345	-	-	573,466,831
Total 2017	26,687,161,930	2,416,038,005	5,412,241	-	885,426,966	29,994,039,142
Total 2016	21,513,864,668	4,992,573,106	(321,263,711)	-	501,987,867	26,687,161,930

Account	Depreciation						Result at dosing	Years of useful life
	Initial balance	Depreciation (**)	Lows and adjustments	Reclassifications	Revaluation of the period	Accumulated		
Real estate	(2,053,992,878)	(226,000,024)	-	-	(92,635,079)	(2,372,627,981)	4,662,382,107	25
Furniture, tools and installations	(6,096,221,776)	(977,472,610)	3,484,105	-	(119,755,478)	(7,189,965,759)	7,934,418,443	10
Computing equipment	(3,198,425,402)	(273,600,831)	85,418	-	(22,999,573)	(3,494,940,388)	561,515,111	4
Transport material	(518,774,153)	(124,304,358)	-	-	(10,689,140)	(653,767,651)	277,549,184	5
Improvements in third party property	(1,154,770,473)	(229,718,619)	-	-	(20,339,533)	(1,404,828,625)	571,741,236	5
Other goods	(262,139,361)	(12,498,268)	-	-	(1,186,866)	(275,824,495)	21,011,331	5
Total 2017	(13,284,324,043)	(1,843,594,710)	3,569,523	-	(267,605,669)	(15,391,954,899)	14,028,617,412	
Works underway (*)							573,466,831	
Total 2017	(13,284,324,043)	(1,843,594,710)	3,569,523	-	(267,605,669)	(15,391,954,899)	14,602,084,243	
Total 2016	(11,581,165,072)	(1,596,858,133)	40,476,632	-	(146,777,470)	(13,284,324,043)	13,402,837,887	

(*) Works underway to 2017 correspond to the construction of room and bathrooms, construction of chicken shed and structural columns in the Cerrito School. (**) The depreciation of the fiscal year is:

Description	31.12.2017	31.12.2016
Depreciation of the Microfinance Exercise (Annex VII)	693,960,219	597,399,244
Depreciation of the Internships Project Exercise (Annex VII)	6,858,055	6,812,652
Depreciation of the Replication Exercise (Annex VIII)	2,143,362	28,073,258
Depreciation of the San Francisco School Exercise (Annex VIII)	767,814,074	691,507,808
Depreciation of the Belén School Exercise (Annex VIII)	192,761,998	185,142,622
Depreciation of the San Pedro School Exercise (Annex VIII)	173,292,441	118,089,483
Depreciation of the Entrepreneurial Education Exercise (Annex XI)	6,764,561	4,878,083
Corresponds to adjustments to the depreciation of computing equipment	(35,045,017)	
Total	1,843,594,710	1,596,858,133

Signed by Luis Fernando Sanabria, General Manager

Signed by Liliana Marroco Franco, Accounting Manager

Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex I of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



Financial obligations with local entities to 31.12.2017 (Note 8)

Creditor	Currency	Approval	Maturity	Rate	Original Amount	Capital balance to 31.12.2017
Banco Atlas S.A.	GUARANIES	18/07/2017	14/01/2018	7.00%	3,006,771,561	508.443.639
Banco Atlas S.A.	GUARANIES	14/08/2017	10/02/2018	7.00%	3,006,771,561	1.013.938.557
Sub-total					6.013.543.122	1.522.382.196
Banco GNB Paraguay S.A.	GUARANIES	24/02/2017	19/02/2018	9.00%	3,000,000,000	500.000.000
Banco GNB Paraguay S.A.	GUARANIES	20/03/2017	15/03/2018	9.00%	3,000,000,000	750.000.000
Banco GNB Paraguay S.A.	GUARANIES	28/08/2017	23/08/2018	8.25%	3,500,000,000	2.624.999.999
Banco GNB Paraguay S.A.	GUARANIES	21/09/2017	16/09/2018	8.25%	3,000,000,000	2.250.000.000
Banco GNB Paraguay S.A.	GUARANIES	09/10/2017	04/10/2018	8.25%	8,500,000,000	7.500.000.000
Banco GNB Paraguay S.A.	GUARANIES	11/12/2017	06/12/2018	8.10%	4,000,000,000	4.000.000.000
Banco GNB Paraguay S.A.	GUARANIES	15/12/2017	10/12/2018	8.10%	4,500,000,000	4.500.000.000
Sub-total					29.500.000.000	22.124.999.999
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	14/09/2017	20/03/2018	7.00%	3,000,000,000	1.500.000.000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	19/12/2017	17/12/2018	8.00%	4,000,000,000	4.000.000.000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	22/12/2017	22/01/2018	6.50%	4,000,000,000	4.000.000.000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	27/12/2017	26/01/2018	6.50%	2,000,000,000	2.000.000.000
Sub-total					13.000.000.000	11.500.000.000
Interfisa Banco S.A.E.C.A.	GUARANIES	20/12/2017	19/12/2018	7.00%	3,012,060,643	3.012.060.643
Sub-total					3.012.060.643	3.012.060.643
Solar de Ahorro y Finanzas S.A.E.C.A.	GUARANIES	22/12/2017	22/01/2018	8.00%	2,002,360,508	2.002.360.508
Sub-total					2.002.360.508	2.002.360.508
Total					53.527.964.273	40.161.803.346

