

U. S. Steel Košice Foundation

Annual Report 2016

**Registered office: Vstupný areál U. S. Steel
044 54 Košice
Identification No: 35549891**

Annual Report of the U. S. Steel Košice Foundation

A. FOUNDATION ACTIVITIES IN 2016

The U. S. Steel Košice Foundation (hereinafter "the USSK Foundation") was established on December 9, 2002 and incorporated in the Register of Foundations kept by the Ministry of Interior of the Slovak Republic with the number 203/Na-2002/695 on December 11, 2002. The USSK Foundation was established by U. S. Steel Košice, s.r.o. (hereinafter „U. S. Steel Košice“ or „USSK“) in order to support public-benefit activities in the following areas:

- Health protection and support,
- Support of physical activities and sport,
- Provision of social and humanitarian support,
- Preservation of cultural treasures,
- Education and educational system support,
- Human rights protection,
- Environment protection and creation and preservation of natural treasures,
- Science and research,
- Organization and mediation of volunteer activities,
- Support of pensioners - former employees of the company U. S. Steel Košice, s.r.o

In 2016, the USSK Foundation supported projects in the following areas:

AREA	NUMBER OF PROJECTS	AMOUNT
Education and educational system	33	21,215
Social and humanitarian support	29	47,377
Physical activities and sport	8	7,795
Environment creation and preservation of natural treasures	1	1,098
Total	71	77,485

Education and educational system

During 2016 the USSK Foundation supported 33 projects organized by educational institutions, focusing mainly on education process enhancement, and provided 30 scholarships. The cash funds provided totaled EUR 21,215.18.

Scholarship Program

The program is intended for the support of studies at colleges and universities for talented children of U. S. Steel Košice employees working full time, talented students from socially disadvantaged environment who study at technical colleges and universities. The program is focused on those university students who besides studies are involved in diverse social – beneficial activities and at the same time it is a motivation for better study results also for secondary schools students, since the participation in the program depends also from their achievement at school.

Information about the specific projects supported is given under item *D. List of People and Entities Who Received Funds from the Foundation*, section Education and educational system.

Social and humanitarian support

During 2016 the USSK Foundation supported 29 projects of social, humanitarian and charity organizations in the Košice and Prešov regions with funds totaling EUR 47,376.74 and 18 of

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them were supported by public fundraising. One of our projects with the longest tradition is the Wishing Tree event, which aims to fulfill the wishes of children in the foster homes in Podolíneč and Košice, Urlaská 1 as well as the children in ten families of U. S. Steel Košice, s.r.o. employees who find themselves in difficult life conditions due for example to the long-term illness or death of one of the parents.

Children's Home of St. Clement Hofbauer will use donated funds to complete the house at 30/440 J. Smreka Street in Podolíneč, which will be used to provide temporary housing for young adults, whose institutional care has coming to an end, and to purchase a new car for the Children's Home.

Children's Home in Košice, Uralská 1, will use the donated funds to arrange for interior home furnishing and recreation of children during the holidays in the summer camps, swimming pools, entrance fees and transportation to cultural and sporting events, and to purchase sporting goods.

USSK Foundation once again supported two half-way houses, i.e. one in Kosice and one in Prešov, which provide shelter to young adult offspring of orphanages. The funds will be used to support the study, pay rates in the professional training of young adult women in half-way "Nest" house in Prešov, purchase white and black appliances, furniture, reconstruct the flats, pay for leisure time activities, material for occupational therapy, and develop cooperation with the children's homes.

The half-way house in Kosice will use the financial gift to support study within the professional training of young adult men in half-way houses, for the cultural and sports activities of clients in collaboration with the Children's Homes of Nižná Kamenica and Košická Nová Ves, restore worn-out technical and material equipment, and cover other administrative costs.

Information about the specific projects supported is given under item *D. List of People and Entities Who Received Funds from the Foundation*, section Social and humanitarian support.

Physical activities and sport

In this area the USSK Foundation supported 8 projects, providing cash funds totaling EUR 7,795.00. The USSK Foundation focused mainly on the grant program "Your Chance to Play".

The "Your Chance to Play" Grant Program

The program focuses on supporting children whose families do not have enough resources to finance their sport activities. These children have an opportunity to make progress also thanks to this support. The USSK Foundation's approach is consistently based on equality of opportunities for everyone. A specific demonstration of this approach can be found in programs supporting ice-hockey, basketball and soccer players. The young ice-hockey players' support program applies mainly to boys aged between 5½ and 15 years, for whom the USSK Foundation pays club fees in the Košice Ice-Hockey Club and part of the cost of buying hockey equipment. There is a similar situation with the soccer talents aged up to 15 years who are members of the Jednota Košice Athletics Club. For girls aged up to 15 years there is a young basketball players' program, with the same form of support.

In the school year 2016/2017 we have been giving more possibilities also to young talented sportspeople from among the employees working full time at U. S. Steel Košice and its subsidiary companies, namely in selected sports such as ice-hockey, basketball and soccer.

Information about the specific projects supported is given under item *D. List of People and Entities Who Received Funds from the Foundation*, section Physical activities and sport.

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B. BREAKDOWN OF CONTRIBUTIONS BY ORIGINAL SOURCE

CONTRIBUTIONS	Amount in EUR
Contributions exceeding EUR 331 received from other legal entities	47,341
Contributions received from private individuals – public fund-raising	9,409
Contributions from share of paid income tax	52,610
Interest	37
Total	109,397

Contributions amounting to EUR 25,961 were recognized as revenue of the USSK Foundation. Contributions amounting to EUR 83,436 were recognized as deferred income.

