

**ASSOCIATION  
"BALTIC INSTITUTE OF  
CORPORATE GOVERNANCE"**

Independent Auditor's Report and  
Financial Statements for the  
year ended 31 December 2021

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# Independent Auditor's Report

To the Members of Association BALTIC INSTITUTE OF CORPORATE GOVERNANCE

## Opinion

We have audited the financial statements of Association BALTIC INSTITUTE OF CORPORATE GOVERNANCE ("the Association"). The Association's financial statements comprise:

- the statement of financial position as at 31 December 2021,
- the performance statement for the year then ended,
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 31 December 2021, and of its financial performance for the year then ended in accordance with the *Rules for Accounting, Preparation and Presentation of the Financial Statements of Non-Profit Limited Civil Liability Entities ("Accounting Rules for Non-Profit Entities")*, approved by Order No. 1K-443 of the Minister of Finance of the Republic of Lithuania as of 18 December 2018.

## 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with *Accounting Rules for Non-Profit Entities*, 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

## 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 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 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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.

On behalf of KPMG Baltics, UAB

Rūta Kupinienė  
Certified Auditor

Vilnius, the Republic of Lithuania  
7 March 2022

*The electronic auditor's signature applies only to the Independent Auditor's Report on pages 3 to 4 of this document.*

**Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“**

Association code 302441498, address Jogailos str. 4, Vilnius

**PERFORMANCE STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

(EUR, unless otherwise stated)

	Notes	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>			
<b>A. NON-CURRENT ASSETS</b>			
I.	INTANGIBLE ASSETS	-	-
II.	PROPERTY, PLANT AND EQUIPMENT	2.317	1.087
III.	FINANCIAL ASSETS	-	-
IV.	OTHER NON-CURRENT ASSETS	-	-
		<u>2.317</u>	<u>1.087</u>
<b>B. CURRENT ASSETS</b>			
I.	INVENTORIES	1.946	2.073
II.	ACCOUNTS RECEIVABLE WITHIN ONE YEAR	32.198	11.415
III.	OTHER CURRENT ASSETS	-	-
IV.	CASH AND CASH EQUIVALENTS	282.170	181.744
		<u>316.314</u>	<u>195.232</u>
		<u>318.631</u>	<u>196.319</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY, FINANCING AND LIABILITIES</b>			
<b>C. EQUITY</b>			
I.	SHAREHOLDERS CAPITAL	-	-
II.	RESERVES	-	-
III.	INVOLABLE CAPITAL	-	-
IV.	ACCRUED ACTIVITY RESULT	-	-
		-	-
<b>D. FINANCING AMOUNTS</b>			
		<u>217.301</u>	<u>140.050</u>
		<u>217.301</u>	<u>140.050</u>
<b>E. ACCOUNTS PAYABLE AND LIABILITIES</b>			
I.	NON-CURRENT ACCOUNTS LIABILITIES	-	-
II.	CURRENT ACCOUNTS LIABILITIES	101.330	56.269
		<u>101.330</u>	<u>56.269</u>
		<u>318.631</u>	<u>196.319</u>
<b>TOTAL EQUITY, FINANCING AND LIABILITIES</b>			

The accompanying explanatory notes are an integral part of these financial statements.

These financial statements were approved on 07 March 2022 and signed by:

\_\_\_\_\_  
Rytis Ambrazevičius  
President

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Laura Bulonienė  
Accountant, Scandinavian Accounting and  
Consulting UAB

**Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“**  
Association code 302441498, address Jogailos str. 4, Vilnius

**PERFORMANCE STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(EUR, unless otherwise stated)

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	Notes	2021	2020
<b>I. REVENUE</b>		<b>526.077</b>	<b>405.995</b>
I.1 SALES REVENUE	5.	499.432	264.435
I.2 FINANCING REVENUE		26.623	141.499
I.3 OTHER REVENUE		22	61
<b>II. COSTS</b>		<b>526.077</b>	<b>405.995</b>
COST OF GOODS, SERVICES RENDERED AND OTHER			
II.1 SALES COSTS	6.	277.916	224.570
II.2 OPERATING COSTS	7.	248.161	181.425
II.3 OTHER COSTS		-	-
<b>III. OPERATING RESULT BEFORE TAX</b>		<b>-</b>	<b>-</b>
<b>IV. INCOME TAX</b>		<b>-</b>	<b>-</b>
<b>V. NET OPERATING RESULT</b>		<b>-</b>	<b>-</b>

*The accompanying explanatory notes are an integral part of these financial statements.*

These financial statements were approved on 07 March 2022 and signed by:

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Rytis Ambrazevičius  
President

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Laura Bulonienė  
Accountant, Scandinavian Accounting and  
Consulting UAB

# **Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“**

**Association code 302441498, address Jogailos str. 4, Vilnius**

## **EXPLANATORY NOTES**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

(Euro, unless otherwise stated)

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### **1. General information**

Association "BALTIC INSTITUTE OF CORPORATE GOVERNANCE" was registered on 29 September 2009. Association's code is 302441498, office is located at Jogailos str.4 Vilnius, Lithuania. The data is stored and kept in the registry of legal entities.

