

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

Annual report for 2022, prepared in accordance
with legislation of the Republic of Latvia, and
the independent auditor's report

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Management Report

General information about the organisation

Name of the organisation and legal address:

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

Legal form of the organisation:

Foundation

Registration number, date:

Reg.No. 40008164674, August 30, 2010

Public benefit organisation status:

Rīgas Ekonomikas augstskolas – Stockholm School of Economics in Riga Foundation has been granted the status of a public benefit organisation since 2 December 2010. Scope of public benefit – charity.

Aim of operations of the the organisation:

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.

Information about the Members of the Management Board:

Until January 3, 2023

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

** By the Minutes of the Founders' Meeting of the Rīgas Ekonomikas augstskolas-Stockholm School of Economics in Riga nodibinājums No 10/2019 Georg Edgar Sesemann and Baiba Anda Rubesa, were appointed as members of the Management Board, with the term of office starting on February 23, 2019. In accordance with Article 9.1 of the Articles of Association of the Rīgas Ekonomikas augstskolas-Stockholm School of Economics in Riga nodibinājums, the members of the Management Board shall be appointed for a term of office of 3 years. Accordingly, the term of office of Georg Edgar Sesemann and Baiba Anda Rubesa, as members of the Management Board, expired on February 23, 2022.*

As of January 3, 2023

Anders Börje Rydin, Chairman of the Board
Gundars Bērziņš
Visvaldis Valtenbergs
Inese Jureviča
Torbjörn Ingemar Becker

Information about the Members of the Supervisory Board:

Lars Strannegård
Indriķis Muižnieks

Information about the accountant who signed the annual report:

Iлга Beča

Information about the certified auditor:

Egons Liepiņš
In-charge certified auditor
Certificate No. 28

„Merhels Revidenti Konsultanti” SIA
Commercial company of certified auditors, license No. 1
Republikas laukums 3-124, Rīga, LV - 1010, Latvija

Major achievements during the reporting year and future objectives:

In 2022 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. In 2022, the Foundation, as one of the co-operation partners, has also engaged in the implementation of the EU funded project “Student socially responsible entrepreneurship and sustainable innovations” with the aim to promote the development of the intellectual capacity of future entrepreneurs, business leaders and labour in Latvia - from bachelors to doctoral candidates, supporting the main objectives by investing in Latvia's smart specialisation to achieve the objective of the strategy, namely to promote innovation and the exchange of knowledge between students, academics and professionals in the sector. Within the framework of the project, the foundation administers the Innovation Fund and Scholarship Commission to process scholarships for students who work in an incubator within the framework of the Project.

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.

Information about the structure of the organisation:

The governing bodies of the Foundation are the Founders Meeting, the Supervisory Board and the Management Board.

Founders Meeting is a collective institution of the Founders of the Foundation. The Founders Meeting is entitled to appoint and dismiss members of the Management Board from their position. Founders Meeting appoints the Members of the Management Board. Persons are nominated for election to the position of Member of the Management Board by the Founders, by the Meeting of Contributors, and nominated or otherwise suggested for election to the Management Board of the Foundation by institutions of the Republic of Latvia and the Kingdom of Sweden according to the procedures applicable in the respective country. The Republic of Latvia and the Kingdom of Sweden provided that the Republic of Latvia and the Kingdom of Sweden ensure financial support either directly to the School, the students or to the Foundation.

The Management Board is executive governing body. The Founders of the Foundation, the Meeting of Contributors, the Republic of Latvia and the Kingdom of Sweden each are entitled to nominate one candidate for election to the Management Board. The Chairman of the Management Board is elected from among the members of the Management Board by simple majority of votes. The Chairman of the Management Board organizes activities of the Management Board and chairs meetings of the Management Board, as well as organizes the day-to day activities of the Foundation and is the primary contact person of the Foundation in relations with third parties. The role of the Management Board is to set long term guidelines for future operations of the School from financial, academic and strategic aspects, which would be the basis for the

detailed five year operational plan that is to be as guidance and direction for management of the School (Operational Plan). The Management Board manages and represents the Foundation and monitors the operations of the School, the Operational Plan and Budget fulfilment based on regular reporting from the School, and provides the necessary instructions to management board of the School in case the Operational Plan or Budget are not being met. The Management Board shall be entitled to resolve on all issues related to operations of the Foundation except for those, which according to these Articles of Association or law are in competence of any of the Founders or other institutions.

