

BALANCE SHEET AS OF 31 DECEMBER 2017

ASSETS		
	31.12.2017 in €	31.12.2016 in €
A. FIXED ASSETS		
I. Intangible assets		
Software	279,834.96	452,379.05
II. Tangible assets		
1. Land, leasehold rights and buildings including structures on third party land	3,676,550.59	3,479,218.87
2. Technical equipment and machinery	18,717.00	40,355.63
3. Other installations, operational and office equipment	884,383.94	1,055,382.52
	<u>4,579,651.53</u>	<u>4,574,957.02</u>
III. Financial assets		
Investment securities	8,720,091.04	12,315,939.13
	<u>13,579,577.53</u>	<u>17,343,275.20</u>
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	2,073,162.52	3,281,001.62
2. Advance payments	6,033.88	0.00
	<u>2,079,196.40</u>	<u>3,281,001.62</u>
II. Amounts receivable and other assets		
Other assets	2,035,657.54	1,121,643.91
- thereof with a residual term of more than one year: €25,236.36 (previous year: €25,233.97)		
III. Cash on hand, bank deposits	15,180,274.84	13,474,900.03
	<u>19,295,128.78</u>	<u>17,877,545.56</u>
C. DEFERRED INCOME	4,242.00	4,606.31
	<u>32,878,948.31</u>	<u>35,225,427.07</u>

LIABILITIES		
	31.12.2017 in €	31.12.2016 in €
A. NET EQUITY		
I. Foundation capital	1,340,262.82	1,273,982.82
II. Revenue reserves		
1. Capital maintenance reserves	295,000.00	270,000.00
2. Other revenue reserves	29,775,971.17	31,922,572.62
	<u>30,070,971.17</u>	<u>32,192,572.62</u>
	<u>31,411,233.99</u>	<u>33,466,555.44</u>
B. PROVISIONS		
Other provisions	138,332.52	144,219.55
C. LIABILITIES		
1. Trade accounts payable	196,631.71	127,857.73
- thereof with a residual term of up to one year: €196,631.71 (previous year: €127,857.73)		
2. Miscellaneous liabilities	1,132,750.09	1,486,794.35
- thereof with a residual term of up to one year: €700,442.58 (previous year: €1,181,939.35)		
- thereof with a residual term of more than one year: €432,307.51 (previous year: €304,855.00)		
- thereof from taxes: €52,672.95 (previous year: €70,997.03)		
- thereof within the scope of social security: €11,442.05 (previous year: €13,103.39)		
	<u>1,329,381.80</u>	<u>1,614,652.08</u>
	<u>32,878,948.31</u>	<u>35,225,427.07</u>

Intangible and tangible fixed assets were posted at their acquisition costs less depreciation. Gratuitously acquired assets that must be capitalised are entered at deemed costs according to the conservative estimate of fair value.

Expired stock was subject to scheduled depreciation. The intangible assets acquired were depreciated by the straight-line method, as were accruals to tangible fixed assets.

Accruals to movable fixed assets with acquisition costs of up to 410 euros excluding VAT were fully amortised.

Securities recorded under financial assets were recognised at acquisition cost at the time of purchase and gratuitous accruals at deemed cost. Deemed costs are according to the market value on the date of acquisition. If the attributable value on the balance sheet date is permanently lower, this value is used.

A detailed breakdown of the development of fixed assets in the business year 2017 is included as an appendix.

Inventories were valued at the lower of cost or market value.

Receivables and other assets are carried at the nominal value or lower of acquisition cost or fair value.

Cash holdings and bank balances are recognised at their nominal value. Cash holdings and bank balances in Ethiopian currency were converted by the cut-off date method at the bid rate on the balance sheet date.

Deferred items include disbursements representing expenditure for a specific period after the balance sheet date. On the balance sheet date these were for the main part insurance premiums.

Earmarked reserves (Project funding reserves I) were formed pursuant to Art. 62 (1) No. 1 AO for approved projects that had not been completed by the balance sheet date and for special programmes from public funding (BMZ and GIZ). Furthermore, additional earmarked reserves (Project funding reserves II) were formed in 2015. Capital from the revaluation of fixed assets and inventories (warehousing, cash

holdings and bank balances) at the Ethiopian branch office as of 1 January 2015, and cash holdings and bank balances assumed by the sister organisations in Austria and Belgium were transferred to Project funding reserves II. The reserves are earmarked by the Foundation for purposes set out in the charter.