Financial obligations with local entities to 31.12.2016 (Note 8)

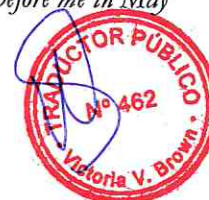
Creditor	Currency	Approval	Maturity	Rate	Original Amount	Capital balance to 31.12.2016
Banco Atlas S.A.	GUARANIES	26/08/2016	05/03/2017	8.75%	3,510,203,993	1.774.228.019
Banco Atlas S.A.	GUARANIES	20/10/2016	20/10/2017	9.50%	4,021,377,451	3.377.292.817
Sub-total					7,531,581,444	5,151,520,836
Banco Amambay S.A.	GUARANIES	22/02/2016	20/02/2017	14%	2,000,000,000	352.860.906
Sub-total					2,000,000,000	352,860,906
Banco GNB Paraguay S.A.	GUARANIES	20/01/2016	14/01/2017	13.20%	3,000,000,000	264.701.056
Banco GNB Paraguay S.A.	GUARANIES	27/01/2016	02/02/2017	13.20%	3,000,000,000	528.635.846
Banco GNB Paraguay S.A.	GUARANIES	11/02/2016	05/02/2017	13.20%	2,000,000,000	350.913.356
Banco GNB Paraguay S.A.	GUARANIES	26/02/2016	02/03/2017	13%	2,500,000,000	656.976.160
Banco GNB Paraguay S.A.	GUARANIES	15/03/2016	05/03/2017	13.25%	2,000,000,000	523.248.329
Banco GNB Paraguay S.A.	GUARANIES	13/05/2016	08/05/2017	12%	2,000,000,000	861.352.589
Banco GNB Paraguay S.A.	GUARANIES	29/07/2016	01/02/2017	9%	2,000,000,000	677.122.546
Banco GNB Paraguay S.A.	GUARANIES	29/09/2016	04/04/2017	8%	1,500,000,000	1.007.780.087
Banco GNB Paraguay S.A.	GUARANIES	24/10/2016	10/10/2017	9.25%	4,000,000,000	3.333.333.334
Banco GNB Paraguay S.A.	GUARANIES	15/11/2016	13/11/2017	9.25%	4,000,000,000	3.678.344.891
Banco GNB Paraguay S.A.	GUARANIES	23/11/2016	15/11/2017	9.20%	3,000,000,000	2.754.569.410
Banco GNB Paraguay S.A.	GUARANIES	29/11/2016	17/11/2017	9%	2,000,000,000	1.834.514.125
Banco GNB Paraguay S.A.	GUARANIES	21/12/2016	16/12/2017	9.25%	3,500,000,000	3.500.000.000
Sub-total					34,500,000,000	19,971,491,729
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	21/01/2016	16/01/2017	13%	3,000,000,000	250.000.000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	06/05/2016	02/05/2017	12%	3,500,000,000	1.458.333.331
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	21/09/2016	21/09/2017	9.50%	3,000,000,000	2.250.000.000
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	21/09/2016	18/09/2017	9.50%	1,000,000,000	750.000.001
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	21/10/2016	16/10/2017	9.50%	4,000,000,000	3.333.333.334
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	28/11/2016	29/05/2017	8.50%	2,000,000,000	1.666.666.667
Banco Bilbao Vizcaya Argentaria Paraguay S.A.	GUARANIES	23/12/2016	05/12/2017	9.50%	3,000,000,000	3.000.000.000
Sub-total					19,500,000,000	12,708,333,333
Solar de Ahorro y Finanzas S.A.E.C.A.	GUARANIES	21/10/2016	10/04/2017	9.50%	2,006,034,409	1.348.128.832
Sub-total					2,006,034,409	1,348,128,832
INTERFISA Banco S.A.E.C.A.	GUARANIES	15/02/2016	15/02/2017	13%	3,021,726,610	530.803.750
Sub-total					3,021,726,610	530,803,750
Total					68,559,342,463	40,063,139,386

Signed by Luis Fernando Sanabria, General Manager

Signed by Liliana Marroco Franco, Accounting Manager

Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex II of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



**FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017**

ANNEX III

	To December 31, 2017		To December 31, 2016		Total
	Short-term	Long-term	Short-term	Long-term	
<i>Financial obligations with entities abroad (Note 8)</i>					
Inter-American Development Bank					
a. Financing agreement – Rotational Fund SP/SD-87-08-PR signed by IDB and THE FUNDACIÓN for a total of Swiss Francs 780,750 for the execution of a credit program and training targeting microentrepreneurs. The expiry of capital and interest is biannual, between 01/06/2018 and 07/06/2027. In addition a 1% annual commission is payable as of the date of the last disbursement (September 1990).	21,173,450	190,561,050	21,173,450	211,734,500	232,907,950
b. Financing and technical cooperation agreement No. SP/SF-02-12-PR signed by IDB and THE FUNDACIÓN for a total of USD 600,000 (reimbursible funding) and USD 250,000 for technical assistance (non-reimbursible). The goal of the project is to contribute to the improvement of the standard of living of small-scale rural producers associated in rural organizations. Payment shall be in 40 biannual consecutive and equal instalments with a 5-year capital period of grace. Annual interest rate is 2.5% payable biannually as of the signing of the contract. Credit shall be reimbursed in US dollars. The balance of the capital to 12.31.2011 is USD 532,438.88 (USD 350,838 to 12.31.2010). Expiry of the operation is 11.21.2022.	248,514,923	994,059,690	256,219,756	1,242,574,613	1,537,318,534
Locfund Limited Partnership					
m loan obtained from said entity for Gs. 4,357,000,000 on September 23, 2014 subject to the following conditions: annual 7.55% interest rate adjustable on a quarterly basis plus the effective passive interest rate weighted average in local currency of the savings deposit certificates to 180 days for banks of the Paraguayan Financial System published on the web page of the Superintendency of Banks of the Central Bank of Paraguay. The total term of the operation is 4 years of disbursement with twelve months grace.	1,005,461,538	-	1,340,615,385	1,005,461,538	2,346,076,923
m loan obtained from said entity worth Gs. 8,317,725,000 on September 21, 2015 subject to the following conditions: 7.55% interest rate adjustable on a quarterly basis plus the effective passive interest rate in local currency of the savings deposit certificates to 180 days for banks of the Paraguayan Financial System published on the web page of the Superintendency of Banks of the Central Bank of Paraguay. The total term of the operation is 4 years with 12 months grace. The final expiry date of this operation is September 9, 2018.	2,559,300,000	1,919,475,000	2,559,300,000	4,478,775,000	7,038,075,000



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017

ANNEX III (cont.)

	To December 31, 2017		To December 31, 2016		Total
	Short-term	Long-term	Short-term	Long-term	
<i>Financial obligations with entities abroad (Note 8)</i>					
<i>Oikocredit</i>					
Fixed term loan obtained from said entity on December 14, 2015 for Gs. 15,825,970,000 at an interest rate of 9.3% for the first six months. For the rest of the period, the interest rate will be updated every six months and will be the weighted average in local currency of the savings certificates to 180 days for banks of the Paraguayan financial system published on the webpage of the Superintendency of Banks of the Central Bank of Paraguay. The loan has a 5 year term. Final expiry date is June 14, 2021.	6,305,194,000	18,915,582,000	25,220,776,000	25,220,776,000	31,525,970,000
<i>Oxfam Novib - Triple Jump</i>					
Fixed term loan obtained from said entity on March 22, 2016 worth Gs. 9,511,969,655 at a 12.5% interest rate. Interest shall be paid every six months with first payment of interests on September 14, 2016.	9,511,969,655	-	9,511,969,655	9,511,969,655	9,511,969,655
<i>Kiva</i>					
Kiva is a US-based organization that allows loaning money to small-scale enterprises or entrepreneurs in developing countries through the Internet. It is a non-profit organization that does not charge interest for the loans channeled through it. Through Kiva, any person may loan money (as of 25 dollars) in a secure manner to entrepreneurs who have submitted their business idea to the Kiva partner in the country where the microentrepreneur lives. The periods of time are variable depending on the period of time requested by the microentrepreneur.	12,397,989,517	-	12,397,989,517	11,664,337,346	11,664,337,346
<i>INCDEFIN</i>					
We lend in guarantees equivalent to USD 2,000,000. Variable rate resulting from the sum of the 6.98% rate plus SDC to 180 days. One year period of grace, and later payment of the principal in quarterly installments. Expiry 09/Sep/2018.	-	11,154,000,000	11,154,000,000	-	-
Total financial obligations with entities abroad	32,049,603,083	33,173,677,740	65,223,280,823	22,146,839,937	63,856,655,408

Signed by Luis Fernando Sanabria, General Manager
Signed by Liliana Marroco Franco, Accounting Manager
Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex III of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



