INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Financial Statements

December 31, 2018

(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

To the Board of Regents of
Instituto Tecnológico de Santo Domingo (INTEC):

Opinion

We have audited the financial statements of Instituto Tecnológico de Santo Domingo (INTEC) (the Institution), which comprise the statement of financial position as at December 31, 2018, the statements of activities, changes in net assets and other comprehensive income and cash flows for the year then ended, and notes comprising significant accounting policies and others explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of INTEC as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Institution in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) in conjunction with the ethical requirements issued by the Institute of Authorized Public Accountants of Dominican Republic (ICPARD per its Spanish acronyms) that are relevant to our audit of the financial statements, 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.

Emphasis of Matter - Functional and presentation currency and restriction on use

We draw attention to Note 2.3 to the financial statements, which describes that the Institution's functional currency is the Dominican peso. The accompanying financial statements have been prepared in United States dollars for reporting purposes to the Government of the United States of America. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Regents, management, the Institution and the Government of the United States of America, and should not be used by parties other than the Institution or the Government of the United States of America. Our opinion is not modified in respect of this matter.

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Other Matter

The Institution has prepared a separate set of financial statements for the year ended December 31, 2018, in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs), on which we issued a separate audit report dated March 28, 2019, addressed to the board of regents of the Institution.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institution'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 Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institution financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Institution 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

March 28, 2019

Santo Domingo,
Dominican Republic

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Financial Position

December 31, 2018 and 2017

Amounts in United States dollars (US$)

Assets	Note	2018	2017
Current assets:			
Cash and cash equivalents	3, 17	1,362,465	1,375,529
Notes and accounts receivable:			
Students, third-party programs and others	4, 16, 17	3,868,649	5,014,609
Other receivables	17	29,253	207,036
	4	3,897,902	5,221,645
Current portion of long-term notes receivable, net	5	5,757	167,722
Allowance for impairment	4	(1,390,617)	(1,095,467)
Accounts receivable, net		2,513,042	4,293,900
Inventories of books and supplies		95,960	70,997
Investments in securities	6, 12, 17	110,234	110,775
Prepaid expenses	7	571,138	406,417
Total current assets		4,652,839	6,257,618
Non current assets:			
Long-term notes receivable, excluding current portion	5	670,397	234,135
Allowance for impairment	5	(300,899)	(234,135)
Long-term notes receivable, net		369,498	-
Property, furniture and equipment, net	8, 15	26,638,167	27,087,222
Other assets, net	9	199,974	280,308
		31,860,478	**33,625,148**

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INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Financial Position

December 31, 2018 and 2017

Amounts in United States dollars (US$)

Liabilities and total net assets	Note	2018	2017
Current liabilities:			
Current portion of long-term debt	6, 12, 16, 17	1,220,031	1,133,852
Accounts payable:			
Suppliers	16 ,17	1,969,101	1,361,555
Advances received for other educational services	4	863,316	604,675
Other payables		1,070,782	820,978
Total accounts payable		3,903,199	2,787,208
Deferred income	10	1,721,970	1,810,295
Accruals and other liabilities	11	921,368	710,740
Total current liabilities		7,766,568	6,442,095
Non current liabilities:			
Long-term debt, excluding current portion	6, 12, 16, 17	3,442,606	4,781,400
Labor benefits liability	13	2,963,111	4,448,279
Total non-current liabilities		6,405,717	9,229,679
Total liabilities		14,172,285	15,671,774
Net assets		17,688,193	17,953,374
		31,860,478	**33,625,148**

The notes on pages 1 to 30 are an integral part of these financial statements.

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Activities, Changes in Net Assets and Other Comprehensive Income

Years ended December 31, 2018 and 2017

Amounts in United States dollars (US$)

	Note	2018	2017
Operating income:	14, 16		
Educational services:			
Tuition fees and education services, net		18,409,658	18,349,183
Other educational services		795,335	829,443
Educational departments		680,066	679,637
		19,885,059	19,858,263
Government grants		2,047,061	2,134,134
Other income		6,034,205	4,051,055
Total operating income		27,966,325	26,043,452
Operating costs and expenses:	15, 16		
Salaries and personnel compensations		14,993,950	15,659,334
Other costs and general and administrative expenses		12,035,375	10,901,120
Total operating costs and expenses		27,029,325	26,560,454
Operating result		937,000	(517,002)
		27,029,325	26,560,454
Financial income (costs), net:	6, 12, 13		
Interests income		119,457	62,597
Interest expense		(579,457)	(585,721)
Foreign exchange difference, net		(17,007)	(58,468)
Financial costs, net		(477,007)	(581,592)
Increase (decrease) of the year in net assets		459,993	(1,098,594)
Other comprehensive income - items that are or may be reclassified to changes in net assets - foreign currency translation adjustment		(725,174)	(625,109)
Total comprehensive income for the year		**(265,181)**	**(1,723,703)**

The notes on pages 1 to 30 are an integral part of these financial statements.

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Changes in Net Assets and Other Comprehensive Income

December 31, 2018 and 2017

Amounts in United States dollars (US$)

	Note	Net assets	Translation reserve	Total changes in net assets and other comprehensive income
Beginning balances as at January 1st., 2017		25,730,182	(6,053,105)	19,677,077
Comprehensive income for the year:				
Decrease of the year in net assets		(1,098,594)	-	(1,098,594)
Other comprehensive income - exchange differences on translation	3	-	(625,109)	(625,109)
Total comprehensive income for the year		(1,098,594)	(625,109)	(1,723,703)
Balances as at December 31, 2017		24,631,588	(6,678,214)	17,953,374
Comprehensive income for the year:				
Increase of the year in net assets		459,993	-	459,993
Other comprehensive income - exchange differences on translation		-	(725,174)	(725,174)
Total comprehensive income for the year		459,993	(725,174)	(265,181)
Balances as at December 31, 2018		**25,091,581**	**(7,403,388)**	**17,688,193**

The notes on pages 1 to 30 are an integral part of these financial statements.

INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Cash Flows

Years ended December 31, 2018 and 2017

Values in United States dollar (US$)

	Note	2018	2017
Cash flows from operating activities:			
Changes of the year in net assets		459,993	(1,098,594)
Adjustments to:			
Depreciation and amortization	15	1,810,562	1,880,696
Provision for severance indemnities		-	1,160,353
Reduction of provision for social labor liabilities	13	(801,948)	-
Allowance for impairment of notes and accounts receivables	4, 5	811,928	265,146
Loss from discharge of accounts receivable	4, 15	212,401	-
Disposal of property, furniture and equipment	8	108,577	97,297
Amortizable expenses - students´ scholarships	7	125,371	125,886
Deferred income		(1,810,295)	(1,284,705)
Financial costs, net	12, 13	460,000	523,124
		1,376,589	1,669,203
Net changes in assets and liabilities:			
Decrease (increase) in:			
Notes and accounts receivables		446,053	470,411
Inventories of books and supplies		(24,963)	(27,326)
Prepaid expenses		(290,092)	(51,567)
Other assets		17,962	(62,561)
Accounts payable		1,115,991	(1,998,866)
Deferred income		1,721,970	1,810,295
Accruals and other liabilites		210,628	84,749
Accounts payable to employees		-	(110,089)
Labor benefits liability		(775,835)	(365,971)
Cash generated by operations		3,798,303	1,418,278
Interest received		119,457	62,597
Interest paid	12	(486,842)	(585,721)
Net cash provided by operating activities		3,430,918	895,154
Cash flows from investing activities:			
Decrease of investment in securities		541	44,446
Acquisition of property, furniture and equipment	8	(2,439,170)	(1,195,376)
Net cash used in investing activities		(2,438,629)	(1,150,930)

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INSTITUTO TECNOLÓGICO DE SANTO DOMINGO (INTEC)

Statements of Cash Flows

Years ended December 31, 2018 and 2017

Values in United States dollar (US$)

		2018	2017
Cash flows from financing activities:	12		
Proceed from loans		561,344	4,211,413
Payments of loans		(1,832,860)	(3,121,107)
Net cash provided (used in) by financing activities		(1,271,516)	1,090,306
Net increase (decrease) in cash and cash equivalents		(279,227)	834,530
Cash and cash equivalents at beginning of year		1,375,529	278,393
Effect of exchange rate on cash and cash equivalents		266,163	262,606
Cash and equivalents at end of year		**1,362,465**	**1,375,529**

The notes on pages 1 to 30 are an integral part of these financial statements.

1 Reporting entities

The Instituto Tecnológico de Santo Domingo (INTEC) (the Institution) is a not-for-profit autonomous private university. It was incorporated under the Law No. 520 and the Decree No. 2389 dated June 15, 1972, subsequently repealed and replaced by the Law No. 122-05. The Institution commenced academic activities on October 1972. INTEC's purpose is to educate capable, honorable and internationally competitive citizens that will contribute to the sustainable development of the society through science and technology.

INTEC's main objectives are:

a. Educate high quality, innovative and internationally competitive professionals with critical thinking.

b. Promote and strength the links of the Institution with sectors contributing to innovation and sustainable technological development.

c. Enhance competitiveness and strengthening INTEC's international position.

d. Strength INTEC's partnership and strategic agreements with educational institutions and research organizations worldwide.

e. Raise organizational performance levels through the improvement of processes and the physical infrastructure to ensure the Institution's service quality and financial sustainability.

In accordance with the provisions of Article 299, paragraph (d) of the Tax Code (Law No. 11-92) of the Dominican Republic for not-for-profit organizations, the Institution is exempt from income tax payment.

The Institution has its main domicile at Los Proceres Avenue, No. 809, Ensanche Gala, Santo Domingo, Dominican Republic, being able to develop all its activities throughout the country and overseas.

INTEC has three general governing bodies:

- The General Assembly: Is INTEC's supreme governing body, which consist of founding members and members of the Board of Regents. The Board has 15 members, among which are included the Rector, prominent people of the national community and college graduates from INTEC.
- The Rectory: Is INTEC's highest executive authority, under the responsibility of the Rector.
- The Academic Council: In accordance with the guidelines of the Board of Regents, is responsible for planning the academic policy. Its members are: the Rector, who serves as the chairman, the Vice-Rectors and Deans of academic areas and divisions.

2 Basis of presentation and summary of significant accounting policies

2.1 Basis of accounting

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME) issued by the International Accounting Standards Board (IASB). These standards do not provide a presentation for financial statements issued by a not-for-profit entity; therefore, based on the hierarchy of the IFRS, the Institution's management has considered the pronouncements of other standard-setting bodies for the presentation of financial statements of not-for-profit entities.

As a result, the Institution's net assets and changes therein are classified as follows:

Unrestricted net assets - represent net assets that are not subject to the regulations established by an external donor. As of December 31, 2018 and 2017, the Institution presents as unrestricted net assets the net result of income, costs and expenses resulting from its operation.

Temporarily restricted net assets - net assets subject to regulations established by donors that may or will be met by actions of the Institution through time. As of December 31, 2018 and 2017, the Institution has no permanently restricted net assets.

Permanently restricted net assets - represent those net assets subject to regulations established by donors that require these net assets to be maintained permanently by the Institution. Generally, the donors of these assets enable the Institution to use all or part of the income generated by the assets in specific activities. As of December 31, 2018 and 2017, the Institution has no permanently restricted net assets.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied during the years presented in these financial statements.

The final issueance of the financial statements was authorized by the Institution's Board of Regents on March 28, 2019 and must be submitted for final approval to the Board of Regents.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, expect for liabilities arising from the obligation for social labor liabilities, which are recognized at their net present value, as explained in note 2.7.3 to the financial statements.

2.3 Functional and presentation currency

The functional currency of the Institution is the Dominican peso. The accompanying financial statements are expressed in U.S. dollars, as a presentation currency.

2 Basis of presentation and summary of significant accounting policies (continues)

2.3 Functional and presentation currency (continues)

The figures of the financial statements were translated to United States dollars (US$) for reporting purposes to the Government of the United States of America (USA). The translation were made in conformity with the guidelines of the IFRS for SMEs, Section 30 - Foreign Currency Translation, which sets forth the use of the exchange rates at the reporting date of the statements of financial position to translate assets and liabilities and the exchange rates at the dates of the transactions to translate income and expenses. All resulting exchange rate differences are recognized in other comprehensive income (OCI).

As of December 31, 2018 and 2017, the exchange rates used by the Institution for the translation of the statements of financial position were RD$50.20 and RD$48.19 per each US$1, respectively. The average exchange rates used to translate the statements of activities, changes in net assets and other comprehensive income for the years ended December 31, 2018 and 2017 were RD$49.51 and RD$47.49 per each US$1, respectively. These exchange rates approximate the exchange rates at the date of the transactions.

As of December 31, 2018 and 2017, the conversion effect for the periods then ended were losses of US$725,174 and US$625,109, respectively, and are presented as other comprehensive income in the accompanying statements of changes in net asset and other comprehensive income; and the translation reserve as of December 31, 2018 and 2017 were US$7,403,388 and US$6,678,214, respectively, and are presented as such, in the accompanying statements of changes in net asset and other comprehensive income.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with the IFRS for SMEs requires management to make estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements is included in the following notes:

Notes 4 and 5 - Accounts receivable and long-term notes receivable: key assumptions to determine the recoverable amount of these assets.

Note 13 - Provision for social labor liabilities: estimation of the present value of the obligations at the reporting date.

