

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

Independent Auditor's Report and
Financial Statements for the
year ended 31 December 2023

Association „BALTIC INSTITUTE OF CORPORATE GOVERNANCE“

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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 2023,
- the performance statement for the year then ended, and
- the notes to the financial statements, comprising material 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 2023, 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-372 of the Minister of Finance of the Republic of Lithuania as of 8 December 2022.

■ 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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and 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

Irma Abromavičiūtė
Certified Auditor

Vilnius, the Republic of Lithuania
13 March 2024

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 2023
(EUR)**

	Notes	<u>2023</u>	<u>2022</u>
ASSETS			
A. NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS		-	-
II. PROPERTY, PLANT AND EQUIPMENT		5.867	2.276
III. FINANCIAL ASSETS	1.	279.901	-
IV. OTHER NON-CURRENT ASSETS		-	-
		<u>285.768</u>	<u>2.276</u>
B. CURRENT ASSETS			
I. INVENTORIES	2.	1.344	2.706
II. ACCOUNTS RECEIVABLE WITHIN ONE YEAR	3.	20.929	20.851
III. OTHER CURRENT ASSETS		-	-
IV. CASH AND CASH EQUIVALENTS		355.150	481.346
		<u>377.423</u>	<u>504.903</u>
TOTAL ASSETS		<u>663.191</u>	<u>507.179</u>
EQUITY, FINANCING AND LIABILITIES			
C. EQUITY			
I. SHAREHOLDERS CAPITAL		-	-
II. RESERVES		-	-
III. INVIOABLE CAPITAL		-	-
IV. ACCRUED ACTIVITY RESULT		-	-
		-	-
D. FINANCING AMOUNTS	4.	<u>375.600</u>	<u>256.147</u>
		<u>375.600</u>	<u>256.147</u>
E. ACCOUNTS PAYABLE AND LIABILITIES			
I. NON-CURRENT ACCOUNTS LIABILITIES		-	-
II. CURRENT ACCOUNTS LIABILITIES	5.	287.591	251.032
		<u>287.591</u>	<u>251.032</u>
TOTAL EQUITY, FINANCING AND LIABILITIES		<u>663.191</u>	<u>507.179</u>

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

These financial statements were approved on 13 March 2024 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 2023
(EUR)**

	Notes	<u>2023</u>	<u>2022</u>
I. REVENUE		691.040	568.116
I.1 SALES REVENUE	6.	694.243	492.937
I.2 FINANCING REVENUE		(3.203)	75.179
I.3 OTHER REVENUE		-	-
II. COSTS		691.040	568.116
COST OF GOODS, SERVICES RENDERED AND OTHER			
II.1 SALES COSTS	7.	340.646	309.197
II.2 OPERATING COSTS	8.	350.394	258.919
II.3 OTHER COSTS		-	-
III. OPERATING RESULT BEFORE TAX		<u>-</u>	<u>-</u>
IV. INCOME TAX		-	-
V. NET OPERATING RESULT		<u>-</u>	<u>-</u>

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

These financial statements were approved on 13 March 2024 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 2023

(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" (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 2023 12 31 – 4 employees. 2022 12 31 - 4 employees.

Association "BALTIC INSTITUTE OF CORPORATE GOVERNANCE" had not participated in the projects in the years 2023 and 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 Law on Accounting of Lithuania and 8th December 2022 of Finance Minister of the Republic of Lithuania Order Nr.1K-372 "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 Association when managing accounting and prepared financial statements the following general accounting principles: entity, activity continuity, periodicity, constancy, monetary measure, accumulation, comparison, neutrality.

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.

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.

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EXPLANATORY NOTES

FOR THE YEAR ENDED 31 DECEMBER 2023

(Euro)

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 8th December 2022 of Finance Minister of the Republic of Lithuania Order Nr.1K-372 "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 recognized 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 2023 and 2022 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.

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.

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EXPLANATORY NOTES

FOR THE YEAR ENDED 31 DECEMBER 2023

(Euro)

3. Notes

1. Financial assets

For the year ended 31 December 2023 financial assets in the amount of 279.901 Eur consisted of the term deposit and other equity securities (government bonds):

In 2025 03 15 one term deposit repayment deadline, amount 140.000 Eur;

In 2025 08 04 redemption of bonds at maturity, amount 139.901 Eur.

