FAIR AUDIT

FAIR AUDIT GmbH
Wirtschaftsprüfungsgesellschaft

Raboisen 38
20095 Hamburg

Tel +49 40 334 753-50
Fax +49 40 334 753-526

eMail info@fair-audit.de
www.fair-audit.de

REPORT

on the audit of the financial statements

as at December 31, 2021

of

European Union-Latin America and Caribbean Foundation

Hamburg

Elektronische Kopie

Mitglied in

JPA INTERNATIONAL
Joint Accounting for Consultancy
A Worldwide Network of Independent Firms

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General Engagement Terms for German Public Auditors and Public Audit Firms as of January 1, 2017

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Abbreviations

EU-LAC:	European Union-Latin America and Caribbean Foundation, Hamburg
HambStiftG:	Hamburger Stiftungsgesetz (Foundation Statutes of Hamburg of 14 December 2005)
HGB:	German commercial code

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A. Audit Engagement

1 The management of

European Union-Latin America and Caribbean Foundation, Hamburg

(hereinafter referred to as "EU-LAC" or "foundation")

engaged us to audit the financial statements of the foundation as of December 31, 2021 in accordance with Sec. 317 HGB.

2 According to Article 321 (4a) HGB we confirm that we have followed the applicable provisions in respect of independence during our audit.

3 We have prepared the following report on the nature and scope and the results of our audit according to the generally accepted standards for reporting under IDW PS 450. IDW PS 205 (Initial audit engagements – opening balances) was attended.

4 This engagement and our liability, also in relation to third parties, are governed by the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungs-gesellschaften" dated January 1, 2017, which are attached to this report

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B. Subject, nature and scope of the audit

I. General

5 According to Article 317 HGB the subject of our audit was the bookkeeping of the foundation for the financial year from January 1, 2021 to December 31, 2021 and the financial statements as of December 31, 2021. The foundation is not required to prepare notes to the financial statements or a management report.

6 The applicable financial reporting framework for our audit of the annual financial statements comprised the accounting requirements of Secs. 242 to 256a HGB that the foundation has voluntarily applied to, and the special requirements of the Secs. 4 (4) HambStiftG. No additional accounting requirement result from the articles of incorporation and by laws.

7 The responsibility for the compliance of the bookkeeping system and financial statements with the applicable provisions stipulated by commercial law lies with the foundation's legal representatives.

8 Our responsibility was to examine those records to determine whether they comply with the statutory accounting provisions.

9 In conducting our audit we observed the provisions of Article 316 et seq. HGB and the generally accepted standards for the audit of financial statements as set forth in the IDW Auditing Standards. The audit procedures are documented in the working papers by subject, scope and result, as far as they are not presented in the audit report.

10 The audit of the financial statements, including the accounting records, examined whether the accounting principles, legal requirements and, where appropriate, supplementary provisions of the articles of association were observed.

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11 The audit also comprises the identification of facts that could endanger the ability of the foundation to continue as a going concern or that could impair its development as well as misstatements and violations against legal provisions and the articles of association within the context of an audit that was performed in accordance with generally accepted auditing standards. The audit does not extend to providing assurance of the foundation's ability to continue as a going concern or of management efficiency and effectiveness.

12 We conducted our audit during March 2022 in the foundation's office rooms in Hamburg and in our office rooms in Hamburg.

II. Audit Contents

1. Audit strategy and audit focuses

13 In accordance with our risk-oriented audit approach we started by acquiring up-to-date knowledge of the economic and legal environment of the foundation. Based on this, we made ourselves familiar with the organizational structure of the foundation and its corporate objectives and strategies in order to identify those business risks that may lead to material errors in the accounting. By way of inquiries with management and inspecting the organizational documentation of the foundation, we then examined what measures the foundation has taken to manage those business risks. In this connection, we examined the appropriateness of the foundation's accounting-related internal control system.

14 Based on these audit procedures, we determined and assessed the risks of material misstatements in the accounting (error risks). The assessment of the error risks relate both to the level of the overall financial statements and to the level of individual assertions. These assertions relate to the presentation of business transactions, the account balances at the balance sheet date and the individual disclosures in the financial statements. In doing so, we have identified separately significant risks as well as risks for which substantive procedures alone do provide sufficient appropriate audit evidence. The identification and assessment of error risks was updated if necessary during the audit.

15 Based on our audit planning we focused on the following areas for the reporting period:

» Accurate accrual method for revenues and expenses

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16 Based on the identified risks of material misstatement we have determined the further audit approach in respect of nature, scope and timing of the individual audit procedures (system tests of the internal control system, substantive audit procedures).

17 We conducted substantive audit procedures to obtain audit evidence. These comprised to a great extend analytical audit procedures and in a few cases test of details. The test of details were conducted mainly on a purposive sample basis.

2. Asset records and confirmation from third parties

18 To audit the items of the financial statements of the foundation we reviewed, among other items, articles of association and grant notifications, bank statements and other business documents.

19 We did not request external confirmations of accounts payable recorded in lists of account balances at the balance sheet date because accounts payable were recorded, maintained and processed in such a way that they could be substantiated reliably by other means.

20 We have obtained bank confirmations from all credit institutions which had a business relationship with EU-LAC in the financial year 2021.

