

# European Union-Latin America and Caribbean Foundation Hamburg

Audit report  
Financial statements  
31 December 2015

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft





## Table of contents

	Page
A. Audit engagement	1
B. Purpose, nature and scope of the audit	1
C. Findings on the financial reporting	3
Compliance of the financial reporting	3
1. Prior-year financial statements	3
2. Books and records and other audited documents	3
3. Financial statements	4
D. Audit opinion	5

## Exhibits

- 1 Bilanz zum 31. Dezember 2015
- 2 Gewinn- und Verlustrechnung für 2015
- 3 Ergänzende Hinweise zur Bilanz
- 4 Rechtliche Verhältnisse
- 5 Balance sheet as of 31 December 2015
- 6 Income statement for fiscal year 2015
- 7 Explanatory paragraph to the balance sheet
- 8 Legal background

Engagement Terms, Liability and Conditions of Use  
General Engagement Terms



## Abbreviations

EU	European Union
EU-LAC	European Union-Latin America and Caribbean Foundation, Hamburg, Germany
HambStiftG	Hamburger Stiftungsgesetz (Foundation Statutes of Hamburg of 14 December 2005)



## **A. Audit engagement**

The management of European Union-Latin America and Caribbean Foundation, Hamburg (the "Foundation" or "EU-LAC"), engaged us to audit the Foundation's financial statements as of 31 December 2015, together with the underlying books and records.

We observed the applicable independence requirements during our audit.

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] dated 1 January 2002, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed "Engagement Terms, Liability and Conditions of Use."

Our report complies with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports for the Audits of Financial Statements (IDW AuS 450) issued by the Institute of Public Auditors in Germany, Düsseldorf ["Institut der Wirtschaftsprüfer in Deutschland e.V.": IDW].

The audit report is addressed to EU-LAC.

## **B. Purpose, nature and scope of the audit**

### **Purpose of the audit**

As part of our engagement, we audited the books and records and the financial statements in accordance with Sec. 317 HGB. The Foundation is not required to prepare notes to the financial statements or a management report.

Assessment criteria for our audit of the financial statements were the accounting provisions of Secs. 242 to 256a HGB and the special provisions of the HambStiftG. No additional accounting requirements result from the articles of incorporation and bylaws.

Management is responsible for the books and records, the accounting-related internal control system and the financial statements, as well as the explanations and documents provided to us. It is our responsibility to assess these documents and this information during our audit performed in accordance with professional standards.

### **Nature and scope of the audit**

Our audit was performed in accordance with the provisions of Sec. 317 et seq. HGB, observing the German generally accepted standards for the audit of financial statements as issued by the IDW.

Those standards require that we plan and perform the audit to provide reasonable assurance that the books and records and the financial statements do not contain any significant inaccuracies or infringements.

The object of our audit of the financial statements is therefore to identify such inaccuracies and infringements of legally required accounting principles which might materially affect the presentation of the Foundation's financial statements.

The basis of our risk-oriented audit methodology is the development of an audit strategy. This strategy is based on the assessment of the economic and legal environment of the Foundation, its goals, strategies and business risks. The size and complexity of the Foundation as well as the effectiveness of its accounting-related internal control system are also considered when developing this strategy. The findings made were taken into account in choosing and determining the scope of the analytical audit procedures (plausibility tests) and substantive testing of assets and liabilities, recognition, disclosure and valuation in the financial statements. The audit program, which is specifically tailored to the Foundation, determines the key elements of the audit, the nature and scope of audit procedures as well as the timing and staffing of the audit. This approach is based on the principles of risk assessment and materiality.

In view of the Foundation's size and its transparent policies and procedures, we mainly performed substantive tests in this engagement. We chose to focus on the following audit areas and conducted the following key audit procedures:

- ▶ Receipt and recording of grants
- ▶ Valuation and completeness of accruals



- ▶ Capitalization of intangible assets
- ▶ Development of equity

We also performed the following standard audit procedures:

- ▶ We obtained bank confirmations and requested and received confirmation from lawyers regarding pending litigation.
- ▶ We obtained information from the Foundation's tax advisor on pending appeals, disputed tax assessment notices and existing tax risks.

