

# **Independent Auditor's Report**

**on Financial Statements for the Year Ended  
December 31, 2020**

*ASSOCIATION FOR AFFIRMATION OF CULTURE, Belgrade*

Belgrade, September 15<sup>th</sup> 2021

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## INDEPENDENT AUDITORS' REPORT

**To the Founders and General Manager of Association for affirmation of culture, Belgrade**

### *Opinion*

We have audited the accompanying financial statements of Association for affirmation of culture, Belgrade (hereinafter: „the Association”), which comprise the balance sheet as at December 31, 2020, and the related income statement for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Association as at December 31, 2020, and of its financial performance for the year then ended in accordance with accounting regulations of the Republic of Serbia, based on the Law on Accounting.

### *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 (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other*

Since the Association is classified as a micro legal entity in accordance with the Law on Accounting, the complete set of financial statements includes the balance sheet and income statement. Accordingly, the Association is not required to prepare the statement of other comprehensive income, the statement of cash flows, the statement of changes in equity and notes to the financial statements.

The financial statements of the Association for the year ended at December 31, 2019 were not subject of the audit, because the Association was not legally obliged to do so.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations of the Republic of Serbia 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Founders and General Manager of Association for affirmation of culture, Belgrade**

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)*

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 skepticism 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.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Founders and General Manager of Association for affirmation of culture,  
Belgrade**

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- 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.

Belgrade, September 15<sup>th</sup> 2021

Registered Auditor  
Ljubinka Laković

**BALANCE SHEET**

- RSD thousands -

NAME	Current year	Previous year End	Begin
<b>ASSETS</b>			
Subscribed stakes unpaid			
<b>FIXED ASSETS</b>	<b>1,895</b>	<b>2,164</b>	
Intangible assets			
Tangible assets	1,895	2,164	
Biological assets			
Long-term financial placements			
Long-term receivables			
Deffered tax assets			
<b>CURRENT ASSETS</b>	<b>1,075</b>	<b>596</b>	
Stocks			
Receivables from sales	11		
Receivables from specific business operations			
Other receivables	107	96	
Financial assets valued at fair value through Income statement			
Short-term financial investments			
Cash and cash equivalents	957	500	
Value added tax receivables			
Prepayments and accrued income			
<b>TOTAL ASSETS</b>	<b>2,970</b>	<b>2,760</b>	
<b>OFF BALANCE SHEET ASSETS</b>			
<b>CAPITAL AND LIABILITIES</b>			
<b>CAPITAL</b>	<b>1,496</b>	<b>1,099</b>	
Capital stock			
Subscribed stakes unpaid			
Own shares bought			
Reserves			
Reevaluation adjustment of capital			
Unrealized gains on securities and other components of other comprehensive result	1,523	1,126	
Unrealized losses on securities and other components of other comprehensive result			

Net profit		
Participation without control right		
Net loss	27	27
<b>LONG-TERM PROVISIONS AND LIABILITIES</b>	<b>1,474</b>	<b>1,661</b>
Long-term provisions		
Long-term liabilities	648	1,114
Differed tax liabilities		
<b>SHORT-TERM LIABILITIES</b>	<b>826</b>	<b>547</b>
Short-term financial liabilities	805	547
Received advances, short-term deposits and caution money		
Liabilities from business operations	21	
Other short-term liabilities		
Liabilities for Value Added Tax		
Other liabilities		
Accruals		
Loss over capital		
<b>TOTAL LIABILITIES</b>	<b>2,970</b>	<b>2,760</b>
<b>OFF BALANCE SHEET LIABILITIES</b>		

**INCOME STATEMENT**

- RSD thousands -

NAME	Current year	Previous year
<b>REGULAR ACTIVITIES INCOME</b>		
<b>OPERATING INCOME</b>	<b>9,865</b>	<b>8,797</b>
Income from assets valuation adjustments		
Sales of goods and services rendered	1,064	
Income from premiums, subventions, donations, etc.	8,765	8,797
Other operating income	36	
<b>REGULAR ACTIVITIES COSTS</b>		
<b>OPERATING COSTS</b>	<b>9,537</b>	<b>8,523</b>
Cost of goods sold		
Income from undertaking of outputs and goods for own purposes		280
Increase of finished goods, work in progress and services in progress		
Decrease of finished goods, work in progress and services in progress		
Costs of material	1,156	1,459
Costs of fuel and energy		
Costs of salaries, fringe benefits and other personal expenses	24	470
Costs of production services	1,863	2,352
Costs of depreciation	286	14
Costs of provisions		
Non-production costs	6,208	4,508
<b>OPERATING PROFIT</b>	<b>328</b>	<b>274</b>
<b>OPERATING LOSS</b>		
Financial income		
Related parties' financial income and other financial income		
Interest income (from third parties)		
Foreign exchange rate gains and positive currency effects (from third parties)		
Financial expenses	37	58
Related parties' financial expenses and other financial expenses		
Interest expenses (from third parties)		
Foreign exchange rate expenses and negative currency effects (from third parties)		
<b>FINANCE PROFIT</b>		
<b>FINANCE LOSS</b>	<b>37</b>	<b>58</b>
Income from assets valuation adjustments		



Impairment costs		
Other income		
Other expenses		
<b>EXCESS OF INCOME OVER EXPENSES FROM REGULAR OPERATIONS BEFORE TAXATION</b>	<b>291</b>	<b>216</b>
<b>EXCESS OF EXPENSES OVER INCOME FROM REGULAR OPERATIONS BEFORE TAXATION</b>		
SURPLUS REVENUE OVER EXPENDITURE, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND THE CORRECTION OF ERRORS FROM PREVIOUS YEARS		
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<b>SURPLUS OF EXPENSES OVER INCOME BEFORE TAXATION</b>		
<b>TAX OF INCOME AND EXPENSE DIFFERENCE</b>		
Current tax		
Deffered tax expenses		
Deffered tax income		
<b>NET SURPLUS OF INCOME OVER EXPENSES</b>	<b>291</b>	<b>216</b>
<b>NET SURPLUS OF EXPENSES OVER INCOME</b>		