Supervisory Board is a permanent supervisory institution over the activities of the Management Board with regard to the economic and academic issues, which are material to the Foundation and School, as well as institution setting the strategic long term goals for the Foundation. Supervisory Board shall approve the annual report of the Foundation. The Members of Supervisory Board are appointed by the Stockholm School of Economics and the University of Latvia establishing the Supervisory Board consisting of 2 (two) members – each nominates its representative to the Supervisory Board. The representative of the University of Latvia, upon proposal of the rector of the University of Latvia, shall be nominated by the Senate of the University of Latvia.

In addition to aforementioned governing bodies the Foundation's organisational structure includes also the the Meeting of Contributors. A Contributor is a natural or legal person, who has donated cash or other assets to the Foundation, to the School or to students of the School providing them with scholarships for covering the tuition fee for studies at the School or who has otherwise contributed to the Foundation or to the School in accordance with the Rules for Defining a Contributor and the Regulations of the Meeting of Contributors. The rights of the Contributor are exercised at the Meeting of Contributors, which is entitled to nominate two candidates for appointment to the Management Board of the Foundation. The rights to participate at the Meeting of Contributors shall be given to those ten Contributors, who have provided the largest contributions to the Foundation, the School or scholarship to students in total from the date of establishment of the Foundation and who have agreed to disclose relevant information about themselves and the amount of their contributions. The Government of the Republic of Latvia, the Government of the Kingdom of Sweden and the Alumni Association of Riga School of Economics do not take part at the Meeting of Contributors.

The Foundation is a sole shareholder of SIA “Stockholm School of Economics in Riga”, reg.no.40003162751

Information on the regulatory policy of the activities:

The Board has approved “Policy for Prevention and Management of Conflicts of Interest”. Scholarships are paid in accordance with the Scholarship Regulations approved by the State Revenue Service.

Information on the decision making process:

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 decisions of the Management Board are made by simple majority voting and the minutes of the Management Board meetings are taken. The Management Board is competent to vote, if more than a half of the members of the Management Board is present at its meeting.

The Founders Meeting appoints and dismisses members of the Management Board from their position. The Founders Meeting is competent to vote, if all Founders are present at the meeting, but the resolutions of the Founders Meeting are passed by a simple majority voting.

The Supervisory Board makes decisions on strategic long term goals for the Foundation as well as approves the annual reports of the Foundation, passing its resolutions by unanimous vote and executing its resolutions in writing. The Supervisory Board is entitled to pass its resolution without convening the meeting, if both members of Supervisory Board consent thereon. Should the members of the Supervisory Board be unable to take a decision, the Alumni Association of the Stockholm School of Economics in Riga is invited to participate in decision making with voting rights and in such case the decision is passed by a simple majority voting.

Information on financial management:

The daily transactions and supervision of the financial resources of the Foundation, as well as the practical preparation of financial reports is performed by the affiliated and authorised volunteers of the Foundation, based on decisions of the Management Board, but the financial management of the Foundation is under the control of the Management Board. The Management Board administers and disposes of the property of the Foundation, makes decision on the use of resources of the Foundation, resolves on acquisition and alienation of movable and immovable property, compiles and approves the annual report of the Foundation. After approval by the Board, the annual report of the Foundation is approved by the Supervisory Board. If necessary, the Board prepares the annual budget and operational plan of the Foundation and ensure its implementation. The budget is approved by the Supervisory Board.

Information on employees and other employed or voluntary officials:

During the reporting year, the Foundation employed one person in the framework of the project financed from EU funds. 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 members of the Management Board provide their contribution without remuneration, as foreseen in part 1 of article 47 of the Associations and Foundations Law.

Fundraising activities carried out by the organisation during the reporting year:

In 2022 the Foundation attracted donations, carrying out ongoing work with graduates of the School, including organizing joint events in the School to promote the sense of belonging of graduates to the School. The donations were also made by the potential employers of the students who awarded donations to the best students in specific subjects. The Foundation concluded an agreement in the accounting year with its partners from Rimi Baltic SIA, AS SEB Bank and Printify Development SIA for co-financing in the project “Student socially responsible entrepreneurship and sustainable innovations”.