Resources of the Microfinance Unit

Donor and/or project	Description of the agreement or donation	Resources of agreements utilized		Expenses of agreements utilized		Net		Received donations for projects	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Peery Foundation	Agreement for development of pilot program "Committee of Rural Entrepreneurial Women". Fund of Grants and Dissemination of institutional model. Agreement for the program "Poverty Eradication"	151,340,673	107,543,547	(151,340,673)	(107,543,547)	-	-	38,805,088	7,986,338
Internships Project	Fundación Paraguaya promotes the admittance of graduate and postgraduate students mainly of US universities and Europe to support their programs and gain field experience in Latin America. Outlays of the program are transferred to the students	328,254,053	308,467,035	(506,944,444)	(449,401,317)	(178,690,391)	(140,934,282)	-	-
BUNGE Agreement	Enlightening Lives is a project that seeks to set up 100 solar panels in communities of Curuguaty that do not have access to electricity. Project duration is 12 months.	68,760,961	124,761,057	(68,760,961)	(124,761,057)	-	-	-	68,760,961
SKOLL Agreement	On this occasion, Skoll commits again with another social innovation of Fundación Paraguaya, the Poverty Stoptlight to continue its development and test it a work scenario with governments and other countries (Tanzania).	1,038,290,840	968,075,517	(1,035,518,113)	(962,986,426)	2,772,727	5,089,091	344,057,746	1,254,613,343
GIZ Agreement	On August 31, 2016, the Fundación and GIZ signed an agreement to perform to surveys so as to determine the costs of violence against women with a partner or former partner in Paraguay in the context of the Regional Program "Violence against Women in Latin America".	33,328,779	71,657,559	(33,328,779)	(55,621,195)	-	16,036,364	-	-
Toms Shoes & LDS	Agreement with TOM's Shoes Inc. through which the Fundación provides free of charge to the children of its clients and beneficiaries of its programs espadrilles donated by TOMS Shoes Inc. as per agreement signed on February 2012. Agreement signed with Wheelchair Foundation for the donation of 270 wheelchairs through the Fundación signed October 2013.	1,797,293,424	2,236,187,616	(1,794,391,606)	(1,847,765,826)	2,901,818	388,421,790	54,634,514	150,522,274



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017

ANNEXIV (cont.)

Resources of the microfinance unit

Donor and/or project	Description of the agreement or donation	Resources of agreements used to		Expenses of agreements utilized to		Net		Received donations for projects	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Ausaid/MIF	On March 15, 2012 the Fundación and IDB signed a non-reimbursable agreement of technical cooperation called "Development of Microfranchises for Low Income Women Entrepreneurs" with the goal of contributing to the expansion of microfranchises as economic empowerment tool for the low income population of Paraguay. The project finalizes on September 15, 2017.	1,538,507,916	1,385,371,731	(1,538,507,916)	(1,368,691,731)	-	16,680,000	-	-
USAID	Agreement No. AID-526-A-14-00001 the Fundación and USAID develop the Project "Inclusive Opportunities in Microfinance" that includes training, credit granting and the creation of microenterprises for persons with disabilities and their families. USAID will contribute to the project a total of USD 442,430. The term of the agreement is from June 27, 2014 to December 31, 2016.	7,983,000	1,119,315,170	(7,983,000)	(1,086,282,500)	-	33,032,670	-	-
Peery Foundation	Supports poverty elimination. The funds will be used to support and develop the Poverty Elimination Program.	-	418,269,451	-	(418,269,451)	-	-	-	-
Development Bank of Latin America (CAF)	On June 14, 2016 the CAF approved a non-reimbursable technical cooperation in favor of the Fundación to support the project "My toilet, my kitchen, my pride", the purpose of which is to educate and raise awareness in the low income population on the existence of multiple dimensions of poverty, including the issue of sanitation and environmental health. On December 7, 2016, CAF approved a Non-Reimbursable Technical Cooperation in favor of the Fundación Paraguaya to promote the dissemination of the Poverty Stoplight tool among companies and municipalities of Paraguay to identify and generate more effective solutions against poverty.	763,291,399	111,150,143	(759,291,399)	(111,150,143)	4,000,000	-	110,819,185	-



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017

ANNEX IV (cont.)

