

This is an English translation of the Independent Auditor's Report on the 2016 statutory Simplified Annual Report of Társaság a Szabadságjogokért Közhasznú Egyesület issued in Hungarian. This report should be read in conjunction with the complete statutory Simplified Annual Report it refers to.

Independent Auditor's Report

To the members of Társaság a Szabadságjogokért Közhasznú Egyesület

Clause (opinion)

We have audited the accompanying 2016 simplified annual report of 'other organisations' and public benefit report of Társaság a Szabadságjogokért Közhasznú Egyesület (hereinafter: the Association). The report comprises the balance sheet as at December 31, 2016 – which shows total assets of THUF 151.081 and the profit of the year for its core activity of THUF 13 512 –; the income statement for the year then ended; as well as supplementary notes. It also includes the public benefit report.

According to our opinion the attached simplified annual report provides a reliable and realistic picture on the Associations financial situation in the 2016 business year ending December 31, 2016. The report is in accordance with the accounting principles generally accepted in Hungary; Government Decree No 224/2000; as well as the Act CLXXV of 2011 on Right of Association, Non-profit Status, and the Operation and Funding of Civil Society Organisations.

The basis of the clause (opinion)

We conducted our audit in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary. Our responsibilities based on these Standards are detailed in the Auditor's responsibility section of this report.

Complying with ethical requirements of the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary, we are independent from the Association and we complied with all other ethical requirements of these Standards throughout the audit procedure.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit clause (opinion).

Management's responsibility for the simplified report

Management is responsible for the preparation and fair presentation of this simplified annual report in accordance with accounting principles generally accepted in Hungary. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Throughout the preparation of the simplified financial report Management is responsible to evaluate the Associations operational capabilities and to present the informations regarding the operations of the Associations according the given circumstances. Management is also

responsible for selecting and applying appropriate accounting policies, except, in case the association cease it's activities, or in case there are no other realistic solutions.

The Management is responsible for monitoring the financial reporting procedures.

Auditor's Responsibility

Our goal during the audit is the assessment of the risks and to collect sufficient proof that the simplified annual report does not contain misstatement due to fraud or error. On that basis we issue the independent audit report containing our clause (opinion) as well. This sufficient proof is a high level proof, but does not guarantee that the audit - conducted in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary – unfold in all cases the otherwise existing misstatement. These misstatements may arise due to fraud or error, and are substantial, in case it would be reasonable to expect that they are individually or jointly influence the managements economic decisions based on the simplified annual report.

As part of an audit - conducted in accordance with the Hungarian National Standards on Auditing and applicable laws and regulations in Hungary - we use professional judgement, and maintain professional scepticism throughout the entire cycle of the audit. Besides that:

- We assess and detect the risks of material misstatements in the simplified annual report, whether due to fraud or error. For the management of these risks, we elaborate and implement appropriate auditing procedures. The audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit clause (opinion). The risk of not detecting significant material misstatement due to fraud is significantly higher than the ones due to error, since fraud may involve collusion, falsification, intentional omission, wrong statements or the overwriting of the internal controlling mechanisms.
- We learn the internal control relevant to the auditing, in order to design audit procedures that are appropriate under the circumstances, but not to give an opinion on the effectiveness of the internal control of the Association.
- The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.
- We made a conclusion, whether it is appropriate for the management to apply accounting based on the principle of continuing the operation of the Association, and also conclude based on the audit evidence obtained, whether there is a material uncertainty about events or conditions that may cause considerable doubt to the Association to continue its operation. In case we conclude that there is a considerable uncertainty, in our independent audit report, we must draw attention to the related disclosures of the simplified annual report, or in case the disclosures are inappropriate in this respect, we must qualify our opinions. Our conclusions are based on the audit evidence collected by the date of the independent auditor's report. Future events or conditions may, however, cause that the Association can not continue its operation.
- We evaluate the comprehensive presentation, structure and content of the simplified annual report, including the content published in the Supplementary Annex and in the Public Benefit Report. We also evaluate whether the simplified annual report fulfills the requirement to fairly present the underlying transactions and events.

Besides other issues, we inform the persons entrusted with management, the planned scope and timing of the audit, the significant findings of the audit, including the significant deficiencies in the internal control of the Association identified during the audit.

Other reporting requirements on the public benefit report

We have audited the attached 2016 public benefit report of Társaság a Szabadságjogokért Közhasznú Egyesület.

The management is responsible for the preparation of the public benefit report in accordance with the accounting principles generally accepted in Hungary. Our responsibility is the analysis of the accordance between the public benefit report and the simplified annual report of the same year. Our work on the public benefit report is limited to the analysis of the accordance between the public benefit report and the simplified annual report and it does not include the review of any other information derived from the unaudited accounting records of the Association.

In our opinion, the 2016 public benefit report of Társaság a Szabadságjogokért Közhasznú Egyesület is in accordance with the data of the 2016 simplified annual report.

Budapest, May 25, 2017

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