Note 14 - revenue recognition: determine whether revenue coming from students enrollments is recognized throughout the period in which the service is provided to the student.

2 Basis of presentation and summary of significant accounting policies (continued)

2.5 Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into Dominican pesos (RD$) at the exchange rate at the reporting date. Income and expenses are translated into Dominican pesos (RD$) using the exchange rate at the dates of the transactions. Differences arising from the translation of assets and liabilities are recognized as gain or losses in foreign currency are presented as finance income (costs) in the accompanying statements of activities, changes in net assets and other comprehensive income.

2.6 Recognition of income, costs and expenses

Income is measured at the fair value of the consideration received or receivable, net of returns.

The Institution recognizes income when the amount thereof can be measured reliably and it is probable that future economic benefits will flow to the Institution.

A summary of the specific criteria used by the Institution for the recognition of income is summarized as follows:

a) Income from tuitions and educational services

Income from tuitions and educational services are recognized to the extent that the services are provided according to the school curricula, net of any discount granted. Discounts granted arise from student´s timely payments and academic achievements.

The Institution recognizes income from its own operations as an increase of the net assets in proportion to the stage of completion of the transactions at the reporting date. At the end of each accounting period, income corresponding to tuitions for educational services not yet provided, are presented as deferred income and are recognized as operating income when the educational services are provided to the students.

b) Government grants

Correspond to contributions received from the Dominican State, as a governmental support to not-for-profit organizations. These grants do not impose to the Institution a specific condition of future returns.

The Institution recognizes income from government grants received as an increase of net assets, when they are received or have the enforceable right thereof.

2 Basis of presentation and summary of significant accounting policies (continued)

2.6 Recognition of income, costs and expenses (continued)

c) Other operating income

Commissions from third party programs (advances received for courses and certificated courses)

Correspond to commissions received as a result of the intermediation in courses and certificate courses provided through the Institution's training centers.

Commissions from third party programs are recognized to the extent the service is provided. Initially, advances received from third parties are recognized as a liability and are disbursed to the different centers to the extent the services are provided to the students.

d) Costs and expenses

Costs and expenses are recognized in operating result of each period as incurred.

The Institution grants scholarships to its employees and their close relatives, as well as to people of limited resources that meet INTEC's academic requirements, through the Ministerio de Educación Superior, Ciencia y Tecnología (MESCYT per its Spanish acronyms). The cost of these scholarships are recognized in the accompanying statements of activities, changes in net assets and other comprehensive income in the period when the service is provided.

2.7 Employees Benefits

2.7.1 Short-term employee benefits

Obligations for short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. The Institution recognizes a liability for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Institution has a present legal or constructive obligation to pay this amount, as a result of a past service provided by the employee and the obligation can be estimated reliably.

2.7.2 Severance indemnities

The Labor Code of the Dominican Republic requires employers to pay a notice of unemployment and severance to those employees whose employment contract is terminated without justified cause. The Institution recognizes the payment of labor benefits in profit or loss when it terminates the employment contract.

2 Basis of presentation and summary of significant accounting policies (continued)

2.7 Employees Benefits (continued)

2.7.2 Severance indemnities (continued)

Until December 31, 2017, the Institution used to pay the accumulated labor benefits for notice of unemployment and severance, regardless of whether the employees were dismissed or resigned, as long as they met certain time and quality requirements of this work performed.

Through the Ordinary Assembly of the Board of Regents on July 5, 2018, the management of the Institution approved to discontinue the payment of the benefit for notice of unemployment and severance when the employee resigns.

When a modification or reduction is produced in the obligations for labor liabilities, the resulting modification in the benefit that is related to the past service or the profit or loss due to the reduction, is recognized immediately in the results of the year. The Institution recognizes profit or loss in the settlement of obligations for labor liabilities when they occur.

2.7.3 Labor benefits liability

The Institution maintains an obligation called labor benefits liability payable with certain employees who worked in the institution, and that at the time of making the decision to discontinue the accumulation of labor benefits due to notice of unemployment and notice of severance, these employees were in compliance with time and quality requirements of work performed. This liability is discounted to determine its fair value. The subsequent modifications are recognized in the results of the year when they occur.

2.7.4 Contributions to the Social Security

The Institution recognizes the monthly contributions to the Dominican Social Security System, as well as the employees' contributions as an accumulation up to the moment they are deposited in the Social Security Treasury of the Dominican Republic.

2.8 Finance income and costs

2.8.1 Finance income

Finance income includes interest earned on funds invested in securities and cash equivalents. Interest income are recognized in profit or loss, using the effective interest method.

2 Basis of presentation and summary of significant accounting policies (continued)

2.8 Finance income and costs (continued)

2.8.2 Finance costs

Finance costs include interest paid on borrowings and gains or losses in foreign exchange rate. All borrowing costs are recognized in profit or loss of the period as incurred, using the effective interest method.

Foreign currency exchange losses are recognized by offsetting the amounts of finance income or finance costs, depending on whether the balances are in a net gain or net loss position.

2.9 Tax Income

The Institution is exempt from the payment of income tax for being a not-for-profit entity, as indicated in note 1 to these financial statements.

2.10 Property, furniture and equipment

2.10.1 Recognition and measurement

Items of property, furniture and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures directly attributable to the acquisition of the asset.

The cost of self-constructed assets by the Institution include:

- Cost of materials and direct labor.
- Any other costs directly attributable to bringing the assets to a working condition for their intended use.

When the Institution has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located is required.

When parts of an item of property, furniture and equipment have different useful lives, they are accounted for as separate items (major components) of property, furniture and equipment. Any gain or loss on disposal of an item of property, furniture and equipment (calculated as the difference between the price obtained from the disposal and the carrying amount of the item) is recognized in operating results.

2 Basis of presentation and summary of significant accounting policies (continued)

2.10 Property, furniture and equipment (continued)

2.10.2 Subsequent expenditures

Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Institution. Ongoing repairs and maintenance are recognized as a change in net assets.

2.10.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized as a change in net assets, based on the straight-line method over the estimated useful life of each part of an item of property, furniture and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

Items of property, furniture and equipment are depreciated from the date they are available for use, or in respect of self-constructed assets, from the date the asset is completed and ready to be used.

A summary of useful lives in years of property, furniture and equipment, is as follows:

Type of asset	Useful life in years
Buildings improvements	5
Buildings	35
Furniture and office equipment	4-7
Literature	6.67
Transportation equipment	4

2.11 Other assets

2.11.1 Recognition

Other assets comprise software licenses that have a limited useful life, measured at cost less accumulated amortization.

2.11.2 Subsequent expenditures

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

2 Basis of presentation and summary of significant accounting policies (continued)

2.11 Other assets (continued)

2.11.3 Amortization

Amortization is calculated over the depreciable amount, which is the cost of an asset, less its residual value.

