

NICA C. DUMITRU FINANCIAL AUDITOR AND ACCOUNTING EXPERT
Body of Expert and Licensed Accountants of Romania – 17018/2001
Chamber of Financial Auditor of Romania – 1788/2006
Authority for Public Supervision of the Statutory Audit Activity - AF 1788/2018
Bucharest, sector 5, postal code 052084, Str. Vedeia, No. 3, bl.114, Sc.1, Et.7, Ap.42
Taxpayer Identification Number RO 20972003
RAIFFEISEN BANK - IBAN: RO44RZBR0000060009102372 Tel: 0740032520, e-mail:
nicadumitru_aism@yahoo.com

To,

TRANSPARENCY INTERNATIONAL ROMANIA
CONFIDENTIAL LETTER TO MANAGEMENT

ISA 265 deals with the auditor's responsibility to properly communicate to those responsible for governance and management any deficiencies in internal control that the auditor has identified in an audit of financial statements and which, in the auditor's professional judgment, are sufficient important to deserve their attention.

According to this standard, smaller entities (such as the audited association) may consider that certain types of control activities are not required due to controls performed by management.

Another provision that is included in this standard is that smaller entities often have fewer employees, which may limit the extent to which separation of tasks is practicable. In a small entity managed by an owner, the owner-manager may exercise more effective supervision than in a larger entity. This higher level of management oversight must be weighed against the increased potential of management to avoid controls.

The standard also highlights that the importance of a deficiency or a combination of deficiencies in internal control depends not only on the extent to which a distortion has actually occurred, but also on the likelihood that a distortion will occur and its possible extent. Therefore, there may be significant deficiencies even if the auditor did not identify any misstatements during the audit.

Taking into account the provisions of this standard and those found by us during the statutory audit of the financial statements concluded on 31.12.2023, we formulate the following recommendations to the management of the ROMANIAN ASSOCIATION FOR TRANSPARENCY:

1) Further insurance:

- of a rigorous management of financial resources in the sense of reducing debts for a duration of less than one year (especially towards various creditors) and reducing various debts (especially those related to various debtors and some customers);

- of viable solutions for obtaining a surplus.

For and on behalf of
NICA C. DUMITRU FINANCIAL AUDITOR AND ACCOUNTING EXPERT

Financial auditor
NICA DUMITRU



BUCHAREST: 02.03.2023

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REPORT OF THE INDEPENDENT AUDITOR
To,

TRANSPARENCY INTERNATIONAL ROMANIA

Report on the audit of financial statements

Unqualified opinion

1. We audited the attached individual financial statements of the **TRANSPARENCY INTERNATIONAL ROMANIA** (TIN: 12486550) with its registered office in Bucharest, sector 1, Bd. G-ral Gheorghe Magheru no. 28-30, ("Entity") which include the abbreviated balance sheet at December 31, 2023, abbreviated income statement for the year ended, the distribution of the result for the financial year, the statement of fixed assets for non-equity activity, statement of fixed assets for economic activities and notes to the financial statements, including a summary of significant accounting policies.

2. The individual financial statements as of December 31, 2023 are identified as follows:

- Total Assets: 4,320,162 lei;
- Total Net Assets / Equity: 684,938 lei;
- Net result of the financial year: Surplus/profit: 99,560 lei.

3. In our opinion, the attached individual annual financial statements of the **TRANSPARENCY INTERNATIONAL ROMANIA** are prepared, in all material respects in accordance with the Order of the Minister of Public Finance no. 3103/2017 on the approval of the Accounting Regulations for legal entities without patrimonial purpose in Romania (OMPF 3103/2017) and certify the expenses incurred by this entity during 2023.

Basis for unqualified opinion

4. We conducted our audit in accordance with International Standards on Auditing ("ISA") - 2020 Edition and Law No. 162/2017 ("Law"). The application of this professional standard requires the application of International Standards on Auditing ("ISA"). Our responsibilities under these standards are described in detail in the "Auditor's Responsibilities in an Audit of Financial Statements" section of our report.

5. We are independent from the **TRANSPARENCY INTERNATIONAL ROMANIA**, according to the Code of Ethics for Professional Accountants issued by the Council for International Ethics Standards Board for Accountants (IESBA code), according to the ethical requirements that are relevant for auditing financial statements in Romania, including the Law and we have fulfilled the ethical responsibilities according to these requirements and according to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Highlighting aspects

5. Without modifying the audit opinion mentioned above, we would like to highlight an aspect related to the circumstances in which the audit of the financial statements for the year 2023 was carried out:

6. We assess that the disclosures provided by the entity regarding both the qualitative and quantitative impact of the economic crisis generated by the war in Ukraine and the increase in the prices of energy resources on its activities in 2023, its future financial position and performance are adequate and necessary in the new economic context in which the activity will be carried out in 2024 and will not significantly affect the continuity of the activity of the audited entity.

Other information – Administrators' report

7. The administrators are responsible for the preparation and presentation of other information. That other information includes the Administrators' Report, but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover this other information and, unless explicitly stated in our report, we do not express any assurance about it.