In 2016 the USSK Foundation received the following donations or financial funds exceeding EUR 331 from the same donor:

FINANCIAL GIFTS – DONATIONS	Amount in EUR
U. S. Steel Košice, s.r.o.	46,756
U. S. Steel Services s.r.o.	585
Total received	47,341

C. BREAKDOWN OF EXPENSES BY INDIVIDUAL ACTIVITIES OF THE FOUNDATION

USSK Foundation Total Expenses were EUR 78,906.27 and they consisted of Public Service Expenses and Foundation Administrative Costs.

PUBLIC SERVICE EXPENSES	Amount in EUR
Education and educational system	21,215
Social and humanitarian support	47,377
Physical activities and sport	7,795
Environment creation and preservation of natural treasures	1,098
Total	77,485

FOUNDATION ADMINISTRATIVE COSTS	Plan in EUR (approved by Board of Trustees)	Amount in EUR
Foundation Administration		
- cost of audit and notarial services	950	973
- bank charges and other fees	700	439
- withholding tax on interest	250	9
Total Foundation Administrative Cost	1,900	1,421

At its meeting on November 6, 2015, the USSK Foundation Board of Trustees approved the budget for administration of the USSK Foundation for the year 2016.

D. LIST OF PEOPLE AND ENTITIES WHO RECEIVED FUNDS FROM THE FOUNDATION

Education and educational system

#	Entity Name	Gift Value (EUR)	Gift Purpose	Gift Contract #
1.	Elementary Art School – Visual Arts Department, Kováčska 43, Košice	517.40	Purchase of teaching aids for the Visual Arts Department – public fund-raising	3/2016

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2.	Secondary Vocational School Technical, Kukučínova 23, Košice	280,59	The operation and activities of the School and detached workplaces – public fundraising	5/2016
3.	Parent Association at the Elementary Art School of Bernolákova 26, Košice	617,19	The purchase of teaching aids for the art department at the Elementary Art School – public fundraising	12/2016
LIST OF STUDENTS SUPPORTED				
#	Student Name	Gift Value (EUR)	Gift Purpose	Gift Contract #
1.	Matej ŠELEPSKÝ, Trstené pri Hornáde	1000.00	Study expenses at the University of Glasgow, UK, MA Business Economics and Management	47/2015
2.	Róbert LAPČÁK, Košice - Západ	450.00	Study expenses at the Technical University in Košice, Faculty of Metallurgy	48/2015
3.	Andrea JANOŠČIKOVÁ, Malá Ida	1,000.00	Study expenses at Imperial College London, UK, Course Computer Science	49/2015
4.	Milan ZOLOTA, Košice - Sídliisko KVP	850.00	Study expenses at the University of Bristol, UK, Faculty of Engineering, Department of Computer Scienc	50/2015
5.	Peter VOOK, Košice - Dargovských hrdinov	1,000.00	Study expenses at Charles University in Prague, Faculty of Mathematics and Physics	51/2015
6.	Ľubomíra ONDEJKOVÁ, Košice - Ťahanovce	850.00	Study expenses at the University of Economics in Prague, Faculty of Informatics and Statistics	52/2015
7.	Ján HOFFMANN, Košice	450.00	Study expenses at the Technical University in Košice, Faculty of Electrical Eng. and Informatics	53/2015
8.	Kristína JAKOVÁ, Košice - Sídliisko Ťahanovce	500.00	Study expenses at P. J. Šafárik University in Košice, Medical Faculty	54/2015
9.	Adam RAK, Košice - Sídliisko Ťahanovce	850,00	Study expenses at the Czech Technical University in Prague, Faculty of Electrical Engineering	55/2015
10.	Róbert SCHÖNFELD, Košice - Západ	750.00	Study expenses at the Czech Technical University in Prague, Faculty of Information Technologies	56/2015
11.	Roman STAŇO, Košice - Dargovských hrdinov	850.00	Study expenses at Charles University in Prague, Faculty of science	57/2015
12.	Zuzana TAKÁČOVÁ, Košice - Krásna	850.00	Study expenses at the Copenhagen Business School, Denmark, Business Study, Asian Languages and Chinese Culture	58/2015
13.	Martin STUPÁK, Perín-Chym	450,00	Study expenses at the Technical University in Košice, Faculty of Electrical Eng. and Informatics	32/2016
14.	Ivana ATYAFIOVÁ, Valalíky - Všechnsvätých	450,00	Study expenses at the Technical University in Košice, Faculty of Metallurgy	33/2016
15.	René ATYAFI, Valalíky - Všechnsvätých	450,00	Study expenses at the Technical University in Košice, Faculty of Metallurgy	34/2016
16.	Ivana STANOVÁ, Košice - Sídliisko Ťahanovce	800,00	Study expenses at the College of Economics in Prague, Faculty of Informatics and Statistics, Czech Republic	35/2016
17.	Dáša DRENČAKOVÁ, Košice - Západ	800,00	Study expenses at Masaryk University of Brno, Faculty of Science, Chemistry field of study, Czech Republic	36/2016
18.	Jakub KALMÁR, Valalíky - Buzice	800,00	Study expenses at the College of Economics in Prague, Faculty of International Relations, Czech Republic	37/2016
19.	Veronika SLEBODNÍKOVÁ, Košice - Ťahanovce	450,00	Study expenses at the Technical University in Kosice, Faculty of Economics	38/2016
20.	Daniela ANDAHÁZYOVÁ, Medzev	450,00	Study expenses at Prešov University in Prešov, Faculty of Management	39/2016
21.	Nikola RIGANOVÁ, Seňa	800,00	Study expenses at the Czech Technical University in Prague, Faculty of Information Technology, Czech Republic	40/2016