Provisions are carried as liabilities to the amount necessary according to sound business judgement. They take into account all recognisable risks and contingent liabilities.

Accounts payable are carried as liabilities at their settlement amounts.

All assets and debts were converted at the respective mean spot exchange rate on the balance sheet date. Expenses and revenues were converted at the monthly average rates.

NOTES ON THE BALANCE SHEET AS OF 31 DECEMBER 2017

All receivables and other assets are due within one year, with the exception of security deposits totalling 25,000 euros (previous year 25,000).

In accordance with the current articles of association, core assets as of 31 December 2014 amount to 1,222,157.82 euros. Due to endowments, the core assets on the balance sheet date increased to 1,340,262.82 euros. In order to secure the volume of core assets, the sum of 25,000 euros was transferred to the capital maintenance reserve in the reporting period.

Other accruals pertain to leave entitlements, costs of the annual audit and expenses for the safekeeping of records.

Other liabilities to the amount of 1.133 million euros (previous year 1.487 million) include liabilities from earmarked donations totalling 925,000 euros (previous year 794,000) and liabilities from public subsidies totalling 138,000 euros (previous year 608,000).

Liabilities generally have a lifetime of one year. Exceptions are earmarked donations and public subsidies, the residual terms of which may be one to five years.

PROFIT & LOSS ACCOUNT FOR THE BUSINESS YEAR FROM 1.1. TO 31.12.2017

	1.1.-31.12.2017 €	1.1.-31.12.2016 €
1. Donations and other contributions		
a) Donations	7,683,222.56	7,406,828.15
b) Legacies	1,987,079.89	2,782,465.49
c) Fines	2,500.00	3,800.00
d) Public grants	1,521,029.31	629,219.63
e) Contributions from sponsoring associations	191,000.00	204,000.00
f) Contributions from partner organisations	4,247,022.87	4,258,005.18
	15,631,854.63	15,284,318.45
2. Other operating income	561,420.61	192,961.27
- thereof from foreign currency exchange: €61,259.18 (previous year: €8,062.60)		
3. Material costs		
a) Expenses for raw materials and supplies	-4,981,496.78	-5,225,790.19
b) Expenses for other services	-2,902,619.97	-3,746,360.66
	-7,884,116.75	-8,972,150.85
4. Personnel costs		
a) Wages and salaries	-4,793,612.77	-4,456,357.63
b) Social charges, expenses for retirement benefits and support	-676,387.80	-606,803.80
	-5,470,000.57	-5,063,161.43
5. Depreciation on intangible assets and property, plant and equipment	-590,441.46	-633,440.89
6. Other operating expenses	-4,597,641.50	-4,760,999.18
- thereof from currency exchange: €298,456.54 (previous year: €100,861.36)		
7. Income from other securities and loans of financial assets	309,018.08	377,509.96
8. Other interest and similar income	14,373.59	39,076.99
9. Depreciation on financial assets	-95,157.46	-112,333.74
10. Revenue after tax	-2,120,690.83	-3,648,219.42
11. Other taxes	-910.62	-2,447.47
12. Annual deficit	-2,121,601.45	-3,650,666.89
13. Additions to capital maintenance reserve	-25,000.00	-25,000.00
14. Withdrawals from other revenue reserves	2,146,601.45	3,675,666.89
15. Year-end result	0.00	0.00