Resources of the microfinance unit

Donor and/or project	Description of the agreement or donation	Resources of agreements utilized to		Expenses of agreements utilized to		Net		Received donations for projects	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Poverty elimination with funds of the Fundación	The project seeks to contribute innovative solutions to poverty and identify practical solutions that are normally available to the families, but which cannot be perceived without the advice of a person acting as mentor. Poverty metrics will be through software designed by Hewlett Packard to collect information.	453,635,856	193,821,105	(1,221,617,939)	(625,874,642)	(767,982,083)	(432,053,537)	-	-
LEMONAID Project	The project seeks to achieve financial inclusion of people with disabilities through access to our Microfinance programs, the possibility of accessing credit to strengthen their enterprises, access to microfranchise products, training workshops and mentoring in financial education and entrepreneurship, accompanied by the Poverty Stoplight, a tool that motivates families to leave poverty behind through self-evaluation of their quality of life and self-management of solutions to the different indicators of poverty.	9,438,277	-	(9,438,277)	-	-	-	250,863,177	-
Total microfinance unit		6,190,211,378	7,044,705,401	(7,127,036,907)	(7,158,262,365)	(936,911,729)	(113,642,434)	839,265,910	1,481,968,386

Signed by Luis Fernando Sanabria, General Manager
Signed by Lilitana Marroco Franco, Accounting Manager
Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex IV of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017

ANNEX V

Resources of the self-sufficient agricultural schools

Donor and/or project	Description of the agreement or donation	Resources of the program to		Expenses of the program to		Net		Received donations for projects	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
San Francisco de Asís Agricultural School - Cerrito	Under the donation agreement with stipulations as to its use signed on December 20, 2002 between the Fundación and the Paraguayan Education & Assistance Association (APEA), the latter donated to the Fundación the lands, buildings and facilities of the Agricultural School "San Francisco de Asís" located in Cerrito (Department of Villa Hayes, Paraguayan Chaco), which was administrated and maintained by APEA until December 31, 2002 and which is administrated by the Fundación as of January 1, 2003. These assets donated with stipulations as to their use were activated by the Fundación to December 31, 2002 under the line-item "Property, Plant and Equipment" and are subject to the obligations and commitments mentioned in Note 12. Agreements signed with Global Giving, Karen Ansara and the Disney Foundation allow reinforcement of the infrastructure of the School, for example the laundry area and the facilities of the organic vegetable garden (Program Living Healthy). In 2016 the Fundación and UNESCO-UNEVOC signed an agreement to improve agricultural education and for teacher training through the development of a video in Spanish on exemplary agricultural practices and vegetable growing, honey production and fishing, and to train national and regional teachers on the use of Open Educational Resources in agriculture. The Fundación and the Czech Embassy signed an agreement to develop the business units to support the education of rural youth in the San Francisco de Asís Agricultural School through the construction of a germination area.	5,126,978,708	4,421,292,787	(5,629,749,506)	(4,385,174,807)	(502,770,798)	36,117,980	23,179,872	30,891,281
Belén Agricultural School	Aldea SOS has granted the Belén School in usufruct for a 20 year term and has donated real estate and existing livestock to said school. The self-sustainable agricultural schools is replicated in said school. As with the Cerrito Francisco de Asís School, the Belén school received the support of the Resources Foundation assigned to the Program Living Healthy of organic vegetables. Additionally, in 2011 the Peery Foundation and Marriot committed to grant funds to cover the operational costs of the Belén School for a total amount of USD 200,000, with a four-year term. On March 2015, the Czech Republic signed an agreement for the "Development of business units to support the education of students of the Belén School", through the construction of a chicken fattening unit at the Belén Agricultural School.	1,251,085,973	888,094,105	(2,261,955,418)	(1,485,809,077)	(1,010,869,445)	(597,714,972)	-	-



San Pedro Agricultural School	On February 16, 2011 the Fundación received usufruct of real estate of the Granja San Fernando located in San Pedro to administrate it and provide continuity to the social work in the area. The term of the usufruct is 20 years, extendable. In said school the model of self-sufficient agricultural schools is replicated.	330,062,081	152,080,666	(1,037,422,439)	(858,778,105)	(707,360,358)	(706,697,439)	-	-
Nestlé S.A.	Project financed with the funds of Nestlé S.A. obtained in December 2012 to develop a self-sustainable school in San Pedro, Paraguay, in order to provide access to quality education to low income youth of that geographical area of the country.	-	12,038,308	-	(12,038,308)	-	-	-	-



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017

ANNEX V (cont.)