On behalf of the Members of the Board:

Anders Börje Rydin
Chairman of the Board

Visvaldis Valtenbergs
Member of the Board

April 26, 2023

Information provided by organisation with status of a public benefit organisation

1. Objectives of the organisation

The Foundation carries out public benefit activities with the aim to promote high quality business education and academic research, make it accessible, and thereby facilitate economic development in Latvia and in the Baltic region. The Foundation organises and facilitates fundraising activities for the support of the students of SIA Stockholm School of Economics in Riga (hereinafter – School), including provision of scholarships, tuition fee discounts, and full tuition fee coverage for students from low-income families, allowing talented students from all Latvian regions to receive high quality education, without regard to their financial well-being. Besides, the students have the opportunity to receive high quality education close to their place of residence, and do not need to leave the country for better educational opportunities. Another benefit for Latvia and its economy is the qualified workforce and new entrepreneurs prepared by the School.

2. Organisational activities that are concerned with the public benefit status

Charity

3. Social group (further – target group), who benefits from the public benefit activities of the organisation

- 15–25 year old youth;
- persons from different age groups, talented youth, who would like to receive internationally renowned higher education close to their place of residence, thereby increasing supply of qualified personnel and young entrepreneurs for Latvian economy.

4. Detailed information of major achievements in the reporting year and prospects for development:

4.1. Projects, events and other activities concerned with the target groups within the calendar year

In 2022 the Foundation continued its fundraising efforts and mobilized support from the following groups of donors: the Swedish Government, corporate donors, alumni community, individuals and other charity foundations. Both local and international organisations are represented.

Corporate sponsors and alumni have continued the tradition of providing special purpose donations for need-based and merit-based scholarships as well as for support to the School.

4.2. Results and achievements of the activities of the organisation in relation to the target group in the relevant field within the calendar year

Within the scope of general and special purpose donations raised, the Foundation has provided support to the students of the School by paying scholarships, providing tuition fee waivers, and covering accommodation and living expenses. During the reporting year 38 scholarships have been awarded to the students from the Baltics and other countries. This includes 25 scholarships provided by the corporate donors and alumni community, incl. the best students according to the study results, admission tests and students with poor financial background.

Donations to the School provide public benefit not only to the entire student community of the School, but also to the general public, since the School seeks to reach also other young people, academia and business circles not only in Latvia, but also in a wider region. This includes various academic and public events, research institutes, such as SSE Riga Centre for Sustainable Business, and education programmes offered by Anne-Marie and Gustaf Ander Centre for Media Studies. There are also numerous activities organised by the student community of the School.

<p>4.3. Factors that facilitate activities of the organisation</p> <p>Cooperation with the Ministry of Education of the Republic of Latvia, the Ministry for Foreign Affairs of the Kingdom of Sweden, the Stockholm School of Economics, and the Alumni Association of the Stockholm School of Economics in Riga.</p>
<p>4.4. Factors that hinder activities of the organisation</p> <p>Lack of more substantial support from the Latvian business community. National local policy for the Corporate Income Tax privileges for the donors.</p>
<p>5. Plan for further activities for long term projects, events and other activities:</p>
<p>5.1. Ongoing</p> <p>The Foundation is looking forward to develop and maintain long-term cooperation with its donors, including continuation of the cooperation with the Swedish Government, and search for new opportunities to support the School's students and activities.</p>
<p>5.2. Planned</p> <p>It is planned to continue developing cooperation with the Latvian business sector as foreseen by the Memorandum of Understanding signed by the Ministry of Education of the Republic of Latvia, Stockholm School of Economics, and the University of Latvia.</p>
<p>6. Plan for further activities for short term projects, events and other activities:</p>
<p>6.1. Ongoing</p> <p>The Foundation is planning to continue the public benefit activities provided to the target group, including scholarships to the students and other support for studies at the School. For this purpose the Foundation will be looking for new ways of cooperation with the existing donors, will strengthen the cooperation with School's Alumni Association as well as search for opportunities to attract new local and foreign sponsors.</p>
<p>6.2. Planned</p> <p>Throughout the year the Foundation evaluates activities provided to the target group. If there are sufficient grounds, the Foundation may decide upon the need to expand activities provided to the target group, include new target groups or undertake new public benefit activities.</p>
<p>7. Total amount of donations received in the reporting year</p> <p>Total amount of the donations during the reporting year - EUR 69 023.</p>
<p>8. Use of donations in the reporting year:</p>
<p>8.1. Total amount of donations used in the reporting year</p> <p>Total donation funds used in the reporting year constituted EUR 159 703.</p>
<p>8.2. Use of donations for public benefit activities</p> <ul style="list-style-type: none">• Scholarships awarded by the corporate donors to the School students for good academic achievements – EUR 19 435;• Support for the tuition fee waiver coverage for the 2021/2022 academic year to 19 Baltic students – EUR 40 650;• Support for the tuition fee waiver coverage for the 2nd semester of 2021/2022 academic year and 1st semester of 2022/2023 academic year to 17 Baltic students – EUR 37 500;• Support for dormitories rent to Ukrainian students – 2 680 EUR;• Scholarships awarded by the corporate donors to the Ukrainian students - 5 250 EUR;• Another support to Ukrainian students – 41 EUR.