Association "BALTIC INSTITUTE OF CORPORATE GOVERNANCE" (hereafter – "the Association") is a public non-profit legal entity engaged in social and educational activities, including organization of the education process, preparation and implementation of programs and methodologies in the fields of corporate governance.

The Association 2021 12 31 – 4 employees. 2020 12 31 - 4 employees.

Association "BALTIC INSTITUTE OF CORPORATE GOVERNANCE" had not participated in the projects in the year 2021.

Association "BALTIC INSTITUTE OF CORPORATE GOVERNANCE" the accounting is performed by UAB "Scandinavian Accounting and Consulting", company code 111507550, company address Radvilėnų pl.56, Kaunas.

### **2. Accounting policies**

#### **Basis of preparation**

The financial statements are prepared in accordance with the Law on Accounting of Lithuania and 18th December 2018 of Finance Minister of the Republic of Lithuania Order Nr.1K-443 "Approval of the laws for accounting and preparation and submission of financial statements and the assets received free of charge entities."

The financial statements have been prepared on the historical cost basis.

The accompanying financial statements are presented in the national currency of Lithuania, the Euros ("Euro").

The Association is not required and does not prepare cash flows statement.

The principal accounting policies are set out below.

#### **Property, plant and equipment**

Property, plant and equipment are such assets, which are under the Association's ownership and control; are reasonably expected to generate economic benefits in future periods; are going to be used longer than one year; acquisition cost can be reliably measured; and acquisition value is exceeding the minimum value set for each asset group.

Depreciation is computed using the straight-line method over the estimated useful live of the related asset. Depreciation expenses are charged to the operating expenses in the Performance statement.

Property, plant and equipment with acquisition value over EUR 290 and useful life more than one year are capitalized.

Property, plant and equipment depreciation periods:

<u>Group of tangible fixed asset</u>	<u>Useful lives</u>
IT and telecommunication equipment	3 years

At the end of every year the Association reviews the estimated useful life, carrying amount and depreciation method of non-current assets and the changes in accounting estimates and judgments, if any, are recognized on a prospective basis.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash in transit and cash in banks, demand deposits and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

#### **Financing**

Membership fees, contributions and other financing received are accounted for on an accrual basis, i.e. contributions are credited to the Performance statement in the periods when related expenses, which they are intended to compensate, incurred. Contributions are recognized when they are received or there is a reasonable assurance that they will be received.

# Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“

Association code 302441498, address Jogailos str. 4, Vilnius

## EXPLANATORY NOTES FOR THE YEAR ENDED 31 DECEMBER 2021

(Euro, unless otherwise stated)

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### Contributions related to income

Contributions related to income are received as a reimbursement for expenses already incurred or as a compensation for unearned revenue, and also all other Contributions other than those related to assets.

Objective contributions are used as primary financing source to compensate related expenses. When project is finished, unused funding is, in accordance with agreed conditions in the contract, either recognized in the Performance statement as the funding excess of compensated amounts or the unused funding is returned to the contribution providers.

Membership fees are used to finance activities only when objective contributions and other financing, including profit for the year from other activities, is used and those funds are not sufficient to compensate the cost incurred.

The used part of the financing related to the objectives of the Association during the reporting period is shown in separate revenue account "Financing revenue" in the Performance statement according to the 18th December 2018 of Finance Minister of the Republic of Lithuania Order Nr.1K-443 "Approval of the laws for accounting and preparation and submission of financial statements and the assets received free of charge entities."

### Objective contributions related to assets

Objective contributions related to assets include objective contributions to finance asset acquisitions and non-monetary asset contributions. Initially such contributions are recorded at the fair value of the corresponding assets and subsequently credited to the Performance statement over the useful lives of related non-current assets.

### **Revenue recognition**

Revenue is recognized when it is probable that the Association will receive the economic benefit and the revenue can be reliably estimated. Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods and services provided net of value-added tax and/or rebates and discounts.

### **Expenses recognition**

Expenses are recognized on an accrual basis and revenue and expense matching principles in the reporting period when income related to these expenses was earned, irrespective of the time the money was paid.

During the reporting period the expenditure of the Association are recognized as expense of the reporting period, if they cannot relate to specific income and does not foresee as income of future reporting periods.