Amortization is recognized as a change in net assets using the straight-line method, the uniform distribution of the cost of the assets over the estimated years of useful life from the date they are available for use, since this better reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of the licenses is five years.

If there is an indication that there has been a significant change in amortization method, useful life or residual value of the asset, the amortization of the asset is revised prospectively to reflect the new expectations.

2.12 Financial instruments

2.12.1 Non-derivative assets and liabilities

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The Institution applies the provisions of IFRS for SMEs, Section 11 - Basic Financial Instruments, to account for all its non-derivative financial instruments, if any.

The Institution initially recognizes other basic financial instruments at the date of the transaction in which the Institution becomes a party of the contractual provisions of the instrument.

The Institution derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Institution is recognized as a separate asset or liability.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Institution currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

2 Basis of presentation and summary of significant accounting policies (continued)

2.12 Financial instruments (continued)

2.12.1 Non-derivative assets and liabilities (continued)

Financial assets and financial liabilities held by the Institution are classified as financial instruments measured at amortized cost and are held until maturity. Financial instruments measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

The Institution has the following non derivative financial instruments:

2.12.1.1 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and time deposits with original maturities of three months or less. Bank overdrafts, if any, which are payable on demand and are an integral part of the Institution's cash management, are considered as a component of cash for the purpose of the statement of cash flows.

2.12.1.2 Accounts and notes receivable

The proceeds from rendering services are made under normal credit conditions and the amounts of receivable generate interests. When credit is extended beyond normal credit conditions, accounts receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of notes and accounts receivable and other receivables are reviewed to determine if there is any objective evidence that these are not recoverable. If so, an impairment loss is immediately recognized in operating results.

The Institution determines an estimate for doubtful accounts, which is established through a charge to the expense account for losses on notes and accounts receivable. The amount of the estimate for possible losses is determined by management based on an analysis of the collectability of the accounts taking into consideration the history of the customers, the economy and other factors that affect the industry. The main components of this estimate consist of a specific loss element that relates to the significant individual exposures of each client.

The fair values of long-term notes receivables to students were determined using a discount rate of 6.03 % based on time deposits in Dominican pesos (RD$), with maturity of two to five years, which the Institution has access to.

2 Basis of presentation and summary of significant accounting policies (continued)

2.12 Financial instruments (continued)

2.12.1.3 Investments in securities

Investments in securities consist of financial certificates issued by local financial institutions, with original maturity greater than three months. Investments in securities are accounted for at cost plus interest earned capitalizable, less any impairment loss.

2.12.1.4 Accounts payable

Accounts payable are obligations based on normal credit terms and have no interest. After initial recognition, accounts payable are recorded at amortized cost using the effective interest method. The amounts of commercial creditors denominated in a foreign currency are translated to the functional currency using the exchange rate at the reporting date.

2.12.1.5 Long-term debt (note payable and loans)

Notes payable and loans are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Notes payable and loans are classified as current liabilities unless the entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.13 Impairment

2.13.1 Financial assets measured at cost or at amortized cost

The Institution considers the evidence of impairment for the financial assets measured at amortized cost, at both an individual and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Institution uses historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

2 Basis of presentation and summary of significant accounting policies (continued)

2.13 Impairment (continued)

2.13.1 Financial assets measured at cost or at amortized cost (continued)

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss.

When the Institution considers that there are no realistic prospects of recovering the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

2.13.2 Non-financial assets

At each reporting date, the Institution reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment.

If the fair value minus the selling costs of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value minus the selling costs. An impairment loss is immediately recognized in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of assets) increases until the revised estimate of its fair value less the costs of sell; without exceeding the amount that would have been determined if no loss due to impairment of the asset (or group of assets) had been recognized in previous years. The reversal of an impairment loss is recognized immediately in profit or loss.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.14 Inventories of books and supplies

Inventories of books and supplies are measured at the lower of cost and net realizable value using the average weighted method.

Estimation for inventories' obsolescence is recognized based on a technical analysis of the inventory items that the Institution understands will not be used in the operation.

Amounts in United States dollars (US$)

2 Basis of presentation and summary of significant accounting policies (continued)

2.14 Inventories of books and supplies (continued)

At each reporting date, inventories are reviewed to determine whether there is any indication of impairment by comparing the carrying amount of each asset of the inventory with the market price or replacement cost, less the cost to sell them. If the inventories are impaired, the carrying amount is reduced to the selling price or replacement costs less costs to complete and sell; and an impairment loss is recognized immediately as a change in net assets.

2.15 Lease payments

Payments made under operating leases are recognized in operating results as a change in net assets on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of total lease expense, over the term of the lease.

2.16 Provisions

A provision is recognized if, as a result of a past event, the Institution has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows necessary to settle the liability.

3 Cash and cash equivalents

A summary of cash and cash equivalents as of December 31, 2018 and 2017, is as follows:

	2018	2017
Cash on hand	31,114	18,779
Deposits in checking and saving accounts (a)	465,341	160,492
Time deposits (b)	866,010	1,196,258
	1,362,465	**1,375,529**

(a) Correspond to cash deposited in domestic and foreign banks. As of December 31, 2018 and 2017, some of these checking and savings accounts generate annual interest between 0.10 % and 0.25 % and 0.02 % and 2.50 %, respectively. The interest generated during 2018 and 2017 amounted to US$3,766 and US$3,118, respectively, and are included as part of finance income (costs), in the accompanying statements of activities, changes in net assets and other comprehensive income.

(b) Correspond to certificates of deposit with a maturity between 30 and 90 days. These certificates generate annual interests between 4 % and 9.25 %. The interest received during 2018 and 2017 amounted to US115,020 y US$58,704, respectively, and are included as part of finance income (costs), in the accompanying statements of activities, changes in net assets and other comprehensive income.

Amounts in United States dollars (US$)

4 Accounts receivable

Accounts receivable arise primarily from registration and presentation of certificate courses, seminars, among others. The credit risk to which the Institution is exposed is defined mainly by the individual characteristics of each student.

As of December 31, 2018 and 2017, approximately 98 % of the Institution's incomes and accounts receivable by geographic area are concentrated in students, end-users of the local market.

The exposure risk of accounts receivable as at December 2018 and 2017, is as follows:

	2018	2017
Students	1,832,518	1,769,764
Courses and diplomaeds	581,329	601,239
Third party programs (a)	221,534	381,309
Sponsors (b)	1,147,437	2,082,299
Central Bank of the Dominican Republic (note 16)	85,830	179,998
Other accounts receivable	29,254	207,036
	3,897,902	**5,221,645**

(a) As of December 31, 2018 and 2017, the Institution has received advances for US$863,316 and US$604,675, respectively, represented by cash received from third parties for the service of courses and certified courses. Such amounts are presented as advances received for courses and diplomaeds as part of accounts payable in the accompanying statements of financial position.

