

**Rīgas Ekonomikas augstskolas –
Stockholm School of Economics in
Riga Foundation**

Annual report for 2021, prepared in accordance
with legislation of the Republic of Latvia, and
the independent auditor's report

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Management Report

Name of the organisation and legal address:

Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation, Strēlnieku iela 4A, Riga

Registration number, date:

Reg.No. 40008164674, August 30, 2010

Information about the Members of the Management Board:

Until March 1, 2021

Anders Börje Rydin, Chairman of the Board
Gundars Bērziņš
Visvaldis Valtenbergs
Ingmar Rolf Eidem
Andris Kotāns
Baiba Anda Rubesa
Georg Edgar Sesemann

As of March 1, 2021

Anders Börje Rydin, Chairman of the Board
Gundars Bērziņš
Visvaldis Valtenbergs
Ingmar Rolf Eidem
Inese Jureviča
Baiba Anda Rubesa
Georg Edgar Sesemann

Information about the Members of the Supervisory Board:

Lars Strannegård
Indriķis Muižnieks

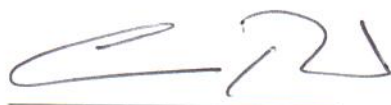
The Foundation of Rīgas Ekonomikas augstskola – Stockholm School of Economics in Riga (further – “Foundation”) is established with the aim to secure further operations and development of the Stockholm School of Economics in Riga (further – “School”) in the Republic of Latvia. The Foundation oversees the management of the School and raises donations that are necessary for the operations of the School. The Foundation carries out public benefit activities, raising donations and supporting students with scholarships to cover the study fees in order to provide talented Baltic students with the opportunity to receive competitive business education close to their place of residence for the benefit of the Baltic economies, thereby preparing a supply of qualified personnel and new entrepreneurs for Latvian, Lithuanian and Estonian economies.

Major achievements during the reporting year and future objectives

In 2021 the Foundation attracted donations and secured the necessary financial support to the School by providing scholarships to the students and safeguarding that the School has the requisite working capital for its operations.

Foundation is looking forward to continue and develop fundraising activities with an aim to support high quality education and research in Latvia and other Baltic countries. One of promising directions is cooperation with the Latvian business sector.

On behalf of the Members of the Board:



Anders Börje Rydin
Chairman of the Board



Ingmar Rolf Eidem
Member of the Board

Riga, May 31, 2022

Financial Statements

Balance Sheet

Assets	Note	Reporting date	
		31.12.2021 EUR	31.12.2020 EUR
Long-term investments			
I. Long-term financial investments			
1. Equity and shares	5	1 398 825	1 398 825
Current assets			
I. Debtors	6	708	1
II. Cash	7	1 178 420	1 282 361
TOTAL ASSETS		2 577 953	2 681 187

Funds and liabilities	Note	Reporting date	
		31.12.2021 EUR	31.12.2020 EUR
I. Funds			
1. Capital funds	8	1 398 825	1 398 825
2. Special purpose funds	8	285 671	350 077
3. Reserves	8	859 783	906 053
3.1. Reserves from previous years		906 053	910 395
3.2. Current year's reserves		(46 270)	(4 342)
Total funds		2 544 279	2 654 955
II. Short-term liabilities			
1. Taxes payable	9	-	-
2. Other liabilities	10	33 674	26 232
TOTAL FUNDS AND LIABILITIES		2 577 953	2 681 187

The accompanying notes on pages 9 to 13 are an integral part of these financial statements.

On behalf of the Members of the Board:



Anders Börje Rydin
Chairman of the Board



Ingmar Rolf Eidem
Member of the Board

Riga, May 31, 2022

Financial Statements

Statement of Revenues and Expenses

Item		Note	Reporting period	
			2021 EUR	2020 EUR
I.	Donations and gifts received	1	7 742	10 455
II.	Grants	2	-	98 305
IV.	Other revenues	3	65 056	170 756
V.	Total revenues		72 798	279 516
1.	Expenses related to statutory objectives		(165 808)	(248 784)
2.	Other expenses	4	(17 666)	(6 318)
VI.	Total expenses		(183 474)	(255 102)
VII.	Net excess of revenues over expenses		(110 676)	24 414

The accompanying notes on pages 9 to 13 are an integral part of these financial statements.