2. Inventories

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

	2023	2022
Prepayments for suppliers	124	971
Deferred expenses	1.220	1.735
Total	1.344	2.706

3. Accounts receivable within 1 year

At December 31 other receivables were as follows:

	2023	2022
Trade receivables	13.450	12.858
Receivables – membership fee	1.250	875
Other receivables	6.229	7.118
Total	20.929	20.851

Other receivables consists of:

VAT receivables from LT STI 2.207 Eur

VAT receivables from LV STI 2.254 Eur

Social securities contributions from SSIF 1.641 Eur

Amounts receivable from accountable persons 127Eur

4. Financing

At December 31 membership fees and contributions were as follows:

	2023			
	Membership fee	Contributions	Other financing	Total
Balance at 1 st of January	256.147	-	-	256.147
Receipts	115.875	-	-	115.875
Unused	3.578	-	-	3.578
Closing balance at 31st of December	375.600	-	-	375.600

	2022			
	Membership fee	Contributions	Other financing	Total
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	256.147	-	-	256.147

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**EXPLANATORY NOTES
FOR THE YEAR ENDED 31 DECEMBER 2023
(Euro)****5. Current accounts payable and liabilities**

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

	2023			Total
	During the financial year	During the one year	During the five year	
Trade accounts payable	1.743	-	-	1.743
Prepayments				
Deferred revenue	529	-	-	529
Payable VAT EE countries	233.800	-	-	233.800
Liabilities for employee				
	1.058	-	-	1.058
	563	-	-	563
Reserve for accrued holidays				
Other accrued expenses	45.193	-	-	45.193
	4.705	-	-	4.705
Closing balance at 31st of December	<u>287.591</u>	<u>-</u>	<u>-</u>	<u>287.591</u>

Other accrued expenses consists of: Audit costs 4500 Eur; communication costs 35 Eur; bank services 20 Eur, accounting services 150 Eur. Deferred revenue will be recognized as revenue when events occur.

	2022			Total
	During the financial year	During the one year	During the five year	
Trade accounts payable	2.037	-	-	2.037
Prepayments	10.777	-	-	10.777
Deferred revenue	186.000	-	-	186.000
Payable VAT EE countries				
Payable VAT LV countries	7.394	-	-	7.394
Liabilities for employee				
	6.290	-	-	6.290
	919	-	-	919
Reserve for accrued holidays				
Other accrued expenses	34.271	-	-	34.271
	3.344	-	-	3.344
Closing balance at 31st of December	<u>251.032</u>	<u>-</u>	<u>-</u>	<u>251.032</u>

6. Sales revenue

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

	2023	2022
Revenue from education programs for managers	525.600	415.800
Revenue from other projects	168.643	77.137
Total	<u>694.243</u>	<u>492.937</u>

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EXPLANATORY NOTES FOR THE YEAR ENDED 31 DECEMBER 2023 (Euro)

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

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

	<u>2023</u>	<u>2022</u>
Executive education programs costs	119.226	216.438
Other projects costs	221.420	92.759
Total	<u>340.646</u>	<u>309.197</u>

	<u>2023</u>	<u>2022</u>
Payroll expenses	117.411	128.502
Catering services	82.113	70.838
Lectors fee	48.091	33.996
Seminars material/Handout	43.751	34.867
External project cost	2.007	1.003
Hotel/ Education premises	15.178	14.849
Lectors travel and hotel expenses	9.529	7.114
Transportation costs	7.020	3.443
Travelling expenses	7.189	5.079
Video&Pictures + Hotel	4.250	3.975
Representation expenses	4.107	5.531
Total	<u>340.646</u>	<u>309.197</u>

8. Operating costs

	<u>2023</u>	<u>2022</u>
Salary and related expenses, attributed to administration	241.242	181.219
Accounting and audit services	36.082	28.433
Business trip expenses	21.213	6.048
Car rent and maintenance expenses	8.015	6.813
Rent of premises	6.126	6.430
Representation expenses	2.005	1.967
Communication, post expenses	2.237	1.909
Office expenses	1.514	497
Bank services	524	375
Depreciation	1.795	1.083
Changes in foreign currency exchange rate, net	379	9
Other operating expenses	29.262	24.136
Total	<u>350.394</u>	<u>258.919</u>

9. Remuneration to management

Remunerations to management for the years ended 31 December:

	<u>2023</u>	<u>2022</u>
Salary expenses not including contributions for social insurance	113.543	100.609
Average annual number of managers	1	1

There was no Remuneration or Gratuitous assets transferred for Board and Council members for the year 2023. The significant transactions between association, legal persons engaged in a non-profit-making activity, support providers and support recipients in the year 2023 had not taken place.

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EXPLANATORY NOTES

FOR THE YEAR ENDED 31 DECEMBER 2023

(Euro)

10. Contingencies and commitments

On 31 December 2023 and 31 December 2022 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. Association management is not aware of the circumstances due to which the potential significant liability for unpaid taxes could arise.

11. Significant operating lease commitments

The Association 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).

12. Post balance sheet 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