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22.	Lubomíra GABÁNIOVÁ, Malá Ida	450,00	Study expenses at the Technical University in Kosice, Faculty of Mining, Ecology, Process Control and Geotechnology	41/2016
23.	Jana HORNIÁKOVÁ, Košice - Juh	450,00	Study expenses at the Technical University in Košice, Faculty of Electrical Eng. and Informatics	42/2016
24.	Filip GURBÁL', Košice – Poľov	450,00	Study expenses at the Technical University in Košice, Faculty of Electrical Eng. and Informatics	43/2016
25.	Bc. Erika RÁCOVÁ, Košice – Lorinčík	450,00	Study expenses at the Technical University in Kosice, Faculty of Mechanical Engineering	44/2016
26.	Richard L'APIN, Košice - Pereš	800,00	Study expenses at University College London, UK, field of study Economics	45/2016
27.	Denisa ŠESTÁKOVÁ, Košice - Západ	450,00	Study expenses at the University of Central Europe in Skalica, Environmental Management	46/2016
28.	Roman STAŇO, Košice - Dargovských hrdinov	750,00	Study expenses at Charles University in Prague, Faculty of science	47/2016
29.	Zuzana TAKÁČOVÁ, Košice - Krásna	750,00	Study expenses at the Copenhagen Business School, Denmark, Business Study, Asian Languages and Chinese Culture	48/2016
30.	Kristína JAJKOVÁ, Košice - Sídliisko Ťahanovce	400,00	Study expenses at P. J. Šafárik University in Košice, Medical Faculty	49/2016

Social and humanitarian support

#	Entity Name	Gift Value (EUR)	Gift Purpose	Gift Contract #
1.	The Chance, non-profit organization, Košice	571.78	For buying material equipment for the Opatovska Street Combined School 101, Košice – public fund-raising	2/2016
2.	ArtEst – poly-aesthetic education of handicapped youth, Košice	373.18	For buying artistic material for the mentally disturbed children – public fund-raising	4/2016
3.	Nižná Kamenica Foster Home	275.51	For activities of the foster home children – public fund-raising	6/2016
4.	Anti-cancer League SR, Bratislava	557.63	For supportive psycho-social activity of the Anti-cancer League SR, at the Košice branch – public fund-raising	7/2016
5.	Rubikon Autistic Center, n.o., Košice - Myslava	738.66	For activities of this center – public fund-raising	8/2016
6.	Uralská Street Foster Home, Košice	311.64	For buying artistic and working material in the therapeutic workshop – public fund-raising	9/2016
7.	Horný Bankov Re-education Center, Košice	403.10	For creative activity of the center clients – public fund-raising	10/2016
8.	REGINA Crisis Intervention Center, Kráľovce	311.30	For purchasing material for developing creativity of clients in therapeutic workshops for the Crisis Center, Adlerova 4, Košice; Crisis Center of Cana; and House of Social Services Kráľovce – public fundraising	11/2016
9.	ETP Slovakia Civic Association – Center for sustainable development, Košice	288.06	For activities of this civic association – public fund-raising	13/2016
10.	PSYCHOSOCIAL CENTRE of Košice	422.50	For activities of this civic association – public fund-raising	14/2016
11.	"Happiness" Association of Relatives and Friends, Košice	576.42	For activities in the Bauerova Street Rehabilitation Center for the mentally disturbed in Košice – public fund-raising	15/2016
12.	Smile at Me Civic Association, Košice	805.93	Purchasing of special teaching aids for pupils at Vojenská 13 Street Combined School in Košice and for children at Ľudová 15 Street Special Kindergarten in Košice – public fund-raising	16/2016

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#	Entity Name	Gift Value (EUR)	Gift Purpose	Gift Contract #
13.	Archdiocesan Charity, Košice	253.19	Operation of the Mother Teresa Hospice in Bardejovská Nová Ves, of the Retirement Home and the Social Services Centers in Košice, Lipany, Veľký Šariš, Vojčice and for the Košická Nová Ves Crisis Center – public fund-raising	17/2016
14.	Forrest Gump Club, non-profit organization, Košice	487.84	For buying materials required for the occupational activity and gift-making by clients of the Forrest Gump Day Center – public fund-raising	18/2016
15.	Salesians of Don Bosco – Province of Slovakia, Bratislava	2,000.00	Covering costs of organizing out-of-town and summer camps for children from socially-disadvantaged backgrounds held in July - August 2016	19/2016
16.	Children's Home St. Clement Hofbauer, Podolíneč	6,500.00	Complete the house at 30/440 J. Smreka Street in Podolíneč, to be used for providing temporary housing for young adults, whose institutional care has come to an end, and purchase a new car for Children's Home	28/2016
17.	Children's Home Košice, Uralská 1	6,500.00	Arrange for interior home furnishing and recreation of children during the holidays in the summer camps, swimming pools, entrance fees and transportation to cultural and sporting events, and purchase sporting goods	29/2016
18.	Council for consultancy services in social work, Košice workplace	4,000.00	Support study within the professional training of young adult men in half-way houses, pay for the cultural and sports activities of clients in collaboration with the Children's Homes of Nižná Kamenica and Košická Nová Ves, restore worn-out technical and material equipment, and cover other administrative costs	30/2016
19.	RELEVANT, non-profit organization, Prešov	2,000.00	Support the study, pay rates in the professional training of young adult women in half-way "Nest" house in Prešov, purchase white and black appliances, furniture, reconstruct the flats, pay for leisure time activities, material for occupational therapy, and develop cooperation with the children's homes	31/2016
20.	Pavol HUĎA, Seňa	2,000.00	Reimbursement of suitably invested costs for household needs	50/2016
21.	Radoslav HLEBA, Košice	2,000.00	Reimbursement of suitably invested costs for household needs	51/2016
22.	Pavel TURINSKÝ, Ruskov	2,000.00	Reimbursement of suitably invested costs for household needs	52/2016
23.	Norbet VERBÓCZI, Moldava nad Bodvou	2,000.00	Reimbursement of suitably invested costs for household needs	53/2016
24.	Peter SEMAN, Malá Ida	2,000.00	Reimbursement of suitably invested costs for household needs	54/2016
25.	Róbert VARGOVČÍK, Malá Ida	2,000.00	Reimbursement of suitably invested costs for household needs	55/2016
26.	Mária ELIÁŠOVÁ, Valaliky	2,000.00	Reimbursement of suitably invested costs for household needs	56/2016
27.	Ján HAVRILA, Košice - Pereš	2,000.00	Reimbursement of suitably invested costs for household needs	57/2016
28.	Eduard ŠIMKO, Čaňa	2,000.00	Reimbursement of suitably invested costs for household needs	58/2016
29.	Daniela RUSNÁKOVÁ, Bačkov	2,000.00	Reimbursement of suitably invested costs for household needs	59/2016

