

Independent Auditors' Report
issued on the
2016 Special Purpose Financial Information
of Robert Burns International Foundation



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Independent Auditors' Report

To the Robert Burns International Foundation' Curatorium and donors

Opinion

We have audited the special purpose financial information of Robert Burns International Foundation ("the Foundation"), which comprise the balance sheet as at 31 December 2016, the statements of financial activities for the year then ended, and notes.

In our opinion, the accompanying special purpose financial information of the Foundation as at 31 December 2016 and for the year then ended is prepared, in all material respects, in accordance with the accounting policies as described in Note 3.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Special Purpose Financial Information section of our report. We are independent of the Foundation in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (hereinafter referred to as the "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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the special purpose financial information which indicates that the comparative information presented as at and for the year ended 31 December 2015 has been restated. Our opinion is not modified in respect of this matter.

We also draw attention to Note 3 to the special purpose financial information, which describes the basis of accounting and explains that the special purpose financial information is not the statutory financial statements of the Foundation. The special purpose financial information is prepared to provide reliable and useful financial information to the Foundation' Curatorium and donors. As a result, the special purpose financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Financial Information

Management is responsible for the preparation of the special purpose financial information in accordance with accounting policies as described in Note 3, for determining the acceptability of the basis of accounting and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial information, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Special Purpose Financial Information

Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 International Standards on Auditing 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 this special purpose financial information.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial information, 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the special purpose financial information 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 auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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.

Budapest, 23 November 2017

KPMG Hungária Kft.

Elek Votin
Partner



Robert Burns International Foundation

Financial statements as at and for the year ended 31 December 2016

(Expressed in Thousands of Forint)

Statement of financial activities for the year ended 31 December 2016

	<u>Note</u>	<u>2016</u>	<u>2015</u> <u>Restated</u>
Voluntary income			
Donations received	4	21 199	16 439
Other income	5	1 493	264
Total income		22 692	16 703
Expenses	7	8 893	6 955
Donations to hospitals and others	9	11 505	10 000
Net movement in funds for the year		2 294	-252
Unrestricted funds at the beginning of the year		1 219	1 471
Unrestricted funds at the end of the year		3 513	1 219

Balance Sheet at 31 December 2016

	<u>31 December</u> <u>2016</u>	<u>1 December</u> <u>2015</u> <u>Restated</u>
Current assets		
Receivables	33	4 464
Petty Cash	0	0
Cash at bank	24 283	16 288
Prepayments	528	321
Total assets	24 844	21 073
Less: Creditors and accruals	20 231	18 754
Total assets less current liabilities	4 613	2 319
Founder's capital and reserves		
Founder's Capital	1 100	1 100
Unrestricted funds	3 513	1 219
Total Founder's Capital and unrestricted funds	4 613	2 319

The accompanying notes on pages 2 to 7 form an integral part of these financial statements.

These financial statements were approved on 23 November 2017 and signed by:



Douglas Arnott
Chairman of the Curatorium



David Thompson
Member of the Curatorium

Robert Burns International Foundation

Notes to the 2016 financial statements

Note 1: Robert Burns International Foundation

Robert Burns International Foundation (in Hungarian: Robert Burns Nemzetközi Alapítvány) (“The Foundation”) is a non-profit organisation domiciled in Hungary. Its registered address is Bajza u. 54 em I A, 1062 Budapest.

The founder of the Foundation is Mr Zoltán Magyar. The governing body is a Curatorium which is chaired by Mr Douglas Arnott. The Foundation’s financial activities have consisted of raising donations, primarily through an annual supper in memory of the Scottish Poet Robert Burns, and the distribution of the surplus to hospitals and others, mainly in the form of cash grants for approved purposes.

Note 2: Financial Statements – Basis of preparation and presentation

The Foundation is required under Act C of 2000 on Accounting and Act CLXXV of 2011 on Non-Profit Organizations to prepare statutory financial statements each year. The Foundation’s statutory financial statements which are not required to be audited under the Act on Accounting, will be published on the official website of the Foundation, www.robert-burns-foundation.org, as prescribed by the Act on Non-Profit Organizations.

These financial statements have not been prepared in compliance with the Act and are not the Foundation’s statutory financial statements.

These financial statements have been prepared on the historical cost basis and in accordance with the accounting policies described in Note 3 for the purpose of presenting a summary of the financial activities undertaken by the Foundation during 2016 and its financial resources at 31 December 2016 in a format which management believes will meet the needs of members of the Curatorium and donors for reliable and useful financial information about the Foundation. A copy of these special purpose financial statements and the audit report thereon will be published on the Foundation website.

The Foundation identified that for the year ended 31 December 2015 an amount of 1,414 THUF received by the Foundation in trust for one of the organisations raising money to provide services to refugees as set out in Note 13 had been incorrectly recognised as a donation received. The 2015 comparative figures have been restated to correct this which has resulted in Donations received (Note 4) and the Unrestricted funds at the end of the year being reduced by 1,414 THUF and Creditors and accruals (Note 12) being increased by the same amount.

Note 3: Accounting Policies

Recognition of Income

Donations to the Foundation are voluntary and are recognised only when received.

The Burns Supper is held at the end of January each year. Donations received by the Foundation before 31 December which relate to the next January Supper are deferred (not included in the year they are received) and are recognised in the year when the Supper is held.

Robert Burns International Foundation

Notes to the 2016 financial statements

Other income is recognised when the Foundation is entitled to the amounts and there is certainty of receipt.

Recognition of expenses

Expenses are recognised when the liability is incurred.

Recognition of donations to hospitals and foundations

Donations made by the Foundation are generally recognised when the donation is disbursed except where a donation is received for a specific purpose. Donations received for a specific purpose are recognised at the time the donation is received. A corresponding liability is set up and any amount which has not yet been disbursed by the year end is recorded as a short term liability in the balance sheet.