Resources of the self-sufficient agricultural schools unit

Donor and/or project	Description of the agreement or donation	Resources of the program to		Expenses of the program to		Net		Received donations for projects	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Master-card Foundation	MasterCard Foundation approved a five year project for a value of USD 5.6 million that will allow the Fundación to replicate its Self-Sustaining School model in Tanzania. The project envisages supporting 5 non-governmental secondary schools attended by rural and semi-rural students of ages 14 to 20, as first step to expand the model to all Sub Saharan Africa. The project also allows the Fundación to implement other programs with more reduced impact through the creation of student cooperatives in 20 government schools, introduces elements of the approach 'learn doing, earning and saving', improve learning of students in public schools and open the doors to greater cooperation with government schools. Date of the contract: 07/22/2011. Closing date: 12/31/2017	3,899,786,487	3,690,561,408	(3,899,786,487)	(3,685,197,771)	-	5,363,637	-	4,026,549,947
HDFIF	The project Innovation and the Entrepreneurial Spirit in education through the business club in Iringa 1/5/2015-31/3/2018.	1,693,472,596	1,038,098,286	(1,693,472,596)	(1,038,098,286)	-	-	210,456,091	217,219,413
Replications	Funds received to disseminate and replicate the self-sustainable schools of the Fundación.	42,771,694	484,412,254	(515,099,166)	(761,203,023)	(472,321,472)	(276,790,769)	-	-
The Resources Foundation	Funds received from the Resources Foundation to disseminate the documentary "Hijas del Bosque" (Daughters of the Forest).	-	-	-	-	-	-	78,021,651	-
Opportunity	Pilot Club Business Program, aimed at establishing forty business clubs in twenty schools in Tanzania. The project will benefit 1200 students of primary and secondary schools, and will improve the quality of education to acquire knowledge, competence and attitudes for the workplace. The validity of the contract is from August 14, 2017 to April 30, 2018. In addition we have a contract that will evaluate the impact of the project. The validity of the contract is from February 23, 2018 to April 30, 2018.	115,515,650	-	(115,515,650)	-	-	-	435,746,338	-
	Total self-sufficient agricultural schools	12,459,673,189	10,686,577,814	(15,152,995,262)	(12,226,299,377)	(2,693,322,073)	(1,539,721,563)	747,403,952	4,274,660,641

Signed by Luis Fernando Sanabria, General Manager
Signed by Lilita Marroco Franco, Accounting Manager
Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex V of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
FINANCIAL STATEMENTS TO DECEMBER 31, 2017

ANNEX VI

Resources and expenses of the entrepreneurial education unit

Donor and/or project	Description of the agreement or donation	Resources of the program to		Expenses of the program to		Net		Received donations for projects (in cash) and not utilized	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Various entities	Since 1994, the Fundación has received funds from local sources to finance expenses for the Entrepreneurial Education program, whose objective is economic education for children and young people of school level.	1,363,499,052	1,334,183,121	(1,354,930,357)	(1,331,516,009)	8,568,695	2,667,112	-	-
MIF-YEP	On November 9, 2015, Fundación Paraguaya and the IDB signed a non-reimbursable technical cooperation agreement called "Program for the scaling of youth enterprises in Paraguay" whose objective is to increase the number of successful enterprises of low-income youth at the national level. The project ends on March 31, 2019.	1,216,045,102	439,256,973	(1,207,317,830)	(407,626,098)	8,727,272	31,630,875	-	172,588,851
US Embassy	On October 1, 2016, the US Embassy and the Fundación Paraguaya signed an agreement for the implementation of the project "Economic Empowerment of Women: A new perspective to break the cycle of violence against women. This program is designed to train women to be independent enough to break the cycle of gender violence.	630,783,520	66,732,014	(630,783,520)	(66,732,014)	-	-	-	112,283,206
	Total entrepreneurial education unit	3,210,327,674	1,840,172,108	(3,193,031,707)	(1,805,874,121)	17,295,967	34,297,987	-	284,872,057

Signed by Luis Fernando Sanabria, General Manager
Signed by Liliana Marroco Franco, Accounting Manager
Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex VI of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y DESARROLLO
STATEMENT OF RESOURCES AND EXPENSES – MICROFINANCE UNIT
Presented comparatively to fiscal year closing December 31, 2016
(Expressed in Guaraníes)