(b) As of December 31, 2018, includes US$207 and US$646,051, respectively, due from the United States of America government for tuitions and living allowance of federal students subsidized by such country.

Impairment losses

The aging of accounts receivable as of December 31, 2018 and 2017, is as follows:

	2018		2017	
	Accounts Receivable	Impairment loss	Accounts receivable	Impairment loss
Within 0 and 90 days	756,837	-	2,145,912	-
Within 91 and 180 days	445,713	-	31,125	-
Within 181 and 360 days	852,612	-	394,380	-
More than 361 days	1,813,486	1,390,617	2,443,192	1,095,467
	3,868,648	1,390,617	5,014,609	1,095,467
Other receivables	29,254	-	207,036	-
	3,897,902	**1,390,617**	**5,221,645**	**1,095,467**

Amounts in United States dollars (US$)

4 Accounts receivable (continued)

Based on past experience, the Institution believes no impairment allowance is necessary in respect to accounts receivable from the Central Bank of the Dominican Republic, because it will be offset with the exchange difference on the loan with the Inter-American Development Bank (IDB), which establishes a fixed exchange rate of RD$3.15, regardless of the prevailing exchange rate at the time of paying the installments of principal and interest (see notes 12 and 16, paragraph (a)).

As of December 31, 2018 and 2017, most of the outstanding receivables consist of accounts with favorable historical trend of payment with the Institution. The Institution establishes an allowance for impairment representing its best estimate of incurred losses in respect of receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures of each credit.

A summary of the movement of the allowance for impairment of accounts receivable during the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Balances at beginning of year	1,095,467	1,174,493
Expense for the period	698,405	265,146
Write off of accounts receivable	(354,668)	(306,509)
Effect of exchange rate fluctuation	(48,587)	(37,663)
Balances at end of year	**1,390,617**	**1,095,467**

As of December 31, 2018, the Institution write-off accounts receivable from customers for US$212,401, directly charged to the results of the year, which are presented as part of other costs and general and administrative expenses in the accompanying statement of activities, changes in net assets and other comprehensive income (see note 15).

5 Long-term notes receivable

Corresponds to long-term notes receivable from students who have educational loans relating to tuitions. These notes matures between three and five years (the length of a college program), and are secured by the sole signature of the student. They are initially recognized at cost.

Amounts in United States dollars (US$)

5 Long-term notes receivable (continued)

A summary of long-term notes receivable including current portion according to their aging and impairment estimate as of December 31, 2018 and 2017, is as follows:

	Long-term notes receivable including current portion	Current portion	Long-term notes receivable excluding current portion	Impairment loss
2018				
Between 0 and 90 days	369,498	-	369,498	-
Due between:				
181 and 360 days	-	-	-	-
More than 361 days	306,656	5,757	300,899	300,899
	676,154	**5,757**	**670,397**	**300,899**
2017				
Between 0 and 90 days	167,722	167,722	-	-
Due between:				
181 and 360 days	-	-	-	-
More than 361 days	234,135	-	234,135	234,135
	401,857	**167,722**	**234,135**	**234,135**

A summary of the movement of the allowance for impairment in respect of long-term notes receivable during the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Balances at beginning of year	234,135	474,455
Charge of the year	113,523	-
Write off	(36,324)	(228,177)
Effect of exchange rate fluctuation	(10,435)	(12,143)
Balances at end of year	**300,899**	**234,135**

As of December 31, 2018, the fair value of these documents receivable amounts to approximately US$282,800.

The maturity of long-term notes receivable including current portion, is as follows:

2019	5,757
2020	670,397
	676,154

5 Long-term notes receivable (continued)

The Institution maintains a service agreement with Apec Foundation for Educational Credit, INC. (FUNDAPEC) for the collection and administration of a portion of the educational loan portfolio for US$81,695 and US$115,937, as of December 31, 2018 and 2017, respectively. During the years 2018 and 2017, as part of collection management effort, accounts receivable were recovered for approximately US$8,263 and US$65,783, respectively. The Institution paid about 12 % and 15 % of commission for each collection process achieved, as of December 31, 2018 and 2017, respectively.

During the years ended December 31, 2018 and 2017, commissions paid amounted to US$8,049 and US$12,571, respectively, and is presented as part of other costs and general and administrative and expenses in the accompanying statements of activities, changes in net assets and other comprehensive income.

The Institution and the BHD León Bank, agreed to commit on the development of an educational financing program, designed for students who meet the academic requirements expected by INTEC.

The agreement establishes that INTEC will offer to these students an interest-free financing of the tuition fees for the undergraduate program selected by them. Likewise, the Bank, on behalf of the Institution will create the loan portfolio and will maintain the documents until the moment the student finishes the undergraduate program, and after carrying out the corresponding depuration and credit analysis, will proceed to grant a credit directly to the student to settle the debt loan with the institution.

As of December 31, 2018, the number of students under this educational financing program is 133. The Institution has granted loans to students under this criteria for an amount of US$ 369,398 during the year ended December 31, 2018.

This agreement establishes a line of credit to cover these financing for US$199,203, which has not been used as of December 31, 2018.

6 Investments in securities

As of December 31, 2018 and 2017, consist of certificates of deposit held to maturity with foreign financial institutions. Certificates in United States dollars generated interest of 1.50 % and 0.55 % annual, respectively with maturities of 360 days. This investment is in guarantee on a loan with a foreign financial institution. During the years 2018 and 2017, interests received amounted to US$670 and US$775, respectively, and are presented as part of finance income (costs), in the accompanying statements of activities, changes in net assets and other comprehensive income of those years.

Amounts in United States dollars (US$)

7 Prepaid expenses

A summary of prepaid expenses as of December 31, 2018 and 2017, is as follows:

	2018	2017
Amortizable expenses - students' scholarships (note 16) (a)	122,822	125,371
Insurance	115,833	116,726
Recoverable tax on sale	-	10,173
Maintenance and other expenses of computers	329,093	153,941
Others	3,390	206
	571,138	**406,417**

(a) Correspond to expenses for scholarships relating to students tuitions, which are recognized as operating expenses to the extent that the educational services are provided to the students. During the years ended December 31, 2018 and 2017, expenses amounted to US$1,539,091 and US$1,465,770, respectively, are presented as part of other costs and general and administrative expenses in the accompanying statements of activities, changes in net assets and other comprehensive income (see note 15).