8.3. Use of general purpose donations used in the reporting year for administrative expenses

Administrative expenses in the reporting year from the total amount of general purpose donations used in the reporting year constitutes EUR 12 647.

8.4. Number of beneficiaries

Number of beneficiaries – 62. Beneficiaries are also Students of the School, potential students, wider academic and business community as well as community in general.

On behalf of the Members of the Board:

Anders Börje Rydin
Chairman of the Board

Visvaldis Valtenbergs
Member of the Board

April 26, 2023

Financial statements

Balance Sheet

Assets	Note	Reporting date	
		31.12.2022 EUR	31.12.2021 EUR
Long-term investments			
I. Long-term financial investments			
1. Equity investments	5	1 398 825	1 398 825
Current assets			
I. Debtors	6	10 002	708
II. Cash	7	1 084 545	1 178 420
TOTAL ASSETS		2 493 372	2 577 953

Funds and liabilities	Note	Reporting date	
		31.12.2022 EUR	31.12.2021 EUR
I. Funds			
1. Capital funds	8	1 398 825	1 398 825
2. Special purpose funds	8	237 411	285 671
3. Reserves	8	774 849	859 783
<i>3.1. Reserves from previous years</i>		859 783	906 053
<i>3.2. Current year's reserves</i>		(84 934)	(46 270)
Total funds		2 411 085	2 544 279
II. Short-term liabilities			
1. Taxes payable	9	423	-
2. Other liabilities	10	81 866	33 674
TOTAL FUNDS AND LIABILITIES		2 493 372	2 577 953

Financial statements

Statement of Revenues and Expenses

Item		Note	Reporting period	
			2022 EUR	2021 EUR
I.	Donations and gifts received		69 023	7 742
II.	Grants received from EU funds, EEA funds and other foreign funds	1	19 546	-
III.	Other revenues	2	-	65 056
IV.	Total revenues		88 569	72 798
V.	Expenses		(219 963)	(183 474)
	Expenses, excluding expenses for performing business activities		(219 963)	(183 474)
1.	Salary		(8 491)	-
2.	Social security payments		(2 007)	-
3.	Expenses related to statutory objectives	3	(126 392)	(165 808)
4.	Other expenses	4	(84 873)	(17 666)
VI.	Total expenses		(221 763)	(183 474)
VII.	Net excess of revenues over expenses		(133 194)	(110 676)