ANNEX VII

	<u>31.12.2017</u>	<u>31.12.2016</u>
Financial income	53,695,906,871	50,280,142,501
Products by current portfolio	39,344,711,031	36,756,843,870
Products by overdue portfolio	769,944,354	786,872,263
Portfolio commission and contingents	13,328,855,809	12,131,771,812
Products due to availabilities and short-term investments	252,395,677	604,654,556
Financial expenses	(7,824,512,835)	(9,713,253,596)
<u>Financial gross margin</u>	45,871,394,036	40,566,888,905
Recovery of financial assets	1,222,073,325	948,703,330
Charges for NPLs	(4,532,872,109)	(5,632,676,700)
<u>Financial Margin after NPLs</u>	42,560,595,252	35,882,915,535
Other operating income	3,915,383,784	5,373,921,722
Effect of the foreign exchange spread	129,134,571	(284,758,913)
<u>Gross operating margin</u>	46,605,113,607	40,972,078,344
Administration expenses	(39,053,380,023)	(33,375,387,774)
Personnel expenses	(25,684,495,860)	(21,861,974,897)
Professional fees	(942,760,717)	(1,033,168,665)
Hired services	(2,032,045,186)	(1,923,745,125)
Insurance, custody and surveillance	(2,066,121,902)	(1,645,281,125)
Mobility and per diems - Representation expenses	(2,706,245,057)	(2,313,026,052)
Taxes, fees and patents	(134,929,748)	(85,588,867)
Maintenance and repairs	(751,780,971)	(794,671,518)
Depreciation and devaluation of fixed assets	(693,960,219)	(597,399,244)
Paid Rentals	(1,577,766,946)	(1,419,995,393)
Communication and promotion	(265,812,211)	(271,810,605)
Staff training	(195,088,028)	(201,773,588)
Other administration expenses	(2,002,373,178)	(1,226,952,695)
Sub-total	7,551,733,584	7,596,690,570
Income Tax	(885,499,030)	(1,210,583,542)
Total	6,666,234,554	6,386,107,028
Agreements related to microfinance		
<u>Poverty Elimination Project - Own funds</u>		
Project resources	453,635,856	193,821,105
(-) Project expenses	(1,221,617,939)	(625,874,642)
<u>TOM's & LDS Agreement</u>		
Project resources	1,797,293,424	2,236,187,616
(-) Project expenses	(1,794,391,606)	(1,847,765,826)
<u>Mif-Ausaid Agreement</u>		
Project resources	1,538,507,916	1,385,371,731
(-) Project expenses	(1,538,507,916)	(1,368,691,731)
<u>Poverty Eradication Project - Peery Foundation</u>		
Project resources	-	418,269,451
(-) Project expenses	-	(418,269,451)
<u>SKOLL Project</u>		
Project resources	1,038,290,840	968,075,517
(-) Project expenses	(1,035,518,113)	(962,986,426)
<u>USAID – PWD Project</u>		
Project resources	7,983,000	1,119,315,170
(-) Project expenses	(7,983,000)	(1,086,282,500)
<u>Bunge Project</u>		
Project resources	68,760,961	124,761,057
(-) Project expenses	(68,760,961)	(124,761,057)
Sub-total	(762,307,538)	11,170,014



Agreements related to microfinance (cont.)	31.12.2017	31.12.2016
<u>CAF project</u>		
Project resources	763,291,399	111,150,143
(-) Project expenses	(759,291,399)	(111,150,143)
<u>GIZ Project</u>		
Project resources	33,328,779	71,657,559
(-) Project expenses	(33,328,779)	(55,621,195)
<u>LEMONAID Project</u>		
Project resources	9,438,277	-
(-) Project expenses	(9,438,277)	-
<u>Grant program</u>		
Project resources	151,340,673	107,543,547
(-) Project expenses	(151,340,673)	(107,543,547)
<u>Internship Project</u>		
Project resources	328,254,053	308,467,035
(-) Project expenses	(506,944,444)	(449,401,317)
Sub-total	(174,690,391)	(124,897,918)
Total	(936,997,929)	(113,727,904)
Net surplus of the microfinance unit	6,614,735,655	7,482,962,666

Signed by Luis Fernando Sanabria, General Manager

Signed by Liliana Marroco Franco, Accounting Manager

Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex VII of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACIÓN PARAGUAYA DE COOPERACIÓN Y
DESARROLLO

ANEXO VIII

STATEMENT OF RESOURCES AND EXPENSES – SELF-SUFFICIENT AGRIC. SCHOOLS UNIT
Presented comparatively to fiscal year closing December 31, 2016