21 We have obtained a lawyer's and tax consultant confirmation.

3. Using the work of others

22 Within our audit we did not use the work of others.

4. Prior year financial statements

23 The prior year financial statements as of December 31, 2020 have been audited by Ernst & Young Wirtschaftsprüfungsgesellschaft, Hamburg and issued with an unqualified auditor's report. With board of governors' resolution dated June 10, 2021 the financial statements as of December 31, 2020 were approved. We audited whether the opening balances were appropriately overtaken from the prior year financial statements.

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5. Management representations

24 There were no audit difficulties or audit constraints that limited or made impossible the verifiability of disclosures and estimates in the financial statements and for which we were largely able to base our assessment only on statements by the management.

25 The management and the staff members authorized by the management supplied us with all necessary information and supporting documentation (Section 320 HGB).

26 According to the written standard letter of representation given by the management all business transactions are recorded in the books and documents presented to us and the annual financial statements as of December 31, 2021 include all assets, liabilities, hazards and risks requiring recognition.

27 According to the letter of representation, subsequent events that would be of particular importance for the assessment of the net assets, financial position and results of operations as of December 31, 2021 did not occur.

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C. Findings regarding accounting

I. Propriety of the accouting

1. Bookkeeping system and other records audited

28 During the entire financial year 2021 the bookkeeping system was in compliance with legal provisions including the principles of proper accounting. The information obtained from other records audited properly depicts to bookkeeping system, financial statements and the management report. Our audit has not revealed any matters which indicate that the foundation's organizational and technological arrangements are inappropriate to ensure the safeguarding of accounting-related information and IT systems.

2. Financial Statements

29 In the financial statements of the foundation as of December 31, 2021, all legal provisions, whether directly or indirectly applicable to accounting, including the principles of proper accounting were observed. Additional provisions in the articles of association are not to be followed.

30 The balance sheet and income statement have been properly derived from the bookkeeping, the related accounts and the other audited records. The relevant recognition, disclosure and valuation requirements, in particular the principle of consistency according to Article 252 (1) No. 6 HGB, have been observed.

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D. Reproduction of the auditor's report

31 Based on the final results of our audit, we issued to European-Latin America and Caribbean Foundation, Hamburg, for the bookkeeping of the financial year 2021, the financial statements as of December 31, 2021 attached as Appendix 1 to 2 (balance sheet total € ; net income €) the following unqualified auditor's report:

"Bestätigungsvermerk des Abschlussprüfers:

An die European Union-Latin America and Caribbean Foundation, Hamburg

Prüfungsurteil

Wir haben den Jahresabschluss der European Union-Latin America and Caribbean Foundation, Hamburg, – bestehend aus der Bilanz zum 31. Dezember 2021 und der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2021 – geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der beigefügte Jahresabschluss in allen wesentlichen Belangen den deutschen, für alle Kaufleute geltenden handelsrechtlichen Vorschriften.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses geführt hat.

Grundlage für das Prüfungsurteil

Wir haben unsere Prüfung des Jahresabschlusses in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung

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mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zum Jahresabschluss zu dienen.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen, für alle Kaufleute geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Stiftung zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, sowie einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil zum Jahresabschluss beinhaltet.

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Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus

» identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Jahresabschluss, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.

» gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieses Systems der Stiftung abzugeben.

» beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.

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» ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit der Stiftung zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass die Stiftung ihre Unternehmenstätigkeit nicht mehr fortführen kann.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, einschließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung feststellen."

The translation of this audit opinion reads as follow:

"Independent auditor's report

To European Union-Latin America and Caribbean Foundation, Hamburg

Opinion

We have audited the annual financial statements of European Union-Latin America and Caribbean Foundation, Hamburg, which comprise the balance sheet as of 31 December 2021 and the income statement for the fiscal year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit the accompanying annual financial statements comply, in all material aspects, with the requirements of German commercial law applicable to all merchants.

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Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the opinion

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our auditor's report. We are independent of the foundation in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Responsibilities of the executive directors for the annual financial statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to all merchants. In addition, the executive directors are responsible for such internal controls as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the foundation's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the annual 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 of the annual financial statements 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 these systems of the foundation.

» Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

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» Conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our respective opinion. Our conditions may cause the foundation to cease to be able to continue as a going concern. 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 foundation to cease to be able 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."

We have prepared the above report on the audit of the annual financial statements as of December 31, 2021 (balance sheet total € ; net income €) of European Union-Latin America and Caribbean Foundation, Hamburg, in accordance with the legal requirements and the principles of proper reporting on audits of financial statements (IDW PS 450). If the annual financial statements are published or passed on in a form deviating from the audited version (including translation into other languages), our opinion is required beforehand if our audit opinion is quoted or reference is made to our audit; we expressly draw attention to No. 6 of the appended General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) (IDW-AAB).

Hamburg, March 31, 2022

FAIR AUDIT GmbH
Wirtschaftsprüfungsgesellschaft

Dennis Schelling
Wirtschaftsprüfer
German Public Auditor

Tobias Kannen
Wirtschaftsprüfer
German Public Auditor

FAIR Audit GmbH Wirtschaftsprüfungsgesellschaft
WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT
SIEGEL
Hamburg

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