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Physical activities and sport

#	Entity Name	Gift Value (EUR)	Gift Purpose	Gift Contract #
1.	KOŠICE Ice-Hockey Club	3,885.00	Payment of HC Košice club fees for the 2016/2017 season and purchasing sports gear for the players: Gajdoš Radoslav 350 €, Janočko Dávid 115 €, Janočko Filip 350 €, Jurčo Matej 350 €, Kimák Marcel 280 €, Koper Samuel 350 €, Krajňák Nicolas 280 €, Ragan Marko 600 €, Sasák Denis 600 €, Šilerová Jessica 350 €, Takács Mário 260 €	20/2016
2.	Marcel BOCKO, Košice - Myslava	680,00	Payment of HK Sršne Košice hockey club fees for the 2016/2017 season for the player: Matúša Bocka	21/2016
3.	Miroslav FABRICI, Veľký Folkmar	400.00	Payment of P.H.K. Prešov hockey club fees for the 2016/2017 season for the player: Patrik Fabrici	22/2016
4.	Jaroslav OVČARIK, Blažice	480.00	Payment of LIBA ACADEMY 11 hockey club fees for the 2016/2017 season for the player: Dominik Ovčarik	23/2016
5.	Milan TÓTH, Čaňa	720.00	Payment of LIBA ACADEMY 11 hockey club fees for the 2016/2017 season for the players: Jakub Tóth, Andrej Tóth	24/2016
6.	Martin MALIAR, Košice - Ťahanovce	720,00	Payment of club fees in AKADEMIK TUKE the Floorball and Badminton Club, Košice, for the season of 2016/2017, and purchase sports equipment for the sons: Erik Maliar €200.00; David Maliar €200.00; - Basketball in CBK Club Minibuseuropa Ťahanovce, Košice, for the daughter Martina Maliarová €320.00	25/2016
7.	Erika LINKESCHOVÁ, Košice - Západ	730,00	Payment of club fees in the swimming club at Sports Club of Košice Police for the season of 2016/2017, and purchase sports equipment for the daughter Lucia Linkeschová	26/2016
8.	Jednota Athletics Club ,Košice	180.00	Payment of athletics club fees for the 2016/2017 season for the athlete: Mato Michael	27/2016

Preservation of Natural Treasures

#	Entity Name	Gift Value (EUR)	Gift Purpose	Gift Contract #
1.	Union of Mutual Assistance of People and Dogs, Košice	1,098.43	Covering costs of activities of the Animal Shelter near Haniska – public fund-raising	1/2016

E. CHANGES MADE IN THE FOUNDATION CHARTER AND THE USSK FOUNDATION BODIES

There were no changes made to the Foundation Charter in 2016.

Changes in the Board of Directors and Supervisory Board

On 7 April 2016, at the meeting of the Supervisory Board of the USSK Foundation, Charles James Bond was withdrawn from the office of the Supervisory Board member of the USSK Foundation and Mgr. Elena Petrášková, LL.M. was elected as the member of the Supervisory Board of the USSK Foundation with effect since 8 April 2016.

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At the session of the Board of Directors of the USSK Foundation on August 1, 2016 the member of the USSK Foundation Board of Directors George Matthew Todd Lewis resigned from the function of member of Board of Directors, and at the same time Richard Carl Shank was elected as the new member Board of Directors of the USSK Foundation.

F. ADMINISTRATOR OF THE FOUNDATION AND OTHER BODIES' EMOLUMENTS

In 2016 no emoluments were paid for their activities either to the Administrator of the Foundation or to the members of the Board of Directors or Supervisory Board of the USSK Foundation.

G. OVERVIEW OF FOUNDATION FUND ACTIVITIES

In 2016 the USSK Foundation did not establish any Foundation Fund.

H. EMPLOYEES

In 2016 the USSK Foundation did not have any employees.