On behalf of the Members of the Board:



Anders Börje Rydin
Chairman of the Board



Ingmar Rolf Eidem
Member of the Board

Riga, May 31, 2022

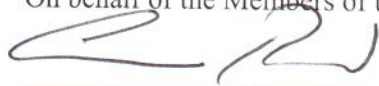
Financial Statements

Statement of Donations

Item		Note.	Reporting period	
			2021 EUR	2020 EUR
I.	Balance at the beginning of the year		801 898	871 438
	1. General purpose donations (for unrestricted use)		548 657	576 267
	2. Special purpose donations		253 241	295 171
II.	Total donations received during the reporting year	1	7 742	10 455
	1. General purpose donations (for unrestricted use)		-	-
	2. Special purpose donations		7 742	14 455
	2.1. Legal persons registered in Latvia		2 000	2 500
	2.2. Legal persons registered abroad		5 742	7 155
	2.3. Natural persons residents		-	800
III.	Total use of donations during the reporting year		86 069	79 995
	1. General purpose donations (for unrestricted use)		38 579	27 610
	1.1. Use related to statutory objectives:		29 418	21 292
	1.1.1. For public benefit activities		29 418	21 292
	1.2. Administrative expenses		9 161	6 318
	2. Special purpose donations		47 490	52 385
	2.1. Use related to statutory objectives:		47 490	52 385
	2.1.1. For public benefit activities		47 490	50 385
	2.1.2. Other statutory purposes		-	2 000
IV.	Balance at the end of the year		723 571	801 898
	1. General purpose donations (for unrestricted use)		510 078	548 657
	2. Special purpose donations		213 493	253 241

The accompanying notes on pages 9 to 13 are an integral part of these financial statements.

On behalf of the Members of the Board:



Anders Börje Rydin
Member of the Board



Ingmar Rolf Eidem
Member of the Board

Riga, May 31, 2022

Financial Statements

Detailed information about the use of donations in 2021

No.	Description of the activity	Amount of donations used (EUR)	Amount of donations used (EUR)			Type of use (EUR)			Scope of Public benefit activity	Public benefit target group code	Number of beneficiaries
			For unrestricted use	For special purpose	Anonymous donations	Public benefit	Administrative expenses	Other operating expenses			
1	2	3	4			5			6	7	8
1	Activity 1	7 558	18	7 540	-	7 558	-	-	Charitable activities	15-25 years old people	18
2	Activity 2	39 950	-	39 950	-	39 950	-	-	Charitable activities	15-25 years old people	17
3	Activity 3	29 400	29 400	-	-	29 400	-	-	Charitable activities	15-25 years old people	14
4	Administrative expenses	9 161	9 161	-	-	-	9 161	-	-	-	-
Total		86 069	38 579	47 490	-	76 908	9 161	-	-	-	-

Activity 1 - Scholarships for the best academic results awarded to the School students by the corporate donors.

Activity 2 - Support for tuition fee waiver coverage for the 2020/2021 academic year to 17 Baltic students.

Activity 3 - Support for tuition fee waiver coverage for the 2nd semester of 2020/2021 and 1st semester of 2021/2022 academic year to 14 Baltic students.

Notes to the Financial Statements

Information on the activities of the organisation

Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation (further - Foundation) operates in accordance with the Associations and Foundations Law.

Summary of general accounting principles

Basis of preparation

The financial statements have been prepared in accordance with the legislation of the Republic of Latvia, Articles of Association of the Foundation and Regulations of the Cabinet of Ministers No. 808 of October 3, 2006 on Annual Reports of Associations, Foundations, and Labour Unions (the Regulations).