In connection with the audit of the financial statements for the financial year ended December 31, 2023, it is our responsibility to read that other information and, in doing so, to assess whether that other information is significantly consistent with the financial statements, or the knowledge we obtained during the audit, or whether they appear to be significantly distorted.

Regarding the Administrators' Report, we have read and report whether it has been prepared, in all material respects, in accordance with Articles 335-337 of OMPF no. 3103-2017 on the applicable accounting regulations.

Based exclusively on the activities to be carried out during the audit of the financial statements, in our opinion:

a) The information presented in the Administrators' Report is consistent, in all material respects, with the financial statements;

b) The Administrators' Report has been prepared, in all material respects, in accordance with Articles 335-337 of OMPF 3103-2017 on the applicable accounting regulations;

c) based on our knowledge and understanding of the **TRANSPARENCY INTERNATIONAL ROMANIA** and its environment, acquired during the audit of the financial statements for the financial year ended December 31, 2023, we are required to report whether we have identified significant distortions in the Administrators' Report. We have nothing to report on this.

Responsibility of management and those responsible for governance for financial statements

8. The management of the **TRANSPARENCY INTERNATIONAL ROMANIA** is responsible for drawing up the financial statements to provide a correct image in accordance with OMPF no. 3103-2017 on the applicable accounting regulations and for that internal control that the management considers necessary to enable the preparation of financial statements free from significant distortions, caused either by fraud or error.

9. In preparing the financial statements, the management is responsible for assessing the capacity of the **TRANSPARENCY INTERNATIONAL ROMANIA** to continue its activity for

presenting, if necessary, the aspects related to the continuity of the activity and for the use of accounting based on the continuity of the activity, unless which management either intends to liquidate the entity or to cease operations, or has no realistic alternative other than management.

10. The persons in charge of governance are responsible for supervising the financial reporting process of the **TRANSPARENCY INTERNATIONAL ROMANIA**.

Auditor's responsibilities in an audit of financial statements

11. Our objectives are to obtain reasonable assurance about the extent to which the financial statements as a whole are free of significant distortions, whether due to fraud or error, and to provide an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but there is no guarantee that an audit conducted in accordance with the ISA will always detect significant distortions, if any. Distortions may be caused by either fraud or error and are considered significant if they can reasonably be expected to have an individual or cumulative effect on the economic decisions of users, based on these financial statements.

12. As part of an ISA audit, we exercise professional judgment and maintain professional scepticism throughout the audit. Also:

-We identify and assess the risks of significant distortions of the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a significant distortions caused by fraud is higher than the risk of not detecting a significant distortions caused by error, as fraud may involve secret agreements, forgery, intentional omissions, false statements and avoidance of internal control.

-We understand the internal control relevant to the audit, in order to design audit procedures appropriate to the circumstances, but without the purpose of expressing an opinion on the effectiveness of the internal control of the **TRANSPARENCY INTERNATIONAL ROMANIA**.

-We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related information disclosures made by management.

-We formulate a conclusion on the adequacy of management's use of accounting based on business continuity and determine, based on the audit evidence obtained, whether there is significant uncertainty about events or conditions that could raise significant doubts about the entity's ability to continue operating.

If we conclude that there is significant uncertainty, we should draw attention in the auditor's report to the related disclosures in the financial statements or, if those disclosures are inadequate, change our opinion.

Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease operations on a going concern basis.

-We evaluate the presentation, structure and content of financial statements, including presentations of information, and the extent to which financial statements reflect the underlying transactions and events in a manner that results in a fair presentation.

13. We communicate to those responsible for governance, among other things, the planned area and timing of the audit, as well as the main findings of the audit, including any significant deficiencies in internal control, which we identify during the audit.

14. We also provide those responsible for governance with a statement of our compliance with the ethical requirements regarding independence and inform them of any relationships and other matters that may reasonably be considered to be likely to affect our independence and, where applicable, related security measures.

15. Among the issues we have communicated to those charged with governance, we identify those issues that have been most important in the audit of the current financial statements and are therefore key audit issues. We describe these issues in our audit report, unless legislation or regulations prevent the public disclosure of that issue or if, in extremely rare circumstances, we believe that an issue should not be disclosed in our report, whereas the benefits of the public interest are reasonably expected to outweigh the negative consequences of this communication.

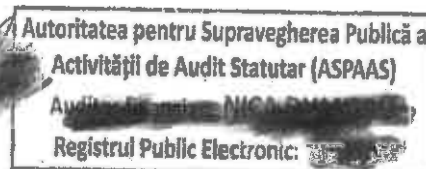
Report on other legal and regulatory provisions

We confirm that:

- In conducting our audit, we maintained our independence from the audited entity.
- We did not provide the association with the prohibited **non-audit services** referred to in Article 5 (1) of EU Regulation No 537/2014.

**For and on behalf of
NICA C. DUMITRU FINANCIAL AUDITOR AND ACCOUNTING EXPERT**

**Financial auditor
NICA DUMITRU**



**Registered at APSSAA with no. AF1788 and at CFAR with no. 1788/2006
BUCHAREST: 07.03.2024**