All expenses directly attributable to projects are classified as Costs of services rendered in the Performance statement. Other expenses, not directly attributable to projects, are classified as operating expenses in the Performance statement.

The salary expenses directly attributable to projects are classified as costs of services rendered in the Performance statement. The salary expense, which are not directly attributable to projects is classified as operating expenses in Performance statement.

### **Foreign currencies**

Transactions denominated in foreign currency other than euros (EUR) are translated into EUR at the official exchange rate of Bank of Lithuania on the date of the transaction, which approximates the prevailing market rates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign currency exchange gains and losses resulting from translation at year end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the Performance statement. Gains and losses arising on exchange are included in net profit or loss for the period.

As of 31 December, applicable rates used for principal currencies were as follows:

<b>2021</b>	<b>2020</b>
1 EUR = 10,2438 SEK	1 EUR = 10,0568 SEK

### **Income tax**

The Association does not calculate income tax as it did not receive any income as a result of commercial activity in 2021 and 2020 and all revenue was used to satisfy the requirements of the public interest.



**Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“**  
**Association code 302441498, address Jogailos str. 4, Vilnius**

**EXPLANATORY NOTES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(Euro, unless otherwise stated)

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**Related parties**

Related parties are defined as founders, employees, members of the management board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Association, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

**Subsequent events**

Subsequent events that provide additional information about the Association's position at the balance sheet date (adjusting events) are reflected in the financial statements. Subsequent events events that are not adjusting events are disclosed in the notes when material.

**EXPLANATORY NOTES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
 (Euro, unless otherwise stated)

**3. Notes**

**1. Inventories**

For the year ended 31 December prepayments, inventories and contracts in progress consisted of the following:

	<b>2021</b>	<b>2020</b>
Prepayments for suppliers	558	1.086
Deferred charges	1.388	987
<b>Total</b>	<b>1.946</b>	<b>2.073</b>

**2. Other receivables within 1 year**

At December 31 other receivables were as follows:

	<b>2021</b>	<b>2020</b>
Trade receivables	20.227	2.537
Receivables – membership fee	525	425
Other receivables	11.446	8.453
<b>Total</b>	<b>32.198</b>	<b>11.415</b>

Other receivables consists of:  
 VAT receivables from LT STI 3.590 Eur  
 VAT receivables from LV STI 7.697 Eur  
 Social security contributions from SSIF 159 Eur

**3. Financing**

At December 31 membership fees and contributions were as follows:

	<b>2021</b>			<b>Total</b>
	<b>Membership fee</b>	<b>Contributions</b>	<b>Other financing</b>	
Balance at 1 <sup>st</sup> of January	140.050	-	-	<b>140.050</b>
Receipts	103.874	-	-	<b>103.874</b>
Usage	(26.623)	-	-	<b>(26.623)</b>
<b>Closing balance at 31<sup>st</sup> of December</b>	<b>217.301</b>	<b>-</b>	<b>-</b>	<b>217.301</b>

	<b>2020</b>			<b>Total</b>
	<b>Membership fee</b>	<b>Contributions</b>	<b>Other financing</b>	
Balance at 1 <sup>st</sup> of January	182.974	-	-	<b>182.974</b>
Receipts	98.575	-	-	<b>98.575</b>
Usage	(141.499)	-	-	<b>(141.499)</b>
<b>Closing balance at 31<sup>st</sup> of December</b>	<b>140.050</b>	<b>-</b>	<b>-</b>	<b>140.050</b>

**EXPLANATORY NOTES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(Euro, unless otherwise stated)

**4. Current accounts payable and liabilities**

At December 31 current accounts payable and liabilities were as follows:

	<b>2021</b>			<b>Total</b>
	<b>During the financial year</b>	<b>During the one year</b>	<b>During the five year</b>	
Trade accounts payable	1.946	-	-	<b>1.946</b>
Prepayments	5.489	-	-	<b>5.489</b>
Accrued income	52.800	-	-	<b>52.800</b>
Payable VAT EE countries	3.359	-	-	<b>3.359</b>
Liabilities for employee	832	-	-	<b>832</b>
Reserve for accrued holidays	34.231	-	-	<b>34.231</b>
Other accrued charges	2.673	-	-	<b>2.673</b>
<b>Closing balance at 31<sup>st</sup> of December</b>	<b>101.330</b>	<b>-</b>	<b>-</b>	<b>101.330</b>

Other accrued charges consists of: Audit costs 2580 Eur; communication costs 75 Eur; bank services 18 Eur.  
Deferred income consists of invoices issued for training of the Board members to be held in May 2022.

