

## Independent auditor's report (CLAUSE)

### To the members of Társaság a Szabadságjogokért (Hungarian Civil Liberties Union)

incorporation number: 01-PK/60956/1994/00, registration number: 01-02-0006069)

**1136 Budapest, XIII. Tátra u.**

**15/b. 1/1.**

### Independent Auditor's report on the 2019 simplified annual report of 'other organisations' and public benefit report (Opinion)

We have audited the accompanying 2020 simplified annual report of 'other organisations' and public benefit report of Társaság a Szabadságjogokért Közhasznú Egyesület (incorporation number: 01-PK/60956/1994/00, registration number: 01-02-0006069, hereinafter: the Association). The report comprises the balance sheet as of December 31, 2020 – which shows total assets and liabilities of HUF 199.919 and the profit of the year for its core activity of HUF 54.994 thousand Ft – (profit); the income statement for the year then ended; as well as supplementary notes. It also includes the public benefit report containing the main elements of the accounting policy and other key information.

In our opinion, the **attached simplified annual report provides a reliable and realistic picture on the Association's assets and financial situation in the 2020 business year ending December 31, 2020.** The report is in accordance with Act C of 2000 on Accounting (hereinafter: "Accounting Act") effective in Hungary; government decree no. 479/2016. (XII. 28.); the provisions of Act CLXXV of 2011 on Right of Association, Non-profit Status, and the Operation and Funding of Civil Society Organisations; as well as the Association's Articles of Association.

### Basis for opinion

We conducted our audit in accordance with the Hungarian National Standards on auditing and the effective Hungarian laws and other regulations on audits. Our responsibilities under these standards are described in detail in the section of our report entitled "*The auditor's responsibilities for the audit of the simplified financial statements*".

In compliance with the Hungarian ethical requirements pertaining to our audit of the simplified financial statements, we are independent from the Association and, in accordance with the same ethical requirements, we complied with our other ethical responsibilities as well.

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 simplified annual report of 'other organisations'

Management is responsible for preparing the financial report in accordance with the Account Act and accounting principles generally accepted in Hungary, 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 company 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.

### **The auditor's responsibilities for the audit of the simplified financial statements**

Our goal during the audit is the assessment of the risks and to collect sufficient proof that the simplified annual report does not contain misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Hungarian National Standards on Auditing and the effective Hungarian laws and other regulations on audits will always detect a material misstatement when it exists. These misstatements may arise due to fraud or error, and are substantial, in case it would be reasonable to expect that they are individually or jointly influence the managements economic decisions based on the simplified annual report.

As part of an audit in accordance with the Hungarian National Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. Additionally:

- We assess and detect the risks of material misstatements in the simplified annual report, whether due to fraud or error. For the management of these risks, we elaborate and implement appropriate auditing procedures. The audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit clause (opinion). The risk of not detecting significant material misstatement due to fraud is significantly higher than the ones due to error, since fraud may involve collusion, falsification, intentional omission, wrong statements or the overwriting of the internal controlling mechanisms;
- We learn the internal control relevant to the auditing, in order to design audit procedures that are appropriate under the circumstances, but not to give an opinion on the effectiveness of the internal control of the Association.
- The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.
- We made a conclusion, whether it is appropriate for the management to apply accounting based on the principle of continuing the operation of the Association, and also conclude based on the audit evidence obtained, whether there is a material uncertainty about events or conditions that may cause considerable doubt to the Association to continue its operation. In case we conclude that there is a considerable uncertainty, in our independent audit report, we must draw attention to the related disclosures of the simplified annual report, or in case the disclosures are inappropriate in this respect, we must qualify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. Future events or conditions may cause, however, the Association to discontinue its operation.
- We evaluate the comprehensive presentation, structure and content of the simplified annual report, including the content published in the supplementary notes and in the public benefit report. We also

evaluate whether the simplified annual report fulfils the requirement to fairly present the underlying transactions and events.

Besides other issues, we inform the persons entrusted with management, the planned scope and timing of the audit, the significant findings of the audit, including the significant deficiencies in the internal control of the Association identified during the audit.

**Other reporting requirements on the public benefit report**

We have audited the attached 2020 public benefit report of Társaság a Szabadjogokért Közhasznú Egyesület (Hungarian Civil Liberties Union)

The management is responsible for the preparation of the public benefit report in accordance with the provisions of the Accounting Act, the Non-Profit Act, and Government Decree No 350/2011 (XII.30.), as well as the accounting principles generally accepted in Hungary. Our responsibility is the analysis of the accordance between the public benefit report and the simplified annual report of the same year. Our opinion on the simplified financial report provided in the section of our independent auditor's report entitled "Opinion" does not apply to the public benefit report, for which we provide no assurance report.

Our responsibility in connection with our audit of the simplified public benefit financial statements is to read the public benefit report and, in doing so, consider whether the public benefit report is materially inconsistent with the simplified public benefit financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If on the basis of our work we come to the conclusion that the public benefit report is materially misstated, then it is our obligation to report on this and the nature of such material misstatement. We have nothing to report in this regard.

Our work on the public benefit report is limited to the analysis of the accordance between the public benefit report and the simplified annual report and it does not include the review of any other information derived from the unaudited accounting records of the Association.

In our opinion, the 2020 public benefit report of Társaság a Szabadjogokért Közhasznú Egyesület is in accordance with the data of the 2020 simplified annual report.

*Budapest, 19 May 2021*

*Signature of the auditor*