Audit Report
on the Financial Statements as of December 31, 2017

Ground Truth Solutions - Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe
Vienna
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Audit contract and performance of the engagement

Ground Truth Solutions - Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe

To the
Management Board of
Ground Truth Solutions - Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe
Vienna

We have completed the audit of the financial statements as of December 31, 2017 of

Ground Truth Solutions- Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe, Vienna,
(referred to as "the Association")

and report on the result of our audit as follows:

1. Audit contract and performance of the engagement

We were appointed as auditor by Ground Truth Solutions - Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe, Vienna, for the fiscal year 2017. The Association, represented by the management board, concluded an audit contract with us to audit the financial statements as of December 31, 2017, including the accounting system pursuant to sections 269 et seqq. UGB (Austrian Company Code).

The Association is a small association pursuant to Austrian Association Act.

The audit is voluntary audit.

The audit included assessing whether the statutory requirements were adhered to concerning the preparation of the financial statements.

We conducted our audit in accordance with the legal requirements and generally accepted standards on auditing as applied in Austria. These standards require that we comply with International Standards on Auditing. An auditor conducting an audit obtains reasonable assurance about whether the financial statements are free from material misstatement. Absolute assurance is not attainable due to the inherent limitations of any accounting and internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the financial statements remain undetected. Areas which are generally covered in special engagements were not included in our scope of work.

We performed the audit, with interruptions, in November 2018 in Vienna. The audit was substantially completed at the date of this report.

The audit partner responsible for the proper performance of the engagement is Mr. Julius STAGEL, Austrian Certified Public Accountant.
Audit contract and performance of the engagement

Ground Truth Solutions - Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe

Our audit is based on the audit contract concluded with the Association. The “General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Auditors and Tax Advisors form an integral part of the audit contract. These conditions of contract do not only apply to the Association and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Association and towards third parties.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.
2. Breakdown and description of significant items in the financial statements

The breakdown and description of all significant financial statement items are included in the financial statements.
3. Summary of audit findings

3.1. Compliance of the accounting system and the financial statements

During our audit, we obtained evidence that the statutory requirements and generally accepted accounting principles in Austria have been complied with.

In line with our risk and controls based audit approach and to the extent we considered necessary for the purpose of expressing an opinion, we considered internal controls related to sub processes of the financial reporting process as part of our audit.

With regard to the compliance of the financial statements with all applicable statutory requirements we refer to the auditor's report.

3.2. Information provided

The Association's legal representatives provided all evidence and explanations requested by us. We obtained a representation letter signed by the legal representatives which we included in our working papers.

3.3. Reporting in accordance with section 273 par. 2 and 3 UGB (Austrian Company Code) (exercising the duty to report)

During our audit we did not note any facts which indicate there could be substantial doubt about the Association's ability to continue as a going concern, or which indicate a material deterioration of the Association's performance or a material offence of the Association's legal representatives or its employees against Austrian law. We did not note any material weaknesses in the internal controls over the financial reporting process. The financial statements do not meet the requirements for the assumed need of reorganization in accordance with section 22 par. 1 subsec. URG (Austrian Corporate Restructuring Act).
4. Auditor’s Report

Report on the Financial Statements

Audit Opinion
We have audited the financial statements of

Ground Truth Solutions- Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe, Vienna.

These financial statements comprise the statement of financial position as of December 31, 2017, the income statement for the fiscal year then ended.

Based on our audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Association as of December 31, 2017 and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion
We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISAs). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Association in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.

Emphasis of Matter
We draw attention to the items "Associations’s revenue" and "Expenditures for services received" in the income statement, which also include those received and spent items by Keystone Accountability during the process of establishment of the Ground Truth Solutions- Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe. These donations and expenses were transferred project-related to the income statement of Ground Truth Solutions- Organisation zur Stärkung der Verantwortlichkeit in der humanitären Hilfe. Our opinion is not qualified with regard to this subject matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles, for them to present a true and fair view of the assets, the financial position and the financial performance of the Association and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease
operations, or has no realistic alternative but to do so.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Vienna, November 27, 2018

CONSULTATIO Wirtschaftsprüfung GmbH & Co KG

[Signature]

Julius STADTEL
Austrian Certified Public Accountant

Publication of the financial statements together with our auditor’s opinion may only be made in the specific forms of the financial statements with the audited version attached to this report. Section 281 par. 2 UGB (Austrian Commercial Code) applies.
Appendices
Financial Statements
as of December 31, 2017
of
Ground Truth Solutions