8 Property, furniture and equipment, net

A movement of property, furniture and equipment and accumulated depreciation during the year ended December 31, 2018, is as follows:

Costs:	Land	Buildings and improvements	Furniture and equipment	Literature	Vehicles and transportation equipment	Furniture and equipment in transit (a)	Construction in progress (b)	Total
Balances at beginning	10,223,854	21,106,378	7,157,354	821,342	179,702	354,199	757,544	40,600,373
Additions	-	180,884	366,962	7,073	134,936	-	1,749,315	2,439,170
Transfers	-	40,250	681,745	-	12,722	(244,228)	(490,489)	-
Disposals	-	-	(135,330)	-	-	(95,789)	(7,091)	(238,210)
Effect of exchange rate fluctuation	(409,362)	(845,097)	(286,580)	(32,887)	(7,195)	(14,182)	(30,331)	(1,625,634)
Balances at end of year	9,814,492	20,482,415	7,784,151	795,528	320,165	-	1,978,948	41,175,699
Balances at beginning	-	(7,609,650)	(4,972,569)	(758,077))	(172,855)	-	-	(13,513,151)
Charges of the period	-	(800,335)	(873,557)	(25,280)	(19,531)	-	-	(1,718,703)
Disposals	-	-	129,633	-	-	-	-	129,633
Effect of exchange rate fluctuation	-	315,690	211,108	30,700	7,191	-	-	564,689
Balances at end of year	-	(8,094,295)	(5,505,385)	(752,657)	(185,195)	-	-	(14,537,532)
Property, furniture and equipment, net	**9,814,492**	**12,388,120**	**2,278,766**	**42,871**	**134,970**	**-**	**1,978,948**	**26,638,167**

Amounts in United States dollars (US$)

8 Property, furniture and equipment, net (continued)

(a) Corresponds to advances made to suppliers of the Institution for the acquisition of student furniture and equipment.

(b) As of December 31, 2018, the construction in process consists of disbursements made for the construction of the building of the faculty of engineering and the parking building.

As of December 2018 and 2017, the Institution has in use fully depreciated assets with an original cost amounting approximatly US$7,500,000 and US$7,400,000, respectively.

9 Other assets

A summary of other assets as of December 31, 2018 and 2017, is as follows:

	2018	2017
Surety and deposits	19,683	20,504
Licenses and software (a)	947,597	964,738
Accumulated amortization (b)	(767,306)	(704,934)
	180,291	259,804
	199,974	**280,308**

(a) Correspond to agreements with terms between one and five years.

(b) A movement of amortizations during the year ended Decembrer 2018 and 2017, is as follows:

	2018	2017
Balances at beginning of year	704,934	650,637
Charges for the year	91,859	76,607
Effect of exchange rate fluctuation	(29,487)	(22,310)
Balances at end of year	**767,306**	**704,934**

10 Deferred income

As of December 31, 2018 and 2017, corresponds to the billings for tuitions of students in undergraduate, graduate and master degree' programs, which are recognized as income to the extent that services are offered to students.

Amounts in United States dollars (US$)

11 Accruals and other liabilities

Accruals and other liabilities as of December 31, 2018 and 2017, are as follows:

	2018	2017
Taxes withheld to employees	127,282	101,771
Social security (Law No. 87-01)	195,199	184,198
Vacations	380,136	314,133
Other accruals	218,751	110,638
	921,368	**710,740**

12 Long-term debt

A summary of long-term debt as of December 31, 2018 and 2017, is as follows:

	2018	2017
Unsecured loan 681/SF-DR signed with the Inter-American Development Bank (IDB), on June 3, 1982, for an original amount of US$5,400,000 and 181,710,372 pesetas, payable at an average exchange rate of RD$3.15 per each United State dollar; the exchange differences will be assumed by the Central Bank of the Dominican Republic; to be used in scholarships granted to employees. The loan generates interest at 2 % anually and a 0.5 % credit commission; was received to finance the "Consolidation and Academic Expansion of INTEC," project with a guarantee of the Dominican Government and maturity on May 24, 2022. The loan is payable in 60 semi-annual consecutive installments of principal plus interest of approximately US$79,644 and €23,700.	632,376	822,001
Unsecured loans with Banco BHD León, S. A. for an amount of RD$35,000,000 with an annual interest rate of 13.02 %, payable in 60 equal interest installments with a maturity in July 2021.	410,340	564,339
Unsecured loans with Banco BHD León, S. A. for an amount of RD$40,000,000, with an annual interest rate of 13 %, payable in 90 equal and consecutive capital and interest installments with a maturity in January 2023.	540,821	668,079

Amounts in United States dollars (US$)

12 Long-term debt (continued)

	2018	2017
Unsecured loans with Banco BHD León, S. A. for an amount of RD$100,000,000, with an annual interest rate of 12.5 %, payable in 60 equal and consecutive capital and interest installments with a maturity in June 2022.	1,502,966	1,917,731
Loan agreement with a foreign financial institution, for US $51,739 with an annual interest rate of 1.50%. This loan matures in December 2019, renewed annually and with guarantee on debt securities with the same financial institution for an approximate amount of US$ 111,000.	51,791	-
Unsecured loans with Banco BHD León, S. A. for an amount of RD$100,000,000, with an annual interest rate of 9.75 %, payable in 60 equal and consecutive capital and interest installments and with a maturity in July 2022.	1,524,343	1,943,102
Long-term debt	4,662,637	5,915,252
Current portion of long-term debt	(1,220,031)	(1,133,852)
Long-term debt excluding current portion	**3,442,606**	**4,781,400**

The maturity of the long-term debt is as follows:

2019	1,220,031
2020	1,296,741
2021	1,366,303
2022	765,451
2023 hereinafter	14,111
	4,662,637

During the years ended December 31, 2018 and 2017, interests incurred for long-term debt amounts to US$486,842 and US$585,721, respectively, and are presented as part of finance income (costs), in the accompanying statements of activities, changes in net assets and other comprehensive income.

Amounts in United States dollars (US$)

12 Long-term debt (continued)

During the year ended December 31, 2018, a reconciliation between the movement of liabilities, in relation to cash flows from financing activities, is as follows:

	Long term debt
Balance at January 1st, 2018	5,915,252
Cash flows from financing activities:	
Proceeds from loans	561,344
Payments of loans	(1,832,860)
Total changes in cash flows from financing activities	(1,271,516)
Other changes in cash flows:	
Interest expenses	486,842
Interest paid	(486,842)
Total changes	-
Effect of exchange rate fluctuation	18,901
Balance at December 31, 2018	**4,662,637**

As of December 31, 2018 and 2017, the Institution maintains approved and unused credit cards with local financial institutions for approximately US$183,500.

13 Labor benefits liability

Until December 31, 2017, the Institution accumulated a liability to cover labor benefits corresponding to notice of unemployment and severance of employees when they no longer provide their services to the Institution, as long as they met certain time and quality requirements of the work performed.