Use of estimates

Impairment of equity investment in related companies (the Investment). At the end of every financial year, management of Foundation evaluates potential impairment of equity investment. As to assess its impact, the Foundation's management determined the value of the Investment according to net asset value method by taking into account unrestricted cash in possession of Foundation which the latter could inject into the related company. Based on these computations, no impairment loss was identified.

Accounting principles

The financial statements were prepared in accordance with the following policies:

- a) going concern assumption that the Foundation will continue as a going concern.
- b) consistency in measurement and disclosure of items from year to year.
- c) items are measured prudently:
 - the financial statements include only donations collected on bank accounts during the reporting period;
 - the financial statements take into account all incurred liabilities and current or prior year losses even if identified after the balance sheet date but before clearance of the financial statements.
- d) except for donations received, other income and expense items incurred during the reporting year have been taken into consideration irrespective of the payment date or date when the invoice was issued or received. This derogation from applicable legislation, according to management, ensures more accurate disclosure of the Foundation's financial results of operations.
- e) assets and liabilities are not subject to netting.
- f) all material items, which would influence the decision-making process of users of the financial statements, have been presented separately, and insignificant items have been combined.
- g) transactions are recorded taking into account their economic contents and substance, not the legal form.

Accounting policy

a) Foreign currencies

All amounts in these financial statements are expressed in the official currency of the Republic of Latvia – euro (EUR). Foreign currency transactions are translated into EUR applying the official exchange rate established by the European Central Bank at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate set by the European Central Bank at the balance sheet date.

	31.12.2021	31.12.2020
SEK	10.2503	10.0343
USD	1.13260	1.22710

b) Cash

Cash is represented by amounts held with Banks within current accounts.

c) Reserves

In accordance with applicable legislation, the difference between revenues and expenses is transferred to the reserves.

Notes to the financial statements

d) Special Purpose funds

Special purpose funds are comprised of donations, grants and other financing, which can only be used for specific purposes stated in donation or grant agreements. Balance sheet item “Special purpose funds” includes unused remaining balance of special purpose donations, as well as grants and other financing.

e) Capital funds

Capital funds are comprised of in-kind contribution in the form of shares of the Stockholm School of Economics in Riga invested by the founders of the Foundation. The Foundation is the sole shareholder of the Stockholm School of Economics in Riga SIA.

f) Equity investment in related company

Equity investments in related company is carried at cost less any accumulated impairment losses, if applicable. The Foundation recognises income from the investment only to the extent that the Foundation receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

The carrying value of investment is reviewed for impairment when events or changes in circumstances indicate that the carrying value of investment exceeds its recoverable values. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. An impairment charge is reversed if the asset's recoverable amount exceeds its carrying amount.

g) Grants

Grants represent amounts received from state government institutions irrespective of their jurisdiction.

h) Other expenses

- Fees for legal services;
- Expenses for the audit of the annual report;
- Other expenses.

i) Taxes

The Foundation is not subject to corporate income tax.

j) Revenue recognition

Donations received include donations collected on bank accounts of the Foundation. In-kind donations are valued in monetary terms, based on the value stated in the documents of entitlement for the donation.

Other revenues include revenues gained from Foundation's financing activities, financing received from other associations, foundations and trade unions and recharge of costs, unless recharge of costs is incurred on behalf of other parties in which case they are netted with respective costs.

Notes to the financial statements

Notes to the Statement of Revenues and Expenses and the Balance Sheet for the Year 2021