Short term liabilities and accruals

Short term liabilities are stated at cost. Accruals represent liabilities incurred in the financial year for which invoices have not been received by the financial statement preparation date.

Functional currency and foreign exchange

The functional currency of the Foundation is the Hungarian Forint (HUF) and all amounts are presented in Thousands of Forint (THUF). Transactions in other currencies, primarily the Euro, are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in Euro at the balance sheet date are translated at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Financial Activities.

Note 4: Donations received

a) Analysis of donations by type:

	2016	2015
	THUF	Restated*
	THUF	THUF
Burns Suppers		
Auctions	3,041	2,873
Suppers	14,793	11,004
Raffles	1,384	1,497
	<hr/> 19,218	<hr/> 15,374
Curling	1,281	725
1% of Personal Income Tax	263	340
Other donations	437	0
	<hr/>	<hr/>
Total	21,199	16,439

Robert Burns International Foundation
Notes to the 2016 financial statements

b) The principal donors in each year were:

	2016	2015
	THUF	Restated*
	THUF	THUF
Individual donations of HUF 500,000 or more:		
PwC Magyarország Kft.	5,000	0
Budapest Airport Zrt. (Auction)	1,269	0
Deloitte (Supper)	1,200	1,250
Young Janine Shors (Supper)	715	0
Evobus Hungaria (Supper)	0	4,469
David Williams (Supper, auction)	0	542
	<u>8,184</u>	<u>6,261</u>
Donations below 500 THUF in aggregate	12,752	9,838
1% of Personal Income Tax	263	340
	<u>21,199</u>	<u>16,439</u>
Total	21,199	16,439

* - See Note 2 for explanation of Restatement.

Note 5: Other income

	2016	2015
	THUF	THUF
Bank interest	5	15
Foreign exchange gain	8	249
KPMG audit fee (see Note 7)	1,200	0
PwC accounting fee (see Note 7)	280	0
	<u>1,493</u>	<u>264</u>
Total	1,493	264

Robert Burns International Foundation
Notes to the 2016 financial statements

Note 6: Business Income

The Foundation had no business income in 2016.

Note 7: Expenses

	2016	2015
	THUF	THUF
Burns Supper	5,620	5,157
Presentation in Manchester	826	1,177
Curling	702	312
Audit fee	1,200	0
Bookkeeping fee	280	0
Financial and other costs	258	196
Sundry	7	113
Total	8,893	6,955

KMPG is the auditor and PwC is the bookkeeper of the Foundation. They each provide their services free of charge. The attributable value of their services are included in expenses and are matched by equal amounts included in Other Income.

Note 8: Remuneration

No member of the Curatorium received any remuneration from the Foundation in 2016.

Note 9: Donations to hospitals and foundations

	2016	2015
	THUF	THUF
Donations given to:		
Semmelweis University (SOTE II), Tüzoltó Street, Budapest	7,914	5,000
Péterfy Sándor Street Hospital, Budapest	2,359	5,000
Hospital Foundation of Orosháza	616	0
Foundation for the Childrens' Department, Gyulai Hospital	616	0
Total of donations given	11,505	10,000

Donations given in 2016 and 2015 were all for the purchase of medical equipment.

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Note 10: Cash at bank and petty cash

	2016	2015
	31 December	31 December
	THUF	THUF
Raiffeisen HUF accounts	20,453	15,834
Raiffeisen EUR account	3,830	454
Total	24,283	16,288

The original currency amounts in the EUR account were: 1,451.01 EUR at 31 December 2015 and 12,313.86 EUR at 31 December 2016.

16,407 THUF of the amount in the Raiffeisen HUF Bank account at 31 December 2016 was held on behalf of other not-for-profit parties (2015: 12,086 THUF) - see Note 13.

Note: 11 Receivables and prepayments

	2016	2015
	31 December	31 December
	THUF	THUF
Receivables	33	4,464
Prepayments	528	321
Total	561	4,785

Included in receivables at 31 December 2015 were amounts totalling 4,235 THUF due to other not-for-profit parties— see Note 13.

Robert Burns International Foundation
Notes to the 2016 financial statements

Note: 12 Creditors and Accruals

	2016	2015
	31 December	31 December
	THUF	Restated
	THUF	THUF
Creditors	0	108
Deferred income (Accruals)	3,772	2,325
Held for other not-for-profit parties (see Note 13)	16,407	16,321
Accrued expenses	52	0
Total	20,231	18,754

* - See Note 2 for explanation of Restatement.

Note 13: Funds held for other not-for-profit parties

At the time of the refugee crisis in Budapest in August 2015, the Foundation agreed that two groups of people who were raising money to provide services for the refugees could request donors to remit donations they wished to give to these groups to the Foundation's bank and Paypal accounts. This was because the groups were not able to open bank accounts themselves pending their registration as legal organisations. Donations received by the Foundation which were identified by donors as given in support of the two groups are treated by the Foundation as held in trust and not as the Foundation's own income. Neither the Founder nor any member of the Curatorium of the Robert Burns International Foundation are members of either of the two groups.

As neither of the two groups which had raised the funds had established legal organisations by 31 December 2016, the Foundation continued to hold the funds on their behalf at year end. The Foundation expects to transfer the funds to new foundations once these are established.

Note 14: Contingencies

The Foundation is exempt from taxation. The Hungarian tax authorities may inspect the books to ensure the conditions of this exemption have not been breached during the 6 years after the end of the related fiscal year.

It is the policy of the Foundation to retain a part of the unrestricted funds as a precaution against any differences of opinion that might arise in case of a tax inspection.