GROUNDTUTH SOLUTIONS
Währinger Straße 6-8/12a
1090 Vienna, Austria
info@groundtruthsolutions.org
ZVR no. 340378077

Wien, November 27, 2018

[Signatures]
Board of directors

[Signatures]
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<table>
<thead>
<tr>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet as of 2017-12-31</td>
<td>1</td>
</tr>
<tr>
<td>Income statement from 2017-01-01 to 2017-12-31</td>
<td>2</td>
</tr>
<tr>
<td>Balance Sheet as of December 31, 2017 (details)</td>
<td>3-4</td>
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<tr>
<td>Income statement from January 1, 2017 to December 31, 2017 (details)</td>
<td>5-7</td>
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<td>Fixed assets schedule</td>
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### Assets

<table>
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<th>2017-12-31 EUR</th>
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<td><strong>A. Fixed Assets</strong></td>
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<tr>
<td>I. Tangible Assets</td>
<td></td>
<td></td>
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<tr>
<td>1. Fixtures and fittings</td>
<td>16,073.34</td>
<td>13,886.28</td>
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<tr>
<td><strong>B. Current Assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>I. Receivables and other Assets</td>
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<td></td>
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<tr>
<td>1. Other receivables and assets</td>
<td>18,700.15</td>
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<td></td>
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<td>762.48</td>
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<tr>
<td>II. Cash on hand and Bank deposits</td>
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<td>46,640.77</td>
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<tr>
<td></td>
<td>565,513.36</td>
<td>337,422.47</td>
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<tr>
<td></td>
<td>4,821.28</td>
<td>2,494.32</td>
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<tr>
<td><strong>C. Prepaid expenses, deferred charges</strong></td>
<td>586,407.98</td>
<td>354,003.07</td>
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### Liabilities and Owner's Equity

<table>
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<th>2017-12-31 EUR</th>
<th>2016-12-31 EUR</th>
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<tr>
<td><strong>A. Capital and Reserves</strong></td>
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<tr>
<td>I. Association's Funds</td>
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<tr>
<td>1. Net Association's Funds</td>
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<td>312,437.93</td>
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<td><strong>C. Liabilities</strong></td>
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<tr>
<td>1. Liabilities to financial institutions</td>
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<tr>
<td>thereof with a remaining maturity of up to one year</td>
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<td>0.00</td>
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<td>2. Liabilities arising from deliveries and services</td>
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<td>3. Other liabilities</td>
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<td>14,315.77</td>
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<tr>
<td>thereof taxes</td>
<td>6,744.29</td>
<td>2,101.46</td>
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<td>thereof export duties and taxes</td>
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<td>thereof with a remaining maturity of up to one year</td>
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<td>4,247.70</td>
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<td>thereof with a remaining maturity of more than one year</td>
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<td>31,815.14</td>
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<tr>
<td>56,840.43</td>
<td>31,815.14</td>
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<tr>
<td>thereof with a remaining maturity of up to one year</td>
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<td>10,000.00</td>
</tr>
<tr>
<td><strong>Total Liabilities and Owner’s Equity</strong></td>
<td>586,407.98</td>
<td>354,003.07</td>
</tr>
</tbody>
</table>
1. **Association's revenue**  
   a) Contributions and other capital acquisitions  
      1,274,223.33  
   b) Statutory task fulfillment costs  
      532,683.93

2. **Other operating income**  
   490.00

3. **Expenditures for services received**  
   a) Statutory task fulfillment costs  
      570,953.39

4. **Staff expenses**  
   a) Salaries  
      364,003.24  
   b) Social expenses  
      93,545.98

5. **Depreciation**  
   a) Of fixed assets  
      44,173.24

6. **Other operating expenses**  
   a) Other  
      Rent costs  
      25,596.00  
      Legal and consulting costs  
      17,142.95  
      Transaction costs  
      9,900.01  
      Insurances  
      4,895.27  
      Operational costs  
      3,503.20  
      Distribution costs  
      3,313.90  
      Mail expenses  
      2,451.97  
      Office and administration costs  
      2,081.51  
      Licence fees  
      2,067.80  
      Membership fees  
      1,150.32  
      Maintenance  
      1,134.20  
      Other leasing costs  
      675.89  
      Fees and contribution  
      507.30  
      Transport  
      0.00  
      Education and training  
      0.00  
      Other operating expenses  
      512.05