Financial statements

Statement of Donations

Item		Reporting period	
		2022 EUR	2021 EUR
I.	Balance at the beginning of the year	723 571	801 898
	- Including cash in bank	723 571	801 898
	1. General purpose donations (for unrestricted use)	510 078	548 657
	2. Special purpose donations	213 493	253 241
II.	Total donations received during the reporting year	69 023	7 742
	- Including cash in bank	69 023	7 742
	1. General purpose donations (for unrestricted use)	-	-
	2. Special purpose donations	69 023	14 7 742
	2.1. Legal persons registered in Latvia	61 291	2 000
	2.2. Legal persons registered abroad	6 342	5 742
	2.3. Natural persons residents	390	-
	2.4. Natural persons non-residents	1 000	-
III.	Total use of donations during the reporting year	159 703	86 069
	1. General purpose donations (for unrestricted use)	52 920	38 579
	1.1. Use related to statutory objectives:	40 273	29 418
	1.1.1. For public benefit activities	40 273	29 418
	1.2. Administrative expenses	12 647	9 161
	2. Special purpose donations	106 783	47 490
	2.1. Use related to statutory objectives:	106 783	47 490
	2.1.1. For public benefit activities	65 283	47 490
	2.1.2. Other statutory purposes	41 500	-
IV.	Balance at the end of the year	632 891	723 571
	- Including cash in bank	632 891	723 571
	- Including anonymous donations and gifts	-	-
	1. General purpose donations (for unrestricted use)	457 158	510 078
	2. Special purpose donations	175 733	213 493

Financial statements

Donors of donations and gifts

No.	Name of the legal or natural person	Registration number or legal person or personal code of natural person	State, address of legal person registered abroad	Amount of donation (in cash or as property)	Purpose of donation (general purpose or special purpose)
I. Legal persons registered in Latvia					
1.	Multiples Capital Management SIA	40203107254	-	4 250	Special purpose
2.	SE Capitalia	40003933213	-	2 000	Special purpose
3.	ASEIM SIA	40103279219	-	41	Special purpose
4.	Superia AS	40003728174	-	1 000	Special purpose
5.	White Label SIA	40103817464	-	1 000	Special purpose
6.	Printify Development SIA	40103913868	-	15 000	Special purpose
7.	SEB Banka, AS	40003151743	-	15 000	Special purpose
8.	Rimi Baltic SIA	40003592957	-	15 000	Special purpose
9.	Luminor Bank AS Latvijas filiāle	40203154352	-	8 000	Special purpose
II. Legal persons registered abroad					
1.	Žabolis ir partneriai UAB	303243779	Jogailos g. 4, LT-01116, Vilnius, Lietuva	1 500	Special purpose
2.	Sand Homes LLC	9854123407	501 N BIRCH ROAD APT UNIT 3, FORT LAUDERDALE, FL 33304, USA	4 842	Special purpose
III. Natural persons residents					
1.	Roberts Eberliņš	100585-12754	-	40	Special purpose
2.	Renārs Pūce	121282-11076	-	150	Special purpose
3.	Zane Ozola	160483-10523	-	100	Special purpose
4.	Inga Tralla-Kancāne	050883-12327	-	100	Special purpose
IV. Natural persons non-residents					
1.	Marta Khomyn	-	Unit 4, 22 Park Tce, Gilberton, Adelaide, SA 5081, Australia	1 000	Special purpose

Financial Statements

Detailed information about the use of donations in 2022

N o.	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	Expenses of business activities	Other purposes			
1	2	3	4			5				6	7	8
1	Activity 1	19 435	93	19 342	-	19 435	-	-	-	Charitable activities	15-25 years old people	19
2	Activity 2	40 650	-	40 650	-	40 650	-	-	-	Charitable activities	15-25 years old people	19
3	Activity 3	37 500	37 500	-	-	37 500	-	-	-	Charitable activities	15-25 years old people	17
4	Activity 4	2 680	2 680	-	-	2 680	-	-	-	Charitable activities	15-25 years old people	3
5	Activity 5	5 250	-	5 250	-	5 250	-	-	-	Charitable activities	15-25 years old people	3
6	Activity 6	41	-	41	-	41	-	-	-	Charitable activities	15-25 years old people	1
7	Activity 7	10 336	-	10 336	-	-	-	-	10 336	-	-	-
8	Activity 8	31 164	-	31 164	-	-	-	-	31 164	-	-	-
9	Administrative expenses	12 647	12 647	-	-	-	12 647	-	-	-	-	-
Total		159 703	52 920	106 783	-	105 556	12 647	-	41 500			62

Activity 1 - Scholarships for the best academic results awarded to the School students (Latvia, Lithuania, Estonia, Ukraine, Belarus, Afghanistan) by the corporate donors.

Activity 2 - Support for tuition fee waiver coverage for the 2021/2022 academic year to 19 Baltic students.