I. EXPECTATIONS FOR FUTURE DEVELOPMENT OF THE USSK FOUNDATION ACTIVITIES

The intention of the USSK Foundation is to continue supporting public projects in the field of education and healthcare, to financially support science, culture and charity through the foundation programs, to proceed with supporting talented children and youth either by financial or material contributions focusing on improvement of education processes and standard of living. The USSK Foundation will focus above all on supporting those individuals who need assistance, mainly children in foster homes and disabled individuals, USSK employees in a difficult life situation, as well as organizations and clubs involved in social and charity activities that are beneficial for our community. The USSK Foundation will be involved in humanitarian aid for individuals or groups who are affected by disasters or whose lives are at risk, as well as in environmental protection and nature preservation.

Košice, March 21, 2017


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Slávka Tvrdoňová

*Administrator of the Foundation
U. S. Steel Košice Foundation*


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Scott D. Buckiso

*Chairman of Board of Directors
U. S. Steel Košice Foundation*

U. S. Steel Košice Foundation

Financial Statements
for the year ended December 31, 2016
together with independent auditors' report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors, Administrator and Supervisory Board of the Foundation Nadácia U. S. Steel Košice ("the Foundation")

Report on the financial statements

Opinion

We have audited the financial statements of the Foundation Nadácia U. S. Steel Košice ("the Foundation"), which comprise the balance sheet as at 31 December 2016, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2016, and its financial performance for the year then ended in accordance with the Act on Accounting No. 431/2002 Coll. as amended (the "Act on Accounting").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the provisions of Act No. 423/2015 Coll. on Statutory Audit and on Amendment to and Supplementation of Act No. 431/2002 Coll. on Accounting, as amended (hereinafter the "Act on Statutory Audit") related to ethical requirements, including the Code of Ethics for Auditors 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.

Management's Responsibility for the Financial Statements

Management of the Foundation is responsible for the preparation of the financial statements to give a true and fair view in accordance with the Act on Accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on Information Disclosed in the Annual Report

Management of the Foundation is responsible for information disclosed in the annual report prepared under the requirements of the Act on Accounting. Our opinion on the financial statements stated above does not apply to other information in the annual report.

In connection with the audit of financial statements, our responsibility is to gain an understanding of the information disclosed in the annual report and consider whether such information is materially inconsistent with the financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

We evaluated whether the Foundation's annual report includes information whose disclosure is required by the Act on Accounting.

Based on procedures performed during the audit of the financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2016 is consistent with the financial statements for the relevant year; and
- The annual report includes information pursuant to the Act on Accounting.

Furthermore, based on our understanding of the Foundation and its position, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issuance of this auditor's report. There are no findings that should be reported in this regard.

Prešov, March 21, 2017

ADEZ s.r.o.
Slovenská 40
080 01 Prešov

SKAU Licence No. 310



Zdenka Kvasková
Ing. Zdenka Kvasková
audit partner

SKAU Licence No. 427

Assets		Row #	Current Period			Prior Period
			Brutto 1	Korekcia 2	Netto 3	Netto 4
A		b				
A. TOTAL NON-CURRENT ASSETS r. 002 + r. 009 + r. 021		001				
1.	Intangible non-current assets total r. 003 to 008	002				
	Development costs 012 - (072 + 091AÚ)	003				
	Software 013 - (073 + 091AÚ)	004				
	Valuable rights 014 - (074 + 091AÚ)	005				
	Other intangible non-current assets (018 + 019) - (078 + 079 + 091 AÚ)	006				
	Acquisition of intangible non-current assets (041 - 093)	007				
	Advance payments made for non-current intangible assets (051 - 095AÚ)	008				
2.	Tangible non-current assets total r. 010 to r. 020	009				
	Land (031)	010		X		
	Works of art and collections (032)	011		X		
	Buildings 021 - (081 - 092AÚ)	012				
	Machinery and equipment 022 - (082 + 092AÚ)	013				
	Vehicles 023 - (083 + 092AÚ)	014				
	Perennial crops 025 - (085 + 092AÚ)	015				
	Livestock and draught animals 026 - (086 + 092AÚ)	016				
	Small tangible non-current assets 028 - (088 + 092AÚ)	017				
	Other tangible non-current assets 029 - (089 + 092AÚ)	018				
	Acquisition of tangible non-current assets (042 - 094)	019				
	Advance payments made for tangible non-current assets (052 - 095AÚ)	020				
3.	Non-current financial assets r. 022 to r. 028	021				
	Shares and ownership interests in controlled entities (061 - 096AÚ)	022		X		
	Shares and ownership interests in companies with significant influence (062 - 096AÚ)	023		X		
	Debt securities held to maturity (065 - 096 AÚ)	024				
	Loans to related parties and other loans (066 + 067) - 096 AÚ	025				
	Other non-current financial assets (069 - 096 AÚ)	026				
	Acquisition of non-current financial assets (043 - 096 AÚ)	027				
	Advanced payments made for non-current financial assets (053 - 096AÚ)	028				
Control Number r. 001 to r. 028		991				