   **Total Other Operating Expenses**  
   74,932.37  

7. **Operating result**  
   201,001.61  

8. **Other interest and similar income**  
   7.01

9. **Financial result**  
   7.01

10. **Earnings before taxes**  
    201,008.62  

11. **Earnings after taxes**  
    201,008.62

12. **Net income**  
    201,008.62
## Assets

### A. Fixed Assets

#### I. Tangible Assets

1. Fixtures and fittings
   - Factory and office equipment
   - Office machines, EDP equipment
   - 2017-12-31 EUR: 5,623.02
   - 2016-12-31 EUR: 4,745.59
   - Total: 10,468.51

### B. Current Assets

#### I. Receivables and other Assets

1. Other receivables and assets
   - Other receivables
   - HSBC - EUR: 762.48
   - Keystone - EUR HSBC: 0.00
   - Keystone - GBP&BMM: 0.00
   - Clearing Keystone: 17,937.67
   - Total: 18,700.15

#### II. Cash on hand and Bank deposits

- Petty cash: 806.25
- Cash USD: 346.04
- Bank Austria 10017-040-857: 501,725.10
- Bank Austria-GBP: 43,828.02
- Bank Austria - USD: 106.80
- PayPal: 0.00
- Total: 565,513.36

### C. Prepaid expenses, deferred charges

- Prepaid expenses: 4,821.28
- Total assets: 586,407.98

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Balance Sheet
2017-12-31

<table>
<thead>
<tr>
<th></th>
<th>2017-12-31 EUR</th>
<th>2016-12-31 EUR</th>
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<tbody>
<tr>
<td><em>A. Fixed Assets</em></td>
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<tr>
<td><em>I. Tangible Assets</em></td>
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<tr>
<td>Fixtures and fittings</td>
<td>5,623.02</td>
<td>4,745.59</td>
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<td><em>B. Current Assets</em></td>
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<td></td>
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<tr>
<td><em>I. Receivables and other Assets</em></td>
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<td>Other receivables</td>
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<td>14,338.48</td>
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<td>HSBC - EUR</td>
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<td>Keystone - EUR HSBC</td>
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<td>290,761.70</td>
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<td><em>II. Cash on hand and Bank deposits</em></td>
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<td>petty cash</td>
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<td><strong>Total</strong></td>
<td><strong>565,513.36</strong></td>
<td><strong>337,622.47</strong></td>
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C St Causa Steuerberatungs GmbH

3
### Liabilities and Owner’s Equity

#### A. Capital and Reserves

1. Association’s Funds

   1. Net Association’s Funds
      - Balance 2016: 312,437.93
      - Balance 2017: 201,008.62
      - Ground Truth - 31.12.2016: 0.00
      - HSBC EUR 31.12.15: 0.00

      **Total:** 513,446.55  
      **Previous Year:** 312,437.93

#### B. Provisions

1. Other Provisions
   - Provision unconsumed vacation: 4,721.00  
   - Provision for Audit and Financial statements: 11,400.00

      **Total:** 16,121.00  
      **Previous Year:** 10,050.00

#### C. Liabilities

1. Liabilities to financial institutions
   - Bank Austria - CHF: 105.32  
   - Previous Year: 0.00

2. Liabilities arising from deliveries and services
   - Liabilities trade+services: 23,672.53  
   - Previous Year: 17,199.37

3. Other Liabilities
   - Liabilities Withholding tax on salaries: 5,540.02  
     - Previous Year: 1,598.61
   - Liabilities DB: 1,108.27  
     - Previous Year: 478.84
   - Liabilities DGA: 94.00  
     - Previous Year: 24.00
   - Liabilities Social security: 12,601.68  
     - Previous Year: 4,247.70
   - Other liabilities: 13,718.61  
     - Previous Year: 7,966.62

   **Total:** 33,062.58  
   **Previous Year:** 14,315.77

   **Subtotal:** 56,840.43  
   **Previous Year:** 31,515.14

**Total Liabilities and Owner’s Equity**

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<thead>
<tr>
<th>EUR 2017-12-31</th>
<th>EUR 2016-12-31</th>
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<tbody>
<tr>
<td>586,407.98</td>
<td>354,003.07</td>
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### Income statement

