

Independent Auditor's Report

**on Financial Statements for the Year Ended
December 31, 2021**

ASSOCIATION FOR AFFIRMATION OF CULTURE, Belgrade

Belgrade, April 6th 2022

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INDEPENDENT AUDITORS' REPORT

To the Founders and Executive Director of Association for affirmation of culture, Belgrade

Opinion

We have audited the accompanying financial statements of Association for affirmation of culture, Belgrade (hereinafter: „ASK”), which comprise the balance sheet as at December 31, 2021, 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 ASK as at December 31, 2021, 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 ASK 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 ASK 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, ASK 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.

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 ASK'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 ASK or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Founders and Executive Director 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 ASK'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 ASK'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 ASK'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 ASK to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**To the Founders and Executive Director 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, April 6th 2022

Licensed certificated Auditor
Marija Bjelopavlić

Association for affirmation of culture, Belgrade

BALANCE SHEET

- RSD thousands -

NAME	Current year	Previous year End	Begin
ASSETS			
Subscribed stakes unpaid			
FIXED ASSETS	1,830	1,895	
Intangible assets			
Tangible assets	1,830	1,895	
Biological assets			
Long-term financial placements			
Long-term receivables			
Deffered tax assets			
CURRENT ASSETS	3,349	1,075	
Stocks			
Receivables from sales	64	11	
Receivables from specific business operations			
Other receivables	107	107	
Financial assets valued at fair value through Income statement			
Short-term financial investments			
Cash and cash equivalents	3,178	957	
Value added tax receivables			
Prepayments and accrued income			
TOTAL ASSETS	5,179	2,970	
OFF BALANCE SHEET ASSETS			
CAPITAL AND LIABILITIES			
CAPITAL	3,791	1,496	
Capital stock			
Subscribed stakes unpaid			
Own shares bought			
Reserves			
Reevaluation adjustment of capital			
Unrealized gains on securities and other components of other comprehensive result	3,818	1,523	

Unrealized losses on securities and other
components of other comprehensive result

Net profit

Participation without control right

Net loss	27	27
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LONG-TERM PROVISIONS AND LIABILITIES	483	648
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Long-term provisions

Long-term liabilities	483	648
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Differed tax liabilities

SHORT-TERM LIABILITIES	905	826
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Short-term financial liabilities	819	805
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Received advances, short-term deposits and
caution money

Liabilities from business operations	86	21
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Other short-term liabilities

Liabilities for Value Added Tax

Other liabilities

Accruals

Loss over capital

TOTAL LIABILITIES	5,179	2,970
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OFF BALANCE SHEET LIABILITIES

INCOME STATEMENT

- RSD thousands -

NAME	Current year	Previous year
REGULAR ACTIVITIES INCOME		
OPERATING INCOME	10,659	9,865
Income from assets valuation adjustments		
Sales of goods and services rendered	1,245	1,064
Income from premiums, subventions, donations, etc.	9,294	8,765
Other operating income	120	36
REGULAR ACTIVITIES COSTS		
OPERATING COSTS	8,153	9,537
Cost of goods sold		
Income from undertaking of outputs and goods for own purposes		
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	908	1,156
Costs of fuel and energy		
Costs of salaries, fringe benefits and other personal expenses	425	24
Costs of production services	1,856	1,863
Costs of depreciation	303	286
Costs of provisions		
Non-production costs	4,661	6,208
OPERATING PROFIT	2,506	328
OPERATING LOSS		
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	65	37
Related parties' financial expenses and other financial expenses		
Interest expenses (from third parties)		
Foreign exchange rate expenses and negative currency effects (from third parties)	10	
FINANCE PROFIT		
FINANCE LOSS	65	37
Income from assets valuation adjustments		
Impairment costs		

Other income		
Other expenses	35	
EXCESS OF INCOME OVER EXPENSES FROM REGULAR OPERATIONS BEFORE TAXATION	2,406	291
EXCESS OF EXPENSES OVER INCOME FROM REGULAR OPERATIONS BEFORE TAXATION		
SURPLUS REVENUE OVER EXPENDITURE, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND THE CORRECTION OF ERRORS FROM PREVIOUS YEARS		
SURPLUS EXPENDITURES OVER REVENUES, THE EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND THE CORRECTION OF ERRORS FROM PREVIOUS YEARS		
SURPLUS OF INCOME OVER EXPENSES BEFORE TAXATION	2,406	291
SURPLUS OF EXPENSES OVER INCOME BEFORE TAXATION		
TAX OF INCOME AND EXPENSE DIFFERENCE		
Current tax		
Deffered tax expenses		
Deffered tax income		
NET SURPLUS OF INCOME OVER EXPENSES	2,406	291
NET SURPLUS OF EXPENSES OVER INCOME		