MOVEMENTS IN FIXED ASSETS IN THE BUSINESS YEAR 2017 in €

	ACQUISITION AND PRODUCTION COSTS				ACCRUED DEPRECIATION					NET CARRYING AMOUNT	
	1 Jan. 2017	ACCRUALS	RETIREMENTS	31 Dec. 2017	1 Jan. 2017	ACCRUALS	WRITE-UPS	RETIREMENTS	31 Dec. 2017	31 Dec. 2017	31 Dec. 2016
INTANGIBLE ASSETS											
Computer software	825,779.44	0	0	825,779.44	373,400.39	172,544.08	0	0	545,944.47	279,834.97	452,379.05
PROPERTY, PLANT AND EQUIPMENT	3,800,915.63	360,128.86	0	4,161,044.49	321,696.76	162,797.12	0	0	484,493.88	3,676,550.61	3,479,218.87
Land, leasehold rights and buildings incl. structures on third-party land	80,329.89	0	0	80,329.89	39,974.26	21,638.63	0	0	61,612.89	18,717.00	40,355.63
Technical equipment and machinery	1,792,039.29	62,463.02	0	1,854,502.31	736,656.77	233,461.63	0	0	970,118.40	884,383.91	1,055,382.52
Other installations, operational and office equipment	5,673,284.81	422,591.88	0	6,095,876.69	1,098,327.79	417,897.38	0	0	1,516,225.17	4,579,651.52	4,574,957.02
FINANCIAL ASSETS											
Investment securities	12,598,945.23	834,288.54	4,537,440.35	8,895,793.42	283,006.10	95,157.46	21,108.83	181,352.35	175,702.38	8,720,091.04	12,315,939.13
	19,098,009.48	1,256,880.42	4,537,440.35	15,817,449.55	1,754,734.28	685,598.92	21,108.83	181,352.35	2,237,872.02	13,579,577.53	17,343,275.20

NOTES ON THE PROFIT AND LOSS ACCOUNT 2017

Legacies received by the Foundation in the course of the business year are donations determined through a disposition of property upon death. This revenue is entered into the accounts after deducting the costs of administering the estate, so it is not recorded separately in the profit and loss account. For reasons of caution, revenue to be anticipated from hitherto unsettled inheritance issues has not yet been taken into account.

With effect from 4 December 2015 the Foundation has entered into a cooperation agreement with its Austrian sister organisation that is underpinned with annual project contracts. Under its provisions the Foundation carries out project work in Ethiopia for its Austrian sister organisation and receives the appropriate remuneration from the latter. This remuneration is shown under donations and other contributions. In 2017 the remuneration from Austria amounted to 4.192 million euros.

Other revenues include, in particular, sponsor revenue (157,000 euros), cash receipts from cost-sharing (198,000 euros), the follow-up of petrol vouchers (73,000 euros), income from foreign currency conversion (61,000 euros), revenues from the addition to financial assets (21,000 euros) and income from the reversal of accrued liabilities (15,000 euros).

The amortisation of financial assets is extraordinary depreciation (Section 277 para. 3 p. 1 HGB).

Expenses for raw materials, supplies and purchased goods included exceptional expenses of 105,000 euros as a follow-up correction of the ERP systems introduced in the previous year.

OTHER INFORMATION

As of 31 December 2017 the Executive Board members consisted of the following:

- Dr Sebastian Brandis
- Klaus Peter Renner
- Dr Martin Hintermayer

In the business year 2017 the remuneration paid to Board members amounted to 296,000 euros.

In the business year 2017 the Supervisory Board comprised the following members:

- Christian Ude (Chairman of the Supervisory Board)
- Dr Hans Peter Lankes (Deputy Chairman of the Supervisory Board)
- Heide Dorf Müller (until 1 December 2017)
- Dr Annette Bhagwati (since 3 February 2017)
- Dr Peter Hanser Strecker
- Dietmar Krieger

Total lease commitments for the office premises in Brienner Strasse and warehouse in Reichenhaller Strasse in Munich, based on the currently valid lease contracts, amounted to 375,000 euros. The leases are due to expire on 31 July 2021.

In Ethiopia, agreements were drawn up with government bodies that commit *Menschen für Menschen* to the implementation of projects. Obligations arising from these amounted to about 21 million euros as of the balance sheet date.

The total remuneration of 85,000 euros paid to the annual auditor included 74,000 euros for the audit of the financial statements (previous year 34,000) and 11,000 euros for tax advisory services.

On a yearly average the Foundation employs a staff of 26 in Germany. In Ethiopia an average of 708 full-time employees were engaged in performing the tasks assigned by the Foundation, of which only five were not Ethiopian nationals.

INDEPENDENT AUDITOR'S REPORT

To the Menschen für Menschen Foundation, Munich

We have examined the annual financial statements consisting of the balance sheet, profit & loss account and notes, including the accounting of the Menschen für Menschen Foundation, Karlheinz Böhm's Ethiopia Aid, for the financial year from 1 January 2017 to 31 December 2017. The scope of the examination was extended under Section 16 (3) of the Bavarian Foundation Act (BayStG). This audit therefore also covers the preservation of core assets and the use of its revenue and earmarked donations as prescribed in the statutes.