We were provided with all the explanations and supporting documents requested. In a letter of representation submitted to us, management confirmed the completeness of these explanations and documents and of the books and records and financial statements.

## **C. Findings on the financial reporting**

### **Compliance of the financial reporting**

#### **1. Prior-year financial statements**

The prior-year financial statements were submitted to the Foundation Supervisory Authorities on 19 November 2015.

#### **2. Books and records and other audited documents**

The organization of the books and records, the accounting-related internal control system, the data flow and vouchers allow complete, accurate, timely and orderly recognition and recording of business transactions.

Data gathered from other audited documents are properly reflected in the books and records and the financial statements.



According to our findings, the Foundation's books and records comply with the legal requirements.

### **3. Financial statements**

As a Foundation under civil law, the financial statements and accounting of EU-LAC are determined by the regulations of § 4 Abs. 4 HambStiftG whereas the Foundation has to apply generally accepted accounting principles accordingly. The Foundation has voluntarily applied the accounting regulations of Secs. 242 to 256a HGB.

Based on the prior-year balance sheet audited by us, the financial statements were correctly compiled from the books and records and other audited documents.





#### D. Audit opinion

Subject to the condition that the financial statements as of 31 December 2014 is approved in the version on which these financial statements are based, we issue the following opinion on the financial statements:

"An die European Union-Latin America and Caribbean Foundation

Wir haben den Jahresabschluss - bestehend aus Bilanz und Gewinn- und Verlustrechnung - unter Einbeziehung der Buchführung der European Union-Latin America and Caribbean Foundation, Hamburg, für das Geschäftsjahr vom 1. Januar bis 31. Dezember 2015 geprüft. Die Buchführung und die Aufstellung des Jahresabschlusses nach den deutschen handelsrechtlichen Vorschriften liegen in der Verantwortung der gesetzlichen Vertreter der Stiftung. Unsere Aufgabe ist es, auf der Grundlage der von uns durchgeführten Prüfung eine Beurteilung über den Jahresabschluss unter Einbeziehung der Buchführung abzugeben.

Wir haben unsere Jahresabschlussprüfung nach § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung vorgenommen. Danach ist die Prüfung so zu planen und durchzuführen, dass Unrichtigkeiten und Verstöße, die sich auf die Darstellung des Jahresabschlusses wesentlich auswirken, mit hinreichender Sicherheit erkannt werden. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld der Stiftung sowie die Erwartungen über mögliche Fehler berücksichtigt. Im Rahmen der Prüfung werden die Wirksamkeit des rechnungslegungsbezogenen internen Kontrollsystems sowie Nachweise für die Angaben in Buchführung und Jahresabschluss überwiegend auf der Basis von Stichproben beurteilt. Die Prüfung umfasst die Beurteilung der angewandten Bilanzierungsgrundsätze und der wesentlichen Einschätzungen der gesetzlichen Vertreter sowie die Würdigung der Gesamtdarstellung des Jahresabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unsere Beurteilung bildet.

Unsere Prüfung hat zu keinen Einwendungen geführt.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss den gesetzlichen Vorschriften."

The translation of this audit opinion reads as follows:

"To European Union-Latin America and Caribbean Foundation

We have audited the annual financial statements, comprising the balance sheet and the income statement, together with the bookkeeping system of European Union-Latin America and Caribbean Foundation, Hamburg, for the fiscal year from 1 January to 31 December 2015. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Foundation's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the financial statements are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Foundation and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.



Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements."

Hamburg, 25 April 2016

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft



Kreninger  
Wirtschaftsprüferin  
[German Public Auditor]



Schnitger  
Wirtschaftsprüferin  
[German Public Auditor]