

**ASSOCIATION
BALTIC INSTITUTE OF
CORPORATE GOVERNANCE**

Independent Auditor's Report and
Financial Statements for the
year ended 31 December 2022

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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 2022,
- the performance statement for the year then ended, and
- 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 2022, 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 Association 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
15 March 2023

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

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2022
(EUR)

	Notes	<u>2022</u>	<u>2021</u> <u>(corrected)</u>
ASSETS			
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS		-	-
II. PROPERTY, PLANT AND EQUIPMENT		2.276	2.317
III. FINANCIAL ASSETS		-	-
IV. OTHER NON-CURRENT ASSETS		-	-
		<u>2.276</u>	<u>2.317</u>
B. CURRENT ASSETS			
I. INVENTORIES	1.	2.706	1.946
II. ACCOUNTS RECEIVABLE WITHIN ONE YEAR	2.	20.851	14.598
III. OTHER CURRENT ASSETS		-	-
IV. CASH AND CASH EQUIVALENTS		481.346	282.170
		<u>504.903</u>	<u>298.714</u>
TOTAL ASSETS		<u>507.179</u>	<u>301.031</u>
EQUITY, FINANCING AND LIABILITIES			
C. EQUITY			
I. SHAREHOLDERS CAPITAL		-	-
II. RESERVES		-	-
III. INVOLABLE CAPITAL		-	-
IV. ACCRUED ACTIVITY RESULT		-	-
		<u>-</u>	<u>-</u>
D. FINANCING AMOUNTS	3.	<u>256.147</u>	<u>217.301</u>
		256.147	217.301
E. ACCOUNTS PAYABLE AND LIABILITIES			
I. NON-CURRENT ACCOUNTS LIABILITIES		-	-
II. CURRENT ACCOUNTS LIABILITIES	4.	251.032	83.730
		<u>251.032</u>	<u>83.730</u>
TOTAL EQUITY, FINANCING AND LIABILITIES		<u>507.179</u>	<u>301.031</u>

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

These financial statements were approved on 15 March 2023 and signed by:

Rytis Ambrazevičius
President

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 2022**

(EUR)

	Notes	2022	2021
I. REVENUE		568.116	526.077
I.1 SALES REVENUE	5.	492.937	499.432
I.2 FINANCING REVENUE		75.179	26.623
I.3 OTHER REVENUE		-	22
II. COSTS		568.116	526.077
COST OF GOODS, SERVICES RENDERED AND OTHER			
II.1 SALES COSTS	6.	309.197	277.916
II.2 OPERATING COSTS	7.	258.919	248.161
II.3 OTHER COSTS		-	-
III. OPERATING RESULT BEFORE TAX		-	-
IV. INCOME TAX		-	-
V. NET OPERATING RESULT		-	-

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

These financial statements were approved on 15 March 2023 and signed by:

Rytis Ambrazevičius
President

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 2022
(Euro)

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" (thereafter – "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.

As at 31 December 2022, the Association had 4 employees. As at 31 December 2021, the Association had 4 employees.

Association "BALTIC INSTITUTE OF CORPORATE GOVERNANCE" had not participated in the projects in the year 2022.

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 legislation governing the financial accounting of the Republic Lithuania and 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.

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.

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Euro)

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. VAT invoices are issued according to the contract with the customer. Revenue is recognised when events occur.

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.

Income tax

The Association does not calculate income tax as it did not receive any income as a result of commercial activity in 2022 and 2021 and all revenue was used to satisfy the requirements of the public interest.

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.

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Euro)

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.

Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“

Association code 302441498, address Jogailos str. 4, Vilnius

**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Euro)

3. NOTES**1. Inventories**

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

	<u>2022</u>	<u>2021</u>
Prepayments for suppliers	971	558
Deferred charges	1.735	1.388
Total	<u>2.706</u>	<u>1.946</u>

2. Amounts receivable within 1 year

For the year ended 31 December, amounts receivable within one year were as follows:

	<u>2022</u>	<u>2021</u> <u>(corrected)</u>
Trade receivables	12.858	2.627
Receivables – membership fee	875	525
Other receivables	7.118	11.446
Total	<u>20.851</u>	<u>14.598</u>

Other receivables consist of:

VAT receivables from LT STI	EUR 1.537
Accrued income	EUR 4.500
Social security contributions from SSIF	EUR 1.081

Correction is presented in Note 11.

