

*Translation from Bulgarian*

VARNA AUDIT COMPANY OOD  
(Audit company with per. No. 028)  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
of KARIN DOM Foundation  
City of Varna

### **Opinion**

We audited the financial statements of the Foundation KARIN DOM (the "Foundation"), containing the balance sheet on 31 December 2023, the statement of income and expenses for business activities, the statement of income and expenses for non-business activities, the statement of equity and the statement of cash flows for the year that ended on the indicated date, and an appendix to the financial statements containing information on the accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation on 31 December 2023 and its financial results from operations and cash flows for the year then ended, in accordance with the National Accounting Standards (NSS), applicable in Bulgaria.

### **Grounds for expressing an opinion**

We performed our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are further described in the auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Foundation in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) of the International Ethics Standards Board for Accountants (IESBA Code), together with the ethical requirements of the Independent Financial Audit Act (IAFA) applicable to our audit of the financial statements in Bulgaria, and we have also fulfilled our other ethical responsibilities under the requirements of the IAFA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other matters**

The financial statements of the Foundation for the year ending on 31 December 2022 have been audited by another auditor, who has expressed an unmodified opinion on these statements on 9 May 2023.

### **Other information different from the financial statements and the auditor's report on the financial statements**

The management is responsible for the other information. The other information consists of a report of operations prepared by the management under chapter seven of the Accountancy Act, but does not include the financial statements and our auditor's report on the financial statements.

Our opinion on the financial statements does not encompass the other information and we do not express any form of assurance regarding that information, unless and to the extent expressly stated in our report.

Our responsibility in connection with our audit of the financial statements is to read the other information and consider whether that the other information is materially inconsistent with the financial statements or with our knowledge obtained during the audit or whether it appears otherwise to contain material misstatement. If, based on the work we have performed, we conclude that there is a material misstatement in that other information, we are required to report that fact.

We have nothing to report in this regard.

### ***Additional matters to be reported under the Accountancy Act***

In addition to our responsibilities and reporting under the ISAs, we have also performed, with respect to the activity report, the procedures added to those required by the ISAs under the "Guidance on New and Enhanced Auditor Reports and Auditor Communication in Bulgaria" of the professional organization of registered auditors, Institute of Certified Public Accountants (ICPAB). These procedures concern verifications of the availability, as well as verifications of the form and content of such other information to assist us in forming an opinion on whether the other information includes the disclosures and reports required in chapter seven of the Accountancy Act applicable in Bulgaria.

### ***Opinion in relation to Article 37, para. 6 of the Law on Accounting***

Based on the performed procedures, our opinion is that:

- a) The information included in the activity report for the financial year for which the financial statements are prepared corresponds to the financial statements.
- b) The activity report is prepared in accordance with the requirements of chapter seven of the Accountancy Act.

### **Management's responsibilities for the financial statements**

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the NAS applicable in Bulgaria and for a system of internal control as the management deems necessary to ensure the preparation of financial statements that do not contain material misstatements, whether due of fraud or error.

When preparing the financial statements the management is responsible for evaluating the Foundation's ability to continue as a going concern, disclosing, where applicable, matters related to the going concern assumption and using the going concern basis of accounting, unless the management has intentions to liquidate the Foundation or stop its activities, or if the management has no practical alternatives but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion as auditors. A reasonable degree of assurance is a high degree of assurance, but it is not a guarantee that an audit executed in compliance with the ISAs will always detect a material misstatement where it exists. Misstatements may arise as a result of fraud or error and are considered material if they could reasonably be expected, separately or as a whole, to influence the economic decisions of users taken on the basis of these financial statements.

As part of the ISA compliance audit, we use professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, develop and perform audit procedures in response 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 the risk of a material misstatement resulting from error because fraud may involve collusion, forgery, intentional omissions, statements intended to mislead the auditor, as well as ignoring or circumventing internal controls.

- obtain an understanding of the internal controls related to the audit in order to develop audit procedures that are appropriate under the specific circumstances, but not for the purpose of expressing an opinion on the efficiency of the Foundation's measures of internal control.

- evaluate the appropriateness of the applied accounting policies and the reasonableness of the accounting estimates and the related disclosures made by the management.

- reach a conclusion on the appropriateness of the use of the going concern basis of accounting by the management and on the basis of the obtained audit evidence as to whether a material uncertainty exists relating to events or conditions that could give rise to significant doubts about the Foundation's ability to continue to functions as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the disclosures in the financial statement related to that uncertainty or, if those disclosures are

inadequate, to adjust our opinion. Our conclusions are based on the audit evidence obtained up to our auditor's report date. However, future events or conditions may cause the Foundation to cease functioning as a going concern.

- we evaluate the financial statements' overall presentation, structure and content, including disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We inform the management, among other matters, of the planned scope and schedule of the audit and any significant audit findings, including material deficiencies in the internal controls that we identify during our audit.

“Varna Audit Company” OOD

(Audit company with per. No. 028): (signature – illegible)

d.e.s. Slav Tanev – Director, registered auditor, responsible for the audit

Oval stamp.

9009 Varna, 12 Petko Staynov Str., entr. 11A

10.04.2024

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*I, the undersigned Lyudmila Georgieva Kovacheva, certify the truthfulness of the translation made by me from Bulgarian into English language of the attached document – Audit report. The translation consists of 4 pages.*

*Translator:*

*/Lyudmila Georgieva Kovacheva/*