Activity 3 - Support for tuition fee waiver coverage for the 2nd semester of 2021/2022 and 1st semester of 2022/2023 academic year to 17 Baltic students.

Activity 4 - Support for Ukrainian students for dormitories rent.

Activity 5 – Support for Ukrainian students – scholarships.

Activity 6 – Support for Ukrainian students – another assistance.

Activity 7 – Scholarships to young people in the project financed by EU grant.

Activity 8 - Other implementation costs of the project financed by EU grant.

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. 439 on Annual Reports of Associations, Foundations and Labour Unions and keeping accounts in a simple record system (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.

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

Note 1

Grants received from EU funds, EEA funds and other foreign funds

	2022 (EUR)	2021 (EUR)
Grant received from European Regional Development Fund for the project "Student socially responsible entrepreneurship and sustainable innovations"	19 546	-
Total:	19 546	-

Note 2

Other revenues

	2022 (EUR)	2021 (EUR)
Funding received from other associations and foundations	-	64 242
Interest income	-	814
Total:	-	65 056

Note 3

Expenses related to statutory objectives

	2022 (EUR)	2021 (EUR)
Scholarships to students, including from:	35 021	77 758
- Donations received	24 685	7 558
- Grants received	-	6 000
- Funding received from other associations and foundations	-	64 200
- Grant received from European Regional Development Fund for the project "Student socially responsible entrepreneurship and sustainable innovations"	10 336	-
Support for rent of dormitories for students, including from:	2 680	7 200
- Donations received	2 680	-
- Grants received	-	7 200
Other support to students, including from:	41	1 000
- Donations received	41	-
- Grants received	-	1 000
Support for tuition fee waiver coverage for Baltic states students according Articles of Association, including from:	88 650	79 850
- Donations received	78 150	69 350
- Funding received from other associations and foundations	10 500	10 500
Total:	(126 392)	(165 808)

Note 4

Other expenses

	2022 (EUR)	2021 (EUR)
Project "Student socially responsible entrepreneurship and sustainable innovations" implementation costs	(40 212)	-
Loss from foreign exchange rate fluctuations	(32 014)	(8 505)
Legal fees	(8 780)	(5 130)
Expenses for the audit of the annual report	(3 049)	(2 722)
Bank commissions and services	(637)	(311)
Travel cost compensations to members of the Board	(181)	(998)
Total:	(84 873)	(17 666)

Notes to the financial statements

Note 5

Equity investments

	31.12.2022 (EUR)	31.12.2021 (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

	31.12.2022 (EUR)	31.12.2021 (EUR)
Accounts receivable from Stockholm School of Economics in Riga	-	707
Taxes overpaid	1	1
Accrued income for the European Regional Development Fund grant receivable from the leading partner	10 001	-
Total:	10 002	708

Note 7

Cash

	31.12.2022 (EUR)	31.12.2021 (EUR)
Current accounts in banks:		
SEK	382 745	415 287
EUR	694 043	755 810
USD	7 757	7 323
Total:	1 084 545	1 178 420

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 31.12.2021	1 398 825	285 671	859 783	2 544 279
Revenues	-	88 569	-	88 569
Expenses	-	(136 829)	(83 134)	(219 963)
Balance at 31.12.2022	1 398 825	237 411	776 649	2 412 885

Note 9

Taxes and State Social Insurance Contributions payable

	31.12.2022. (EUR)	31.12.2021. (EUR)
State social insurance contributions	263	-
Personal income tax	160	-
Kopā:	422	-

Notes to the financial statements

Note 10

Other liabilities

	31.12.2022 (EUR)	31.12.2021 (EUR)
Accounts payable	40 584	30 952
Accrued liabilities for co-financing to the leading partner in the European Regional Development Fund project	38 052	-
Accrued liabilities for the audit	3 049	2 722
Other creditors	181	-
Total:	81 866	33 674

Note 11

Employees

During the reporting year, the Foundation employed one person in the framework of the project financed from EU funds. 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 members of the Management Board provide their contribution without remuneration, as foreseen in part 1 of article 47 of the Associations and Foundations Law.

On behalf of the Members of the Board:

Anders Börje Rydin
Chairman of the Board

Visvaldis Valtenbergs
Member of the Board

The financial statements were prepared by Ilga Beča, the Financial Controller.

April 26, 2023