3. Financing

At December 31 membership fees and contributions were as follows:

	<u>2022</u>			
	<u>Membership fee</u>	<u>Contributions</u>	<u>Other financing</u>	<u>Total</u>
Balance at 1 st of January	217.301	-	-	217.301
Receipts	114.025	-	-	114.025
Usage	(75.179)	-	-	(75.179)
Closing balance at 31st of December	<u>256.147</u>	<u>-</u>	<u>-</u>	<u>256.147</u>
	<u>2021</u>			
	<u>Membership fee</u>	<u>Contributions</u>	<u>Other financing</u>	<u>Total</u>
Balance at 1 st of January	140.050	-	-	140.050
Receipts	103.874	-	-	103.874
Usage	(26.623)	-	-	(26.623)
Closing balance at 31st of December	<u>217.301</u>	<u>-</u>	<u>-</u>	<u>217.301</u>

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EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Euro)

4. Current accounts payable and liabilities

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

	2022			
	During the financial year	After one year	After five years	Total
Trade amounts payable	2.037	-	-	2.037
Prepayments received	10.777	-	-	10.777
Accrued income	186.000	-	-	186.000
Payable VAT, EE country	7.394	-	-	7.394
Payable VAT, LV country	6.290	-	-	6.290
Liabilities to employees	919	-	-	919
Vacation accruals	34.271	-	-	34.271
Accrued expenses	3.344	-	-	3.344
Closing balance at 31st of December	251.032	-	-	251.032

Other accrued charges consist of: Audit costs (EUR 2.940); communication costs (EUR 34); bank services (EUR 20), and accounting services (EUR 350). Future periods revenue will be recognised as revenue when events occur.

	2021			
	During the financial year (corrected)	After one year	After five years	Total (corrected)
Trade amounts payable	1.946	-	-	1.946
Prepayments received	5.489	-	-	5.489
Accrued income	35.200	-	-	35.200
Payable VAT, EE country	3.359	-	-	3.359
Liabilities to employees	832	-	-	832
Vacation accruals	34.231	-	-	34.231
Accrued expenses	2.673	-	-	2.673
Closing balance at 31st of December	83.730	-	-	83.730

Correction is presented in Note 11.

5. Sales revenue

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

	2022	2021
Revenue from education programs for managers	415.800	431.400
Revenue from other projects	77.137	68.032
Total	492.937	499.432

EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2022
(Euro)

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

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

	2022	2021
Executive education programs costs	216.438	194.541
Other project costs	92.759	83.375
Total	309.197	277.916
	2022	2021
Payroll expenses	128.502	125.236
Catering services	70.838	44.882
Lectors fee	33.996	30.784
Seminars material/Handout	34.867	36.577
External project cost	1.003	3.089
Hotel/ Education premises	14.849	12.458
Lectors travel and hotel expenses	7.114	6.082
Transportation costs	3.443	5.961
Travelling expenses	5.079	4.970
Video & Pictures + Hotel	3.975	1.554
Representation expenses	5.531	6.323
Total	309.197	277.916

7. Operating costs

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

	2022	2021
Salary and related expenses, attributed to administration	181.219	170.885
Accounting and audit services	28.433	25.787
Business trip expenses	6.048	3.639
Car rent and maintenance expenses	6.813	6.611
Rent of premises	6.430	6.430
Representation expenses	1.967	361
Communication expenses	1.909	1.922
Office expenses	497	571
Bank services	375	483
Depreciation	1.083	856
Changes in foreign currency exchange rate, net	9	453
Other operating expenses	24.136	30.163
Total	258.919	248.161

8. Remuneration to management

Remunerations to management for the years ended 31 December:

	2022	2021
Salary expenses not including contributions for social insurance	100.609	103.109
Average annual number of managers	1	1

There was no Remuneration or Gratuitous assets transferred for Board and Council members for the year 2022. The significant transactions between association, legal persons engaged in a non-profit-making activity, support providers and support recipients in the year 2022 had not taken place.

9. Contingencies and commitments

On 31 December 2022 and 31 December 2021, 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.

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Association code 302441498, address Jogailos str. 4, Vilnius

EXPLANATORY NOTES

FOR THE YEAR ENDED 31 DECEMBER 2022

(Euro)

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 EUR 7.780 (including VAT).

11. Correction of error

During the preparation of the financial statements, an error was noticed in the reports as of 31 December 2021 due to pre-issued invoices for the educations (events) of the coming year, which were reflected as customer debts and income for future periods. Since the services were not provided and the money was not received, the customers' debts and the income of future periods were reduced by EUR 17.600. Error is not considered as essential as it does not have any impact to operating results.

	<u>2021.12.31 Before correction</u>	<u>Correction</u>	<u>2021.12.31 After correction</u>
Customers debts	20.227	(17.600)	2.627
Deferred income	52.800	(17.600)	35.200

12. Subsequent events

No significant events have occurred after the date of financial statements and before the approval of financial statements.

Rytis Ambrazevičius
President

Laura Bulonienė
Accountant, Scandinavian Accounting and
Consulting UAB