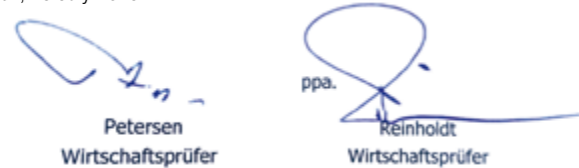
The accounting and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the legal representatives of the foundation. Our task is to express an opinion on the annual financial statements including the accounting, as well as the extended subject of the audit, on the basis of the audit conducted by us.

We conducted our annual audit of the financial statements pursuant to Section 317 HGB and Section 16 (3) BayStG and in accordance with the German principles of proper auditing of the Institute of Auditors (IDW). According to these principles, the audit is to be planned and executed such that incorrectness and violations that have major impact on the representation of the assets as well as the financial situation, generated according to the general principles of good auditing practice, can be detected with sufficient guarantee and that it can be judged with sufficient assurance that the requirements generated from extension of the subject of the audit according to Section 16 (3) BayStG are fulfilled. The plan for the audit process was generated with a knowledge of the scope of business activities, the legal and commercial environment of the Foundation and potential errors. In the course of the audit, the effectiveness of the accounting-based internal control system, proof of accounting records and the year-end closure documentation were assessed, primarily based on random checks. The audit includes an evaluation of the applied accounting principles and the principal estimations of the legal representatives for the presentation of the financial statements. We are convinced that our audit delivers a sufficiently secured basis for our judgement.

Our audit has not revealed any material errors.

In our opinion, based on the knowledge gained in the course of the audit, the annual financial statements comply with existing legal requirements and convey an accurate impression of the assets and financial situation of the Foundation in observance of the principles of good accounting practice. The audit of the preservation of core assets of the Foundation and proper usage of the revenue and other contributions received for immediate usage in accordance with Section 16 (3) BayStG did not lead to any objections.

Munich, 18 July 2018



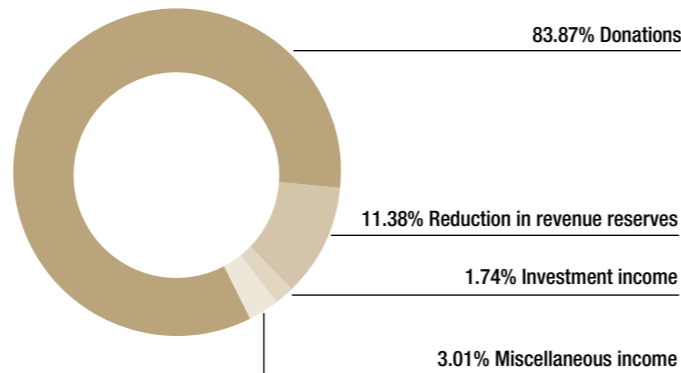
Petersen
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DR. KLEEBERG & PARTNER GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
STEUERBERATUNGSGESELLSCHAFT

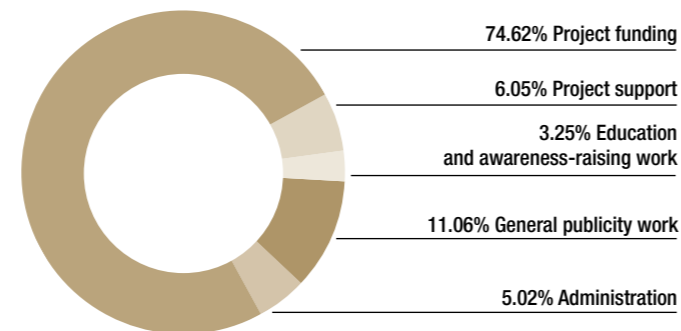
WHERE THE FUNDS CAME FROM

Source of funds 2017



WHERE THE FUNDS WERE USED

Allocation of funds 2017



ADDITIONAL NOTES ON EXPENSES

PROJECT FUNDING. In 2017 *Menschen für Menschen* continued with its long-term integrated development projects in twelve project regions. Project funding encompasses all activities in Ethiopia, including material and personnel costs in the five development areas. Larger expense items relate to the purchase of materials for constructing schools, wells, spring developments and terraces, including the transport of materials and employee travel to/from and within Ethiopia. Further expenses include, in particular, sustainable agriculture costs for plants, livestock and other farming supplies. Current costs and necessary investments in the ATTC in Harar (in particular personnel and maintenance costs) were also posted under project funding.