Assets		Row #	Current Period			Prior Period
			Gross	Adjustment	Net	Net
a		b	1	2	3	4
B. CURRENT ASSETS r. 030 + r. 037 + r. 042 + r. 051		029	107,975.44		107,975.44	77,472.79
1.	Inventories r. 031 to r. 036	030				
	Raw material (112 + 119) - 191	031				
	Work in progress and semi-finished production (121 + 122) - (192 + 193)	032				
	Finished goods (123 - 194)	033				
	Animals (124 - 195)	034				
	Merchandise (132 + 139) - 196	035				
	Advance payments made for inventories (314AÚ - 391AÚ)	036				
2.	Long-term receivables r. 038 to r. 041	037				
	Trade receivables (311 AÚ to 314 AÚ) - 391AÚ	038				
	Other receivables (315 AÚ - 391 AÚ)	039				
	Receivables from associations members (358 AÚ - 391 AÚ)	040				
	Miscellaneous receivables (335AÚ + 373AÚ + 375AÚ + 378AÚ) - 391AÚ	041				
3.	Short-term receivables r. 043 to r. 050	042				
	Trade receivables (311 AÚ to 314 AÚ) - 391AÚ	043				
	Other receivables (315AÚ - 391AÚ)	044				
	Settlement with Social Insurance Company and health insurance companies (336)	045		X		
	Tax receivables (341 to 345)	046		X		
	Receivables due to financial relations to the state and regional budget (346 + 348)	047		X		
	Receivables from associations members (358 AÚ - 391AÚ)	048				
	Linking account for association (396 - 391AÚ)	049				
	Miscellaneous receivables (335AÚ + 373AÚ + 375AÚ + 378AÚ) - 391AÚ	050				
4.	Financial accounts r. 052 to r. 056	051	107,975.44		107,975.44	77,472.79
	Cash in hand (211 + 213)	052		X		
	Bank accounts (221AÚ + 261)	053	107,975.44	X	107,975.44	77,472.79
	Bank accounts with restriction period more than one year (221AÚ)	054		X		
	Short-term financial assets (251 + 253 + 255 + 256 + 257) - 291 AÚ	055				
	Acquisition of short-term financial assets (259 - 291AÚ)	056				
C. Accruals and prepayments total r. 058 to r. 059		057	0.00		0.00	12.00
1.	Prepaid expenses (381)	058				
	Accrued revenues (385)	059	0.00		0.00	12.00
TOTAL ASSETS r. 001 + r. 029 + r. 057		060	107,975.44		107,975.44	77,484.79
Control number r. 029 to r. 060		992	431,901.76		431,901.76	309,927.16

Equity and Liabilities		Row #	Current Period	Prior Period	
a		b	5	6	
A. Total liabilities and equity		r. 062 + r. 068 + r. 072 + r. 073	061	8,252.85	9,636.53
1.	Basic capital and cash funds	r. 063 to 067	062	6,638.78	6,638.78
	Basic capital	(411)	063	6,638.78	6,638.78
	Cash funds created according to special regulation	(412)	064		
	Reproduction fund	(413)	065		
	Gains or losses from revaluation of assets and liabilities	(414)	066		
	Gains or losses from revaluation of investments	(415)	067		
2.	Funds created from profit	r. 069 to r. 071	068		
	Reserve fund	(421)	069		
	Funds created from profit	(423)	070		
	Other funds	(427)	071		
3.	Retained earnings / (losses)	(+;-)428)	072	2,997.75	4,141.16
4.	Profit / (loss) for the period	r. 060 – (r. 062 + r. 068 + r. 072 + r. 074 + r. 101)	073	(1,383.68)	(1,143.41)
B. Total liabilities		r. 075 + r. 079 + r. 087 + r. 097	074		
1.	Provisions	r. 076 to 078	075		
	Legal provisions	(451 AÚ)	076		
	Other provisions	(459 AÚ)	077		
	Short term provisions	(323 + 451 AÚ + 459 AÚ)	078		
2.	Long-term liabilities	r. 080 to r. 086	079		
	Liabilities from the social fund	(472)	080		
	Bonds issued	(473)	081		
	Payables from rental	(474 AÚ)	082		
	Long-term advance payments received	(475)	083		
	Long-term un-invoiced deliveries	(476)	084		
	Long-term bills of exchange payable	(478)	085		
	Other long-term payables	(373 AÚ + 479 AÚ)	086		
3.	Short-term liabilities	r. 088 to r. 096	087		
	Trade payables	(321 to 326) except 323	088		
	Payables to employees	(331+ 333)	089		
	Settlement with Social Insurance Company and health insurance companies	(336)	090		
	Tax payables	(341 to 345)	091		
	Payables due to financial relations to the state and regional budget	(346 + 348)	092		
	Payables for unpaid subscribed shares and participations	(367)	093		
	Payables to associations members	(368)	094		
	Linking account for association	(396)	095		
	Other payables	(379 + 373 AÚ + 474 AÚ + 479 AÚ)	096		
4.	Bank loans and borrowings	r. 098 to r. 100	097		
	Long-term bank loans	(461AÚ)	098		
	Short-term bank loans	(231+ 232 + 461AÚ)	099		
	Short-term borrowings received	(241+ 249)	100		
C. ACCRUALS AND DEFERRED INCOME		r. 102 to r. 103	101	99,722.59	67,848.26
1.	Accrued expenses	(383)	102		
	Deferred income	(384)	103	99,722.59	67,848.26
TOTAL EQUITY AND LIABILITIES		r. 061 + r. 074 + r. 101	104	107,975.44	77,484.79
Control number		r. 061 to r. 104	993	330,565.10	239,093.15