Through the Ordinary Assembly of the Board of Regents on July 5, 2018, the management of the Institution approved to discontinue the accumulation of the liability arising from notice of unemployment and severance indemnities when the employee no longer provides their services to the Institution. In addition, payment until December 31, 2017 to eligible employees was approved. These payments will be made on a scheduled basis within a period of no more than five years. As of January 1st, 2018 this liability accumulates interest at a rate of 3% annually. The interest accrued, amounted to US$92,615, and is presented as interest expenses within finance income (costs) net, in the accompanying statement of activities, changes in the net assets and other comprehensive income .

Amounts in United States dollars (US$)

13 Labor benefits liability (continued)

Effectively on January 1st, 2018, the management of the institution; considering the decision to reduce labor benefits liability, made an analysis to determine which employees qualified for the payment of this benefit, resulting in a reduction of the obligation for US$801,948, which is presented as part of other income, in the accompanying the statement of activities, changes in the net assets, and other comprehensive income.

As of December 31, 2018 and 2017, the Institution made payments of US$615,943 and US$233,465, respectively, for concept of labor benefits. In addition, as of December 31, 2017, the Institution recognized expenses for this obligation for US$1,160,353, which is presented as part operating cost and expenses in the accompaning statement of activities, changes in the net assets and other comprehensive income.

As of December 31, 2018, the fair value of labor benefits liability, amounts to approximately US$2,700,000. The present value was determined discounted at a rate of 6.03% equivalent to time deposits in Dominican pesos (RD $), with maturity of two to five years.

14 Operating income

A summary of operating income for the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Student's tuition and services:		
Undergraduate students	13,042,564	12,590,698
Postgraduate students	1,438,835	1,662,603
Laboratory registration	660,404	658,237
Undergraduate students registration	3,386,842	3,425,730
Postgraduate students registration	455,359	524,305
	18,984,004	18,861,573
Discounts and bonuses (a)	(574,346)	(512,390)
	18,409,658	18,349,183

Amounts in United States dollars (US$)

14 Operating income (continued)

	2018	2017
Other educational services	795,335	829,443
Educational services	680,066	679,637
	19,885,059	19,858,263
Government grants (b)	2,047,061	2,134,134
Other income:		
Fines and surcharges (c)	576,550	582,396
Overhead of third party programs (note 16 (g))	2,406,999	1,213,925
Technical assistance and advisory	830,996	725,967
Various	213,714	-
Sponsorship income	48,719	41,016
Income from academic and related activities	6,424	33,065
Donations and foreign contributions	645,777	147,399
Other income (d)	1,305,026	1,307,287
	6,034,205	4,051,055
	27,966,325	**26,043,452**

(a) As of December 31, 2018 and 2017, correspond to cash discounts for early payment and good academic score achieved, granted to students of the Institution.

(b) Correspond to an ordinary grant assigned by the Dominican Republic Government for not-for-profit organizations. The amounts assigned during the years ended December 31, 2018 and 2017, amounted for approximately US$2,270,200 and US$2,300 per month, respectively. During 2018 and 2017, this grant was destined for the construction of the Engineering building of the Institution.

(c) Corresponds to charges generated by delays in student payments in the enrollment and services offered, these surcharges are generated in the fourth and eighth week of the quarter.

(d) In 2018, it includes other income of US$801,948 for the reduction of obligations form laor benefits (see note 13).

Amounts in United States dollars (US$)

15 Operating costs and expenses

A summary of operating costs and expenses during the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Salaries and compensations to personnel (a)	14,993,950	15,659,334
Electric power	807,941	826,651
Surveillance	575,095	576,851
Various supplies	436,351	415,984
Fees	500,657	474,546
Promotion and advertising	250,358	266,114
Fuels and lubricants	313,190	239,836
Workshops and conferences	231,620	124,424
Operating lease	187,526	228,162
Students parking	6,188	28,950
Communications	92,021	114,986
Institutional attentions	41,870	40,295
Shipping	38,997	26,166
Other taxes	74,647	96,804
Professional fees	82,748	86,475
Miscellaneous expenses	196,632	66,408
Printing and bindings	106,824	65,212
Photocopies and reproduction	23,158	35,636
General insurance	144,392	153,509
Researches	184,915	121,123
National and international relations	144,501	175,616
Doubtful accounts (notes 4 and 5)	811,928	265,146
Maintenance expense and renewal licenses and software	388,780	375,247
Depreciation and amortization (notes 8 and 9)	1,810,562	1,880,696
Coffee break	87,057	123,056
Water, coffee and garbage	25,990	9,592
Cleaning and gardening	555,447	464,717
Maintenance and repair	620,280	599,102
Scholarships (*) (note 7)	1,539,091	1,465,770
Scientific and institutional publications	71,155	97,206
Special events	420,538	349,003
Organizations and development of projects	145,550	220,179
Hospitals services	36,192	30,902

Amounts in United States dollars (US$)

15 Operating costs and expenses (continued)

	2018	2017
Incidentals	29,808	47,071
Portfolio management fees	8,049	12,571
Loss for account receivable discharge (note 4)	212,401	-
Others	832,916	797,114
	27,029,325	**26,560,454**

(*)Correspond to scholarships granted to employees of the Institution and their close relatives; as well as people of low income referred by the Ministerio de Educación Superior, Ciencia y Tecnología (MESCYT), who meet the academic requirements of the Institution. The cost for these scholarships is recognized in the statements of activities,changes in net assets and other comprehensive income to the extent that the service is offered and the portion not offered is recognized as expenses for the amortization of student grants as part of the expenses paid in advance in the accompanying fstatements of financial position.

a) A summary of salaries and personnel compensation during the years ended December 31, 2018 and 2017, is as follows:

	2018	2017
Wages and salaries	10,981,596	10,747,680
Christmas bonus	879,872	857,417
Vacation	435,886	337,399
Other bonuses	46,029	76,844
Severance indemnities	286,225	1,541,168
Insurance	714,932	687,505
Pension plan Law núm. 87-01	798,547	785,191
Professional development	63,838	25,121
Study benefits	2,585	22,614
Per diem	269,443	175,549
Transportation	190,845	154,971
Other benefits	324,152	247,875
	14,993,950	**15,659,334**

As of December 31, 2018 and 2017, approximately US$540,000 and US$800,000, respectively, correspond to top management compensation, which are defined as those occupying vice-presidents positions an above. As of December 31, 2018 and 2017, the Institution has 1,118 and 1,072 employees, respectively.