	<b>2020</b>			<b>Total</b>
	<b>During the financial year</b>	<b>During the one year</b>	<b>During the five year</b>	
Trade accounts payable	4.094	-	-	<b>4.094</b>
Prepayments	777	-	-	<b>777</b>
Liabilities for employee	97	-	-	<b>97</b>
Reserve for accrued holidays	27.717	-	-	<b>27.717</b>
Accrued annual bonuses	21.064	-	-	<b>21.064</b>
Other accrued charges	2.520	-	-	<b>2.520</b>
<b>Closing balance at 31<sup>st</sup> of December</b>	<b>56.269</b>	<b>-</b>	<b>-</b>	<b>56.269</b>

**5. Sales revenue**

For the years ended 31 December sales revenue rendered consisted of the following:

	<b>2021</b>	<b>2020</b>
Revenue from education programs for managers	431.400	229.230
Revenue from other projects	68.032	35.205
<b>Total</b>	<b>499.432</b>	<b>264.435</b>

**EXPLANATORY NOTES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(Euro, unless otherwise stated)

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**6. Cost of goods, services rendered and other sales costs**

For the years ended 31 December cost of services rendered consisted of the following:

	<b>2021</b>	<b>2020</b>
Executive education programs costs	194.541	96.565
Other projects costs	83.375	128.005
<b>Total</b>	<b>277.916</b>	<b>224.570</b>

	<b>2021</b>	<b>2020</b>
Payroll expenses	125.236	141.586
Catering services	44.882	14.602
Lectors fee	30.784	18.887
Seminars material/Handout	36.577	23.640
External project cost	3.089	896
Hotel/ Education premises	12.458	21.109
Lectors travel and hotel expenses	6.082	316
Transportation costs	5.961	127
Travelling expenses	4.970	-
Video&Pictures + Hotel	1.554	600
Representation expenses	6.323	2.807
<b>Total</b>	<b>277.916</b>	<b>224.570</b>

**7. Operating costs**

For the years ended 31 December operating costs rendered consisted of the following:

	<b>2021</b>	<b>2020</b>
Salary and related expenses, attributed to administration	170.885	112.633
Accounting and audit services	25.787	23.106
Business trip expenses	3.639	2.306
Car rent and maintenance expenses	6.611	6.141
Rent of premises	6.430	6.430
Representation expenses	361	412
Communication expenses	1.922	1.634
Office expenses	571	851
Bank services	483	389
Depreciation	856	550
Changes in foreign currency exchange rate, net	453	135
Other operating expenses	30.163	26.838
<b>Total</b>	<b>248.161</b>	<b>181.425</b>

**EXPLANATORY NOTES**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
(Euro, unless otherwise stated)

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**8. Remuneration to management**

Remunerations to management for the years ended 31 December:

	<u>2021</u>	<u>2020</u>
Salary expenses not including contributions for social insurance	103.109	78.518
Average annual number of managers	1	1

There was no Remuneration or Gratuitous assets transferred for Board and Council members for the year 2020. The significant transactions between association, legal persons engaged in a non-profit-making activity, support providers and support recipients in the year 2020 had not taken place.

**9. Contingencies and commitments**

On 31 December 2021 and 31 December 2020 the Association has not participated in any judicial procedures, which according to the management, might significantly affect financial statements. Tax Administrator has not performed in Association full scope tax reviews. Tax Administrator may at any time to make the review on accounting, transactions and other documents, accounting records and tax reports for the current and 3 past calendar years; in some other cases for current years and 5 or 10 past calendar years and to calculate additional taxes and penalties. Company management is not aware of the circumstances due to which the potential significant liability for unpaid taxes could arise.

Although the pandemic, it is not expected that this will have a significant impact on the Association's activities and revenues. The interest in the training of board members and chairpersons organized by the Association, from which most income together with membership fees is received, is not diminished; therefore, the Association forecasts that in 2022 the groups of participants will be fully formed as last year. Moreover, the Association has the possibility to organize trainings both remotely (online) and in a "hybrid" way, when the participants of each country gather in the capital of their country and are connected to participants in other countries by live video. By registering for the training, all training, participants agree to participate in any of the abovementioned forms of training.

**10. Significant operating lease commitments**

The company with a legal person has entered into a termless office space operating lease. The one-year lease services price is 7.780 euros (including VAT).

**11. Post balance sheet events**

On 24 February 2022, the Russian military forces attacked the Ukrainian State. The military action that has begun will have an impact not only on Ukraine and Russia, but also on the economies of Europe and the world. In the opinion of the Association's management, the relations with these countries are not significant and therefore no direct impact on the Association's activities is expected.

There were no other significant events after the balance sheet date.

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Rytis Ambrazevičius  
President

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Laura Bulonienė  
Accountant, Scandinavian Accounting and  
Consulting UAB