The largest item within personnel costs is for local labour in the project areas, e.g. when the people help with infrastructure or planting work, to compensate for their loss of earnings. Personnel costs also include expenditure for training and educational measures, depending on the field of specialisation, qualification and project area of Foundation employees, local experts or employees of the local authorities.

PROJECT SUPPORT. In addition to the supervision of projects, project support also includes preparatory and follow-up work for project funding. These relate to the selection of suitable projects, preparations for project work, controlling, monitoring and evaluation of projects, as well as international purchasing and the logistics of certain

DZI DISTRIBUTION 2017

EXPENDITURE	PROJECT COSTS	DZI Distribution				
		1	2	3	4	5
Communications work	1,598,541.48	0.00	0.00	144,965.39	1,437,239.63	16,336.46
Press work	117,589.37	0.00	0.00	53,888.12	53,888.12	9,813.14
Donor support and Finances	131,213.19	0.00	0.00	0.00	9.32	131,203.87
Committees, IT, Purchasing	729,286.40	1,260.30	586,587.05	4,744.48	45,487.59	91,206.97
Subtotal	2,576,630.44	1,260.30	586,587.05	203,597.99	1,536,624.65	248,560.45
Costs of office space	122,824.52	4,851.57	32,609.91	18,264.01	25,682.61	41,416.43
Other general expenses (e.g. office material)	322,309.67	4,948.41	33,260.85	116,802.82	125,054.43	42,243.15
Subtotal of other operating expenses	3,021,764.63	11,060.28	652,457.80	338,664.82	1,687,361.69	332,220.03
Personnel costs in Germany	1,790,706.73	70,732.92	475,432.64	266,278.09	374,436.78	603,826.31
Total expenditure Germany	4,812,471.36	81,793.20	1,127,890.44	604,942.91	2,061,798.47	936,046.34
Project work in Ethiopia	10,146,503.16	10,146,503.16				
Personnel costs in Ethiopia	3,679,293.84	3,679,293.84				
Total expenditure Ethiopia	13,825,797.00	13,825,797.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE GERMANY AND ETHIOPIA	18,638,268.36	13,907,590.20	1,127,890.44	604,942.91	2,061,798.47	936,046.34
Percentage distribution of DZI criteria	100.00%	74.62%	6.05%	3.25%	11.06%	5.02%

goods. These tasks are mainly performed by our Project Coordination Office in Addis Ababa, employees in the direct development cooperation and purchasing staff at the German Foundation.

CAMPAIGN, EDUCATIONAL AND AWARENESS-RAISING WORK. Raising public awareness is anchored in the Foundation charter as a self-contained goal. These tasks include campaign, educational and awareness-raising work, e.g. sensitisation of young people for the subject of social responsibility at school and youth events. In 2013 we joined the campaign alliance "Together for Africa". The merger of over twenty aid and development organisations has set itself the goal of promoting sustainable development in Africa, alleviate hardship and overcome poverty.

GENERAL PUBLIC RELATIONS WORK. This item comprises mainly expenditure for fundraising – in particular cash donations and contributions from charitable foundations, companies and public sponsors.

ADMINISTRATION. The Foundation calculates its administration and advertising costs in accordance with the guidelines of the German Central Institute for Social Affairs (DZI). Administration costs relate to the organisation as a whole. They

guarantee the basic operational processes and include, in particular, executive management, accounting, IT support and personnel management.

PERSONNEL COSTS AND REMUNERATION. In 2017 earnings at the *Menschen für Menschen* Foundation were subdivided into five groups. This year the annual remuneration of the managing body (three-person Executive Board) totalled 296,000 euros. The individual salaries will not be disclosed for reasons of data privacy. The classification of employees is oriented to the responsibilities assumed, competence and performance, professional experience and length of service with the organisation.

Wages are paid in 12 or 13 monthly increments. The figures in the table have been uniformly converted to 13 gross monthly wages.

GROUP	POSITION (EXAMPLES)	FROM (EUROS) TO (EUROS)
5	Unskilled worker	1,500-2,500
4	Administrative assistant	2,300-3,500
3	Coordinator	2,500-4,500
2	Management level	3,500-5,500
1	Executive level	6,000-9,300