16 Commitments and contingencies

Commitments

a) On August 1st, 1995, the Instituto Tecnológico de Santo Domingo (INTEC), entered into a service agreement with the Central Bank of the Dominican Republic (Central Bank), for an original three-year term, subject to review from the parties at the termination thereof and renewable upon mutual agreement. Through this agreement the Central Bank assumes the exchange rate differences that arise between the original foreign exchange rate of Loan No. 681/SF-DR suscribed by INTEC with the Inter-American Development Bank (IDB) (RD$3.15 per each US$1.00) and the exchange rate at the time of the payment of principal installments plus interests. The Institution is committed to provide scholarships program for undergraduate and postgraduate, technical training programs and organizational support projects, equivalent to the amount of the debt in Dominican pesos resulting from the exchange rate differences assumed by the Central Bank. As of December 31, 2018 and 2017, the Institution maintains balances receivable amounting to US$85,830 and US$179,998, respectively, derived from granting scholarship services to the Central Bank staff, more than those covered under this agreement, and recognized as accounts receivable in the accompanying statements of financial position.

b) On May 2013, the Institution subscribed with Enorden, C. por A., a services agreement for maintenance of the green areas. The agreement is for a one year term, establishes a monthly payment of US$9,606, automatically renewable each year. As of December 31, 2018 and 2017, the Institution incurred in maintenance expenditures of the green areas amounting to US$93,165 and US$92,554, respectively, which are presented as part of other costs and general and administrative expenses in the accompanying statements of activities, changes in net assets and other comprehensive income. The estimated fee commitment for 2019 approximates US$101,000.

c) On June 1st, 2006, the Institution subscribed with Enorden, C. por A., an agreement for cleaning and maintenance services of the facilities. The agreement is for a one year term, establishes a monthly payment of US$19,048, automatically renewable each year. As of December 31, 2018 and 2017, the Institution incurred in cleaning expenditures amounting to US$468,669 and US$252,990, respectively, which are presented as part of other costs and general and administrative expenses in the accompanying statements of activities, changes in net assets and other comprehensive income. In May 2016, the Institution began to use the cleaning and maintenance services for the parking lot and the medical building, which are not stipulated in the contract, so it is paid based on monthly invoicing according to the services received during each month. During 2016, the Institution incurred expenses for this concept amounting to US$23,102. The estimated payment commitment for this concept for 2019, considering the contractual inclusion of the new medical building is approximately US$278,000.

16 Commitments and contingencies (continued)

Commitments (continued)

d) In February 2013, the Institution subscribed a lease agreement for facilities for academic teaching and administrative areas, for a monthly payment of US$3,850. This agreement has a five year term and is automatically renewable upon previous agreement among the parties. As of December 31, 2018 and 2017, expense recognized for this agreement amounted to US$61,875 and US$50,335, respectively, and are recognized as other general and administrative expenses in the accompanying statements of activities, changes in net assets and other costs and comprehensive income. The estimated payment commitment for 2019 approximates US$64,957.

e) As of December 31, 2018 and 2017, the Institution holds commitment for the rental of a parking lot for the amount of US$6,199 per month. The agreement was subscribed in April 2004, with a one year term and automatically renewable prior agreement upon the parties. Payments during the years ended December 31, 2018 and 2017, amount to US$94,099 and US$80,935, respectively, which are presented as part of other costs and general and administrative costs and expenses in the accompanying statements of activities, changes in net assets and other comprehensive income. The estimated commitment fee for 2019 approximates US$98,788.

f) The Institution has contracted the services of the company Thormann Peralta Security, S. A., for transportation services and protection of all the Institutions' facilities and surroundings. These agreements were executed in May 2006 and February 2007, respectively, and establishes monthly payments of US$3,187 and US$47,925, respectively, for a one year term and is automatically renewable upon previous agreement among the parties. During 2018 the Institution discontinued the transport service with the provider. During the years ended December 31, 2018 and 2017, payments for these concepts amounted to US$575,095 and US$599,557, respectively and US$9,561 and US$538,448, respectively, which are presented as part of other costs and general and administrative expenses in the accompanying statements of activities, changes in net assets and other comprehensive income. The estimated payment commitments for 2019 approximates US$601,899.

g) As of December 31, 2018 and 2017, the Institution maintains several contracts with third parties to provide educational services for the amount of US$12,463,685 and US$13,278,500, respectively, of which US$6,747,281 and US$7,007,676, respectively, were pending of execution. These contracts establish a date of termination of the service that oscillates between two and three years from the suscriptions of the contracts and mature in several dates.

Amounts in United States dollars (US$)

16 Commitments and contingencies (continued)

Commitments (continued)

Overhead of third party programs income is recognized as the service is provided. As of December 31, 2018 and 2017, total income recognized under these contracts amounted to US$2,406,999 and US$1,213,925, respectively, and are presented as other income in the accompanying statements of activities,changes in net assets and other comprehensive income.

As of December 31, 2018 and 2017, the Institution received deposits amounting to US$863,316 and US$604,675, respectively, as part of the obligations established in the service contracts, which are determined on the basis of 10 % and 20 % of the amount budgeted in the contracts of each project. These deposits are offset against future billings to customers and are included as advances received for other educational services in the accompanying statements of financial position.

Contingencies

As of December 31, 2018, there are lawsuits that have been filed against the Institution, for the approximate amount of US$550,000, arising in the normal course of operations. According to the Institution's external legal advisers, it is very unlikely that these lawsuits result in an adverse decision against the Institution. Therefore, management does not anticipate any material loss as a result of the claims, and has not considered necessary to recognize a provision for such purposes.

17 Balances in foreign currency

The Institution performs sales and purchase transactions that are denominated in a currency other than the functional currency of the Institution, mainly the United States dollar (US$).

As of December 31, 2018 and 2017, the statements of financial position include the following balances in Dominican pesos and Euros, translated to dollars of the United States:

	RD$	US$	€	Total
2018				
Cash and cash equivalents	9,144,382	182,159	15,019	9,341,560
Notes and accounts receivable	34,365,213	684,566	-	35,049,779
Investments in securities	5,533,751	110,234	-	5,643,985
Accounts payable	(8,143,795)	(162,227)	-	(8,306,022)
Long-term debt	(24,336,355)	(484,788)	(128,851)	(24,949,994)
Net monetary position	**16,563,196**	**329,944**	**(113,832)**	**16,779,308**

Amounts in United States dollars (US$)

17 Balances in foreign currency (continued)

	RD$	US$	€	Total
2017				
Cash and cash equivalents	2,217,077	46,007	19,741	2,282,825
Notes and accounts receivable	54,049,085	1,121,583	-	55,170,668
Investments in securities	5,338,247	110,775	-	5,449,022
Accounts payable	(5,534,670)	(114,851)	-	(5,649,521)
Long-term debt	(30,036,731)	(623,298)	(165,666)	(30,825,695)
Net monetary position	**26,033,008**	**540,216**	**(145,925)**	**26,427,299**

In 2018 and 2017, the foreign exchange rates per US$1 and €1 used by the Institution were as follows:

	Average rate		Spot rate	
	2018	2017	2018	2017
Equivalent in RD$	49.51	47.49	50.20	48.19
Equivalent in €	57.26	54.01	57.50	57.80