

Auditor's Report

to the Management of European Policy Centre Report on the annual financial reports

We have conducted a revision of the enclosed financial reports of European Policy Center Belgrade (further as Association) which comprises the balance sheet as at 31 December 2017 and the related income statement, statement of the remaining result, statement of changes in equity and statement of cash flows for 2017, as well as the notes to the financial statements.

Management's responsibility for the financial statements

The management of the Association is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations of the Republic of Serbia, as well as those internal controls that the management determines as necessary in the preparation of financial statements that do not contain materially important misstatements due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on the audit performed. We have conducted the audit in accordance with the Law on Auditing of the Republic of Serbia and the International Standards on Auditing. These standards require that we comply with the rules of professional ethics and that we plan and execute the audit in a way that enables us to make reasonable assurance that the statements do not contain material misstatement.

The audit includes the implementation of procedures in order to obtain audit evidences about the amounts and data disclosed in the financial statements. The selected procedures are based on the auditors' deliberation, including the assessment of the risk of material misstatement contained in the financial statements resulting from fraud or error. In assessing these risks, the auditor considers internal controls relating to the compilation and impartial presentation of financial statements in order to design the best possible audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control system of a legal entity. An audit also includes an assessment of the applied accounting policies and the valuation of the material assessments made by the management, as well as an assessment of the general presentation of the financial statements.

We believe that the audit evidence we have obtained are sufficient and appropriate and that they provide a reasonable basis for the expression of our opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

To the Management of Association, European Policy Center-CEP BELGRADE

Opinion

In our opinion, the financial statements present fairly and impartially, in all material matters, the financial position of the Association as at 31 December 2017, as well as the results of operations, changes in equity

and cash flows for the year ending on that day in accordance with accounting regulations of the Republic of Serbia.

Belgrade, April 13, 2018