2017 | 2016
---|---
EUR | EUR

#### 1. Association’s revenue

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
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<tbody>
<tr>
<td>IKEA Foundation</td>
<td>280,000.00</td>
<td>575,000.00</td>
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<td>IRC</td>
<td>8,085.79</td>
<td>196,913.49</td>
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<tr>
<td>DCA - DanChurchAid</td>
<td>63,233.00</td>
<td>66,480.00</td>
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<tr>
<td>SDC - Swiss Confederation</td>
<td>139,120.76</td>
<td>136,198.93</td>
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<tr>
<td>Int'l Federation of Red Cross</td>
<td>91,234.34</td>
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<td>DFID Haiti/Crown Agents</td>
<td>98,125.20</td>
<td>0.00</td>
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<tr>
<td>Norwegian Refugee Council</td>
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<td>Hilton Foundation</td>
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<td>OECD</td>
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<tr>
<td>Danish Refugee Council</td>
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<td><strong>Total</strong></td>
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<td><strong>974,592.42</strong></td>
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#### 2. Other operating income

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<th>Item</th>
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<th>2016</th>
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<td></td>
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<tr>
<td><strong>Total</strong></td>
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#### 3. Expenditures for services received

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<th>Item</th>
<th>2017</th>
<th>2016</th>
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<td>Statutory task fulfillment costs</td>
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<td>MMP Austria data collection</td>
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<td>Vibrand Research</td>
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<td>DICHTER NEIRA /Dom.Rep.</td>
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#### 4. Staff expenses

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<td>Vacation + Christmas payments</td>
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<td>Unconsumed vacation</td>
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<td><strong>Total</strong></td>
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5. Depreciation

a) Of fixed assets
   Depreciation of tangible assets
   Low-value tangible assets

6. Other operating expenses

a) other
   Rent costs
   Rent expenses
   legal and consulting costs
   Audit + Financial Statements
   Legal and consulting expenses
   transaction costs
   Bank expenses
   FX valuation
   insurances
   Insurances
   operational costs
   Cleaning
   Electricity + Heating
   distribution costs
   Website maintenance
   Promotion/Publicity
   Representation expenses
   mail expenses
   Telephone + Internet
   Postage
   office and administration costs
   Office expenses
   Licence fees

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CSt Causa Steuerberatungs GmbH
Ground Truth Solutions

Income statement
2017-01-01 - 2017-12-31

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<td>74,932.37</td>
<td>91,678.45</td>
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7. Operating result

8. Other interest and similar income
   Interest income
   7.01  0.00

9. Financial result

10. Earnings before taxes
   201,008.62  259,810.88

11. Earnings after taxes
   201,008.62  259,810.88

12. Net income
   201,008.62  259,810.88
## A. Fixed Assets

### 1. Tangible Assets

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<tr>
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<th>Disposals</th>
<th>Repostings</th>
<th>Status 2017-12-31</th>
<th>Status 2017-01-01</th>
<th>Cumulated depreciation</th>
<th>Write-ups</th>
<th>Disposals</th>
<th>Status 2017-12-31</th>
<th>Status 2017-01-01</th>
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- **16,490.59**  
- **9,396.46**  
- **0.00**  
- **0.00**  
- **25,887.05**  
- **2,604.31**  
- **7,209.40**  
- **0.00**  
- **0.00**  
- **9,813.71**  
- **13,886.28**  
- **16,073.34**
General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract, drawn up by the parties to a professional engagement in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTTBG 2017). The parties to the contract shall hereinafter be referred to as the “contractor” on the one hand and the “client” on the other hand.

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) as far as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up by the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:
   a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
   b) examining the tax assessment notices for the tax returns mentioned under a).
   c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
   d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
   e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.
Appendix II

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation of items that have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4, (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, drawings, drafts, and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1986). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 258 Austrian Civil Code (ABGB) is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTGB 2017 as amended.

(3) The limitation of liability pursuant to Item 7, (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4, (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case, if third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.
8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation ("Termination")

(1) The notice of termination of a contract shall be issued in writing (see also Item 4, (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9, (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor thereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded: in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1125 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flatrate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.
(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1a and 2a Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for lassio eronis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.


(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon - which were prepared by the contractor in relation to the contract and which the client is obliged to keep - to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handling over such data in a structured, common and machine-readable format. If handling over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession with documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.
SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG: if the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 89, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (AN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.