Acc. #	Expenses	Row Number	Activity			Prior Period
			Main non-taxable	Business taxable	Total	
a	b	c	1	2	3	4
501	Consumption of material	01				
502	Consumption of energy	02				
504	Merchandise sold	03				
511	Repair and maintenance	04				
512	Travel expenses	05				
513	Entertainment costs	06				
518	Other services	07	972.55		972.55	895.39
521	Wages and salaries	08				
524	Legal social and health insurance	09				
525	Other social insurance	10				
527	Legal social expenses	11				
528	Other social expenses	12				
531	Road tax	13				
532	Real estate tax	14				
538	Other indirect taxes and fees	15				
541	Contractual fines and penalties	16				
542	Other fines and penalties	17				
543	Receivables written-off	18				
544	Interests	19				
545	Foreign exchange rate losses	20				
546	Gifts	21	0.00		0.00	111,877.99
547	Special expenses	22				
548	Shortages and damages	23				
549	Other operating expenses	24	439.12		439.12	419.05
551	Depreciation and amortization expense of intangible and tangible non-current assets	25				
552	Net book value of intangible and tangible non-current assets sold	26				
553	Securities sold	27				
554	Material sold	28				
555	Costs of short-term financial assets	29				
556	Creation of funds	30				
557	Costs of securities revaluation	31				
558	Creation and settlement of provisions for impairment	32				
561	Contributions provided to organization units	33				
562	Contributions provided to other entities	34	0.00		0.00	5,957.00
563	Contributions provided to people	35	39,800.00		39,800.00	39,300.00
565	Provided contributions from income tax share	36	28,795.00		28,795.00	25,504.00
567	Provided contributions from public fundraising	37	8,890.35		8,890.35	10,272.66
Account class 5 total		r. 01 to r. 37	78,897.02		78,897.02	194,226.09
Control Number		r. 01 to r. 38	157,794.04		157,794.04	388,452.18

Acc. #	Revenues	Row. Number	Activity			Prior Period
			Main non-taxable	Business taxable	Total	
a	b	c	1	2	3	4
601	Revenues from own products	39				
602	Revenues from services	40				
604	Revenues from merchandise	41				
611	Change in work-in-progress	42				
612	Change in semi-finished production	43				
613	Change in finished goods	44				
614	Change in animals	45				
621	Capitalization of materials and merchandise	46				
622	Capitalization of internal services	47				
623	Capitalization of intangible non-current assets	48				
624	Capitalization of tangible non-current assets	49				
641	Contractual fines and penalties	50				
642	Other fines and penalties	51				
643	Payments from receivables written-off	52				
644	Interest	53	37.24		37.24	208.25
645	Foreign exchange rate gains	54				
646	Gifts received	55				
647	Special revenues	56				
648	Legal fees	57				
649	Other operating revenues	58				
651	Revenues from intangible and tangible non-current assets sold	59				
652	Revenues from long-term financial assets	60				
653	Revenues from securities and ownership interest sold	61				
654	Revenues from material sold	62				
655	Revenues from short-term financial assets	63				
656	Income from fund used	64				
657	Revenues from securities revaluation	65				
658	Rental income	66				
661	Contributions received from organization units	67				
662	Contributions received from other entities	68	39,800.00		39,800.00	120,343.75
663	Contributions received from people	69	0.00		0.00	36,791.24
664	Membership contributions received	70				
665	Received contributions from income tax share	71	28,795.00		28,795.00	25,504.00
667	Received contributions from public fundraising	72	8,890.35		8,890.35	10,272.66
691	Subsidies	73				
Account class 6 total r. 39 to r. 73		74	77,522.59		77,522.59	193,119.90
Profit / (loss) before tax r. 74 – r. 38		75	(1,374.43)		(1,374.43)	(1,106.19)
591	Income tax expense	76	9.25		9.25	37.22
595	Additional payments of income tax	77				
Profit / (loss) after tax (r. 75 - (r. 76 + r. 77)) (+/-)		78	(1,383.68)		(1,383.68)	-1 143.41
Control number r. 39 to 78		995	152,296.32		152,296.32	384 027.42

1. GENERAL INFORMATION

a. Business Name and Address

Nadácia U. S. Steel Košice
 Vstupný areál U. S. Steel
 044 54 Košice
 Identification No: 35549891

The U. S. Steel Košice Foundation was established on December 9, 2002 and incorporated in the Register of Foundations kept by the Ministry of Interior of the Slovak Republic under # 203/Na-2002/695 on December 11, 2002.

b. Boards of the USSK Foundation

The USSK Foundation Boards as of December 31, 2016 were:

Executive Board

Name	Position
Scott Douglas Buckiso	Chairman
RNDr. Miroslav Kiraľvarga	Member
Ing. Ján Bača	Member

Statutory Representative

Mgr. Slávka Tvrdoňová was Administrator of the USSK Foundation.

Supervisory Board

Name	Position
Mgr. Elena Petrášková, LL.M (from April 8, 2016)	Member
Richard Carl Shank (from August 1, 2016)	Member
Ing. Martin Pitorák	Member

c. Main Activities of the USSK Foundation

The purpose of the USSK Foundation is to support activities in the areas of:

- Health protection and support,
- Support and development of physical activities and sport,
- Provision of social and humanitarian support,
- Preservation of cultural treasures,
- Education and educational system support,
- Human rights protection,
- Environment protection and creation and preservation of natural treasures,
- Science and research,
- Organization and mediation of volunteer activities,
- Support of pensioners - former employees of the company U. S. Steel Košice, s.r.o.

The USSK Foundation did not perform any profit-making activity either in 2016 or in 2015.

d. Average Number of Employees

The USSK Foundation did not have any employees as of December 31, 2016 (December 31, 2015: 0 employees).

e. Basis for Financial Statements Preparation

The financial statements of the USSK Foundation were prepared as ordinary financial statements in compliance with Law # 431/2002 Coll. on Accounting and Regulation of the Slovak Ministry of Finance # MF/24342/2007-74 as amended, which stipulate the details of accounting procedures and chart of accounts for accounting entities that were not founded or established to do business, and Regulation of the Slovak Ministry of Finance # MF/17616/2013-74 as amended, which stipulates the form of financial reports and scope of information from the financial statements to be disclosed for accounting entities that were not founded or established to do business.

f. Financial Statements for Previous Accounting Period

The financial statements for 2015 were approved by the Supervisory Board on March 15, 2016.

g. Financial Statements Currency

Financial data in these financial statements is presented in Euros rounded to two decimal places.

2. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES

a. Expectation of Continued Activity

The 2016 financial statements were prepared on a "going concern" basis.

b. Accounting Policies

Liabilities

Liabilities are initially measured at their nominal value. If document inventory identifies that the value of liabilities is different from the book amount, the liabilities are adjusted in the books and financial statements in the new value.

Deferred Income

Deferred income represents deferred contributions received from income tax share paid and they are reported in the amount representing received contributions not spent in the current year.

In 2014 the method of deferred income reporting changed. From January 1, 2014 on the deferred income account also the contributions from other organizations and natural entities are reported that will be spent in following years.

Revenues and Expenses

Revenues and expenses of the USSK Foundation are recognized in the related accounting period on an accrual basis.

Costs of cash funds provided are recorded based on concluded donation contracts in the period when the donation contract was concluded. If the donation contract includes an option to terminate provision of the funds at any time based on the USSK Foundation decision, the costs are recognized in the period when the cash was provided.

The revenues from received contributions from organizations and natural entities were before 2013 booked for the period when the contribution was charged on the bank account or placed in the cash register of the USSK Foundation. In 2014 unused contributions were transferred to credit deferred income account changing retained earnings as well.

In 2014 a change in revenues booking occurred. From January 1, 2014 only the contributions received from organizations and natural entities, that are from time and material perspective related to donation contracts concluded in the specific period, are booked in revenues. The contributions that will be used in following years are reported as deferred income.

Revenues from contributions arising from income tax share are recognized in the period when the contribution was used.

c. Subsidies and Grants Provided to the USSK Foundation

No subsidies or grants were provided to the USSK Foundation either in 2016 or in 2015.

d. Events after the Balance Sheet Date

Executive Board Changes

Since December 31, 2016 no significant events have occurred that would require recognition or disclosure in the 2016 financial statements.

3. INFORMATION WHICH COMPLETES AND EXPLAINS BALANCE SHEET DATA

Equity

The movement of equity is shown in the following tables (in EUR):

	Balance as of Dec 31, 2015	2015 profit distribution	Loss 2016	Balance as of Dec 31, 2016
Foundation basic capital	6,639	-	-	6,639
Retained earnings (losses)	4,141	(1,143)	-	2,997
Profit/ loss for current year	(1,143)	1,143	(1,384)	(1,384)
Total	9,637	-	(1,384)	8,252

Foundation basic capital of EUR 6,639 was contributed in cash by the only founder – the company U. S. Steel Košice, s.r.o.

In accordance with the USSK Foundation Charter (Article VIII) the Supervisory Board approved the transfer of loss for the year 2015 totaling EUR (1,143.41) to the retained earnings at its meeting on April 27, 2016.

The USSK Foundation did not create either a Foundation Fund or any other funds prior to December 31, 2016 or December 31, 2015.

4. INFORMATION WHICH COMPLETES AND EXPLAINS DATA IN THE INCOME STATEMENT

Revenues from Received Contributions

Revenues from received contributions were as follows (in EUR):

	2016	2015
Contributions received from other legal entities	39,800	120,344
Contributions received from private individuals - others	0	36,791
Contributions received from income tax share	28,795	25,504
Contributions received from private individuals - public fund-raising	8,890	10,273
Total	77,485	192,912

Other Revenues

Other revenues represented revenues from interest on current bank accounts amounting to EUR 37.24 (2015: EUR 208.25 – including revenues from interest on term deposits).

Provided Contributions

Provided contributions and gifts were (in EUR):

	2016	2015
Contributions provided to other legal entities	0	5,957
Contributions provided to private individuals	39,800	39,300
Provided contributions from income tax share	28,795	25,504
Provided contributions from public fund-raising	8,890	10,273
Other gifts and donations	0	111,878
Total	77,485	192,912

Other Expenses

Other expenses were (in EUR):

	2016	2015
Financial statements auditing fees	840	840
Bank charges	432	416
Other services and charges	140	59
Total	1,412	1,315

The Auditor of the USSK Financial Statements did not provide any other services to the USSK Foundation either in 2016 or in 2015.

5. OTHER ASSETS AND LIABILITES




In 2016 the USSK Foundation concluded donation contracts totaling EUR 78,485.35 (2015: EUR 192,311.65). As of December 31, 2016, EUR 10,400 was outstanding (December 31, 2015: EUR 9,400), of which EUR 10,400 (2015: EUR 9,400) represented the unpaid amount from donation contracts concluded with individual students to support their studies.

As of December 31, 2016 and December 31, 2015, the USSK Foundation did not have any further future possible cash or non-cash liabilities that were not recognized in the balance sheet. The USSK Foundation did not have any financial rights or duties that were not accounted for and recognized in the balance sheet.

The USSK Foundation does not control or own any cultural real estate properties.

Deferred income amounts (in EUR):

	2016	2015
Received contributions from income tax share	26,686	2,871
Received contributions from other organizations and natural entities	73,037	64,977
Total	99,723	67,848

Prepared on:	Signature of person responsible for book-keeping:	Signature of person responsible for financial statements preparation:	Signature of statutory representative of accounting entity or member of statutory board of accounting entity:
March 21, 2017			
Approved on:	Ing. Marcela Drenčaková	Ing. Eva Bobalová, ACCA	Mgr. Slávka Tvrdoňová
March 21, 2017			