Note 1

Donations and gifts received

	2021 (EUR)	2020 (EUR)
Special purpose donations, i.e.:	7 742	10 455
Legal persons registered in Republic of Latvia, i.e.	2 000	2 500
- <i>Superia AS (reg.No.40003728174)</i>	1 000	-
- <i>ELKO GRUPA AS (reg.No.40003129564)</i>	1 000	1 500
- <i>KPMG Baltics AS (reg.No. 40003235171)</i>	-	1 000
Legal persons registered abroad, i.e.	5 742	7 155
- <i>Žabolis ir partneriai UAB (reg.No.125996813, address: Jogailos 4, Vilnius, LT)</i>	1 500	1 500
- <i>Sand Homes LLC (reg.No.9854123407, address: 501 N BIRCH ROAD APT UNIT 3, FORT LAUDERDALE, FL 33304, USA)</i>	4 242	4 155
- <i>AIRSEG AS (reg.No.923135537, address: Dyre Vaas vei 61, 4317, SANDNES, ROGALAND, Norway)</i>	-	500
- <i>AS LHV Pank (reg.No.105395, adress: Tartu mnt.2, 10145, Tallina, Estonia)</i>	-	1 000
Natural persons (residents), i.e.	-	800
- <i>Rita Kaša (p.c. 011077-12169)</i>	-	800
Kopā:	7 742	10 455

Note 2

Grants received

	2021 (EUR)	2020 (EUR)
Grants from foreign state institutions	-	98 305
Total:	-	98 305

Note 3

Other revenues

	2021 (EUR)	2020 (EUR)
Financing received from other associations and foundations	64 242	151 236
Gain from foreign exchange rate fluctuations	-	16 664
Interest income	814	2 856
Total:	65 056	170 756

Note 4

Other expenses

	2021 (EUR)	2020 (EUR)
Expenses for the audit of the annual report	(2 722)	(2 722)
Legal fees	(5 130)	(2 229)
Travel cost compensations to members of the Board	(998)	(1 049)
Bank commissions and services	(311)	(318)
Loss from foreign exchange rate fluctuations	(8 505)	-
Total:	(17 666)	(6 318)

Notes to the financial statements

Note 5

Equity and shares

	31.12.2021 (EUR)	31.12.2020 (EUR)
Investment in the share capital of Stockholm School of Economics in Riga SIA	1 398 825	1 398 825
Total:	1 398 825	1 398 825

Note 6

Debtors

	31.12.2021 (EUR)	31.12.2020 (EUR)
Accounts receivable from Stockholm School of Economics in Riga	707	-
Settlements for the Personal Income Tax	1	1
Total:	708	1

Note 7

Cash

	31.12.2021 (EUR)	31.12.2020 (EUR)
Current accounts in banks:		
SEK	415 287	424 226
EUR	755 810	854 077
USD	7 323	4 058
Total:	1 178 420	1 282 361

Note 8

Funds

There are three types of funds in the Foundation: (1) capital fund, which are comprised of long term investments (see note 5), (2) special purpose fund, which include special purpose donations and their disposition for specific objectives, and (3) unrestricted reserves, which can be used for objectives stated in the articles of association of the Foundation.

	Capital fund EUR	Special purpose funds EUR	Reserves EUR	Total Funds EUR
Balance at 31.12.2020	1 398 825	350 077	906 053	2 654 955
Revenues	-	71 984	814	72 798
Expenses	-	(136 390)	(47 084)	(183 474)
Balance at 31.12.2021	1 398 825	285 671	859 783	2 544 279

Note 9

Taxes and State Social Insurance Contributions payable

At the end of the reporting year, the Foundation has overpaid Personal Income Tax of EUR 1 (31.12.2020: has overpayment of EUR 1).

Note 10

Other liabilities

	31.12.2021 (EUR)	31.12.2020 (EUR)
Accounts payable	30 952	23 510
Accrued liabilities	2 722	2 722
Other creditors	-	-
Total:	33 674	26 232

Notes to the financial statements

Note 11 Employees

The Foundation did not employ any employees during the reporting year, thus there have been no payments related to employee remuneration. The Foundation has recruited two persons for voluntary duties based on agreement about voluntary work in accordance with the article 8 of the Associations and Foundations Law. The Foundation is managed by the Management Board, which convenes for regular meetings at least once in a quarter. The Board also may take decisions in writing, using electronic means of communication, as it is foreseen in the articles of association of the Foundation. The members of the Management Board provide their contribution without remuneration, as foreseen in part 1 of article 47 of the Associations and Foundations Law.