	31.12.2017	31.12.2016
<u>Resources of the "San Francisco de Asis" agricultural school</u>		
Livestock products	901,196,174	667,037,938
Agriculture products	72,204,469	68,577,984
Hotel	1,865,056,500	1,676,682,626
Academic	327,121,788	268,383,801
Income from finished products	543,738,910	315,891,084
Dairy industry	514,573,403	486,151,343
Other income	164,904,493	126,011,365
Sub-total	4,388,795,737	3,608,736,141
<u>Expenses of the "San Francisco de Asis" agricultural school</u>		
Wages and social charges	(1,064,988,099)	(937,978,201)
Travel and per diem of staff	(14,107,971)	(15,922,199)
Office expenses	(266,048,776)	(173,732,664)
Maintenance and repair of goods	(85,351,661)	(82,864,761)
Professional fees	(26,304,551)	(99,408,502)
Insurance on various risks	(21,856,853)	(17,774,180)
Other expenses	(3,107,990,842)	(2,112,856,490)
Sub-total	(4,586,648,753)	3,440,536,997
<u>Operating margin</u>		
Technical assistance	(197,853,016)	168,199,144
Donations received	437,924,281	475,562,102
Inventory adjustment	300,258,690	13,177,320
Depreciation and amortization	(275,286,679)	-
Depreciation and amortization	(767,814,074)	(691,507,808)
Result for execution of projects	-	70,687,222
Total	(502,770,798)	36,117,980
<u>Resources of the "Belén" agricultural school</u>		
	31.12.2017	31.12.2016
Own resources of the School	1,251,085,973	662,211,854
Project resources	-	225,882,251
(-) Expenses of the School	(2,261,955,418)	(1,401,200,079)
(-) Project expenses	-	(84,608,998)
Total	(1,010,869,445)	(597,714,972)
<u>Resources of the "San Pedro" agricultural school</u>		
	31.12.2017	31.12.2016
Own resources of the School	330,062,081	152,080,666
Project resources	-	12,038,308
(-) Expenses of the School	(1,037,422,439)	(858,778,105)
(-) Project expenses	-	(12,038,308)
Total	(707,360,358)	(706,697,439)
<u>Agreements related to self-sufficient agricultural schools: Replication</u>		
	31.12.2017	31.12.2016
<u>Replication program</u>		
Project resources	42,771,694	484,412,254
Project expenses	(515,093,166)	(761,203,023)
Sub-total	(472,321,472)	(276,790,769)
<u>Mastercard Foundation Project</u>		
Project resources	3,899,786,487	3,690,561,408
Project expenses	(3,899,786,487)	(3,685,197,771)
Sub-total	-	5,363,637
<u>HDIF Tanzania Project</u>		
Project resources	1,693,472,596	1,038,098,286
Project expenses	(1,693,472,596)	(1,038,098,286)
Sub-total	-	-
<u>Opportunity Project</u>		
Project resources	115,515,650	-
Project expenses	(115,515,650)	-
Sub-total	-	-
Total	(472,321,472)	(271,427,132)
Sub-total	(2,190,551,275)	(1,575,839,543)
Surplus - net deficit of the agricultural school unit	(2,693,322,073)	(1,539,721,563)

Signed by Luis Fernando Sanabria, General Manager
Signed by Liliana Marroco Franco, Accounting Manager

Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex VIII of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.



FUNDACION PARAGUAYA DE COOPERACION Y DESARROLLO
STATEMENT OF RESOURCES AND EXPENSES – ENTREPRENEURIAL EDUCATION UNIT
Presented comparatively to fiscal year closing December 31, 2016
(Expressed in Guaraníes)

ANNEX IX


	<u>31.12.2017</u>	<u>31.12.2016</u>
<i>Resources of the entrepreneurial education unit</i>		
Donations received for administrative expenses	805,584,372	1,867,840
Income from the international forum	-	22,742,108
Income entrepreneurs's forum	197,695,114	144,027,588
Other income	<u>360,219,566</u>	<u>1,165,545,585</u>
Sub-total	<u>1,363,499,052</u>	<u>1,334,183,121</u>
<i>Expenses of the entrepreneurial education unit</i>		
Remunerations and social charges	(753,762,161)	(722,093,667)
Travel and per diem of staff	(85,909,473)	(67,709,143)
Office expenses	(94,700,068)	(279,826,039)
Maintenance and repair of goods	(18,809,455)	(7,477,346)
Paid Rentals	(19,502,165)	(1,251,727)
Depreciation and amortization	(6,764,561)	(4,878,083)
Insurance on various risks	(3,689,726)	(2,236,754)
Cleaning services	(10,138,881)	(5,343,214)
Expenses of the international forum	-	(22,857,147)
Expenses entrepreneurs's forum	(127,800,145)	(63,276,346)
Other expenses	(101,607,149)	(154,566,543)
Contest and special events	<u>(132,246,573)</u>	<u>-</u>
Sub-total	<u>(1,354,930,357)</u>	<u>(1,331,516,009)</u>
Total	<u>8,568,695</u>	<u>2,667,112</u>
<i>Agreements related to entrepreneurial education</i>		
	<u>31.12.2017</u>	<u>31.12.2016</u>
<i>Project - MIF / - YEP</i>		
Project resources	1,216,045,102	439,256,973
Project expenses	<u>(1,207,317,830)</u>	<u>(407,626,098)</u>
Sub-total	<u>8,727,272</u>	<u>31,630,875</u>
<i>Project - EEW - US Embassy</i>		
Project resources	630,783,520	66,732,014
Project expenses	<u>(630,783,520)</u>	<u>(66,732,014)</u>
Sub-total	<u>-</u>	<u>-</u>
Total	<u>8,727,272</u>	<u>31,630,875</u>
Surplus- net deficit of the entrepreneurship unit	<u>17,295,967</u>	<u>34,297,987</u>

Signed by Luis Fernando Sanabria, General Manager

Signed by Liliana Marroco Franco, Accounting Manager

Signed by Ricardo A. Fabris, Member, Deloitte & Touche for identification with our report dated April 5, 2017.

Translator's Note: This is a true translation of Annex IX of the Financial Statements that I had before me in May 2018 in Asunción, Paraguay.


Victoria V. S. Group