

**RIT CROATIA**  
**FINANCIAL STATEMENTS FOR THE YEAR 2022**  
**together with Independent Auditor's report**

This version of the financial statements is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.

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## Izjava o odgovornosti uprave

Uprava kao zakonski zastupnik odgovorna je za pripremu financijskih izvještaja RIT Croatia („Ustanova“) u skladu s primijenjenim računovodstvenim okvirima i politikama navedenim u Zakonu o financijskom poslovanju i računovodstvu neprofitnih organizacija (Narodne novine, br. 121/14) te za održavanje adekvatne računovodstvene evidencije kako bi mu omogućio pripremu takvih financijskih izvještaja u svakom trenutku.

Uprava ima opću odgovornost za poduzimanje koraka koji bi joj u razumnoj mjeri omogućili očuvanje imovine Ustanove i otkrivanje i sprečavanje prijevara ili drugih nepravilnosti.

Uprava je odgovorna za odabir prikladnih računovodstvenih politika koje su u skladu s primijenjenim računovodstvenim standardima te ih potom treba konzistentno primjenjivati, imati razumne i oprezne prosudbe i procjene i pripremati financijske izvještaje u skladu s načelom neograničenog vremena poslovanja osim ako je pretpostavka da će Ustanova nastaviti poslovati neprikladna.

Financijski izvještaji su odobreni za izdavanje od strane Uprave i pravnog zastupnika (Dekana) što se potvrđuje niže potpisom i datumom.



Donald W. Hudspeth  
Dekan

RIT Croatia  
Don Frana Bulića 6  
20 000 Dubrovnik  
Republika Hrvatska

19. lipnja 2023.



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## INDEPENDENT AUDITOR'S REPORT

To the owners Legal Representative of the Institution

### Opinion

We have audited the financial statements of non-profit organization RIT Croatia (the Institution), which comprise the balance sheet as at 31 December 2022, statement of income and expenditure for the year then ended and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institution as at 31 December 2022 and of its financial performance for the year then ended in accordance with in accordance with accounting framework stated in Law on Financial Business and Accounting of Non-Profit Organizations.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Institution in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants, including International Independence Standards (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Republic of Croatia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting framework stated in Law on Financial Business and Accounting of Non-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institution's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institution or to cease operations, or has no realistic alternative 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 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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As part of an audit in accordance with ISAs, we exercise 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, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institution's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institution to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ivana Krajinović  
Member of the Board and certified auditor

19 June 2023  
Ernst & Young d.o.o.  
Radnička cesta 50, Zagreb  
Republic of Croatia

**STATEMENT OF INCOME AND EXPENDITURE**

For the period from 1 January 2022 to 31 December 2022

(all amounts are presented in Croatian kuna)

Account	DESCRIPTION	AOP	Actual in prior period 2021	Actual in current period 2022	Index (5/4)
1	2	3	4	5	6
3	<b>REVENUES (AOP 002+005+008+011+024+040+049)</b>	001	35,560,816	35,244,087	98
31	<b>Sales of goods and services (AOP 003+004)</b>	002	34,920,310	33,362,140	96
3112	Revenue from services	004	34,920,310	33,362,140	96
34	<b>Property income (AOP 012+021)</b>	011	67,450	761,283	1,129
341	<b>Revenue from financial assets (AOP 013 to 020)</b>	012	50,350	726,592	1,443
3413	Interest on time deposits and demand deposits	015	36	18	50
3415	Revenue from positive currency exchange	017	50,314	726,574	1,444
342	<b>Revenue from non-financial assets (AOP 022+023)</b>	021	17,100	34,691	203
3421	Rental income	022	17,100	34,691	203
35	<b>Revenue from donations (AOP 025+030+033+036+037)</b>	024	522,097	895,029	171
351	<b>Revenues from donations from the State budget (AOP 026 do 029)</b>	025	353,467	617,379	175
3513	Revenues - donations from the state budget for EU projects	028	353,467	617,379	175
352	Revenue from foreign governments and international organizations (AOP 031+032)	030	74,880	163,150	218
3522	Revenues from EU institutions and bodies	032	74,880	163,150	218
353	Revenues from companies and other legal entities (AOP 034+035)	033	93,750	107,000	114
3532	Revenues from companies and other legal entities for EU projects	035	93,750	107,000	114
355	<b>Other revenue from donations (AOP 038+039)</b>	037	-	7,500	-
3551	Other revenue from donations	038	-	7,500	-
36	<b>Other revenue (AOP 041+044+045)</b>	040	50,959	225,635	443
361	<b>Revenue from indemnity and refunds (AOP 042+043)</b>	041	15,761	-	-
3611	Revenue from indemnity	042	6,291	-	-
3612	Revenue from refunds	043	9,470	-	-
362	<b>Revenue from long term assets</b>	044	-	180,693	-
363	<b>Other non-mentioned revenues (AOP 046 to 048)</b>	045	35,198	44,942	128
3633	Other non-mentioned revenues	048	35,198	44,942	128
4	<b>EXPENSES (AOP 055+067+108+109+120+128+139)</b>	054	34,825,535	37,408,815	107
41	<b>Staff expenses (AOP 056+061+062)</b>	055	18,835,161	19,448,020	103
411	<b>Salaries (AOP 057 to 060)</b>	056	16,256,068	16,750,293	103
4111	Salaries for regular work	057	16,256,068	16,750,293	103
412	<b>Other expenses for staff</b>	061	15,000	102,499	683
413	<b>Contributions on salaries (AOP 063 to 066)</b>	062	2,564,093	2,595,228	101
4131	Health insurance contributions	063	2,543,693	2,572,728	101
4134	Special contribution to encourage employment of persons with disabilities	066	20,400	22,500	110
42	<b>Material expenses (AOP 068+072+077+082+087+097+102)</b>	067	14,107,238	15,274,796	108
421	<b>Reimbursement of costs to employees (AOP 069 to 071)</b>	068	309,800	637,558	206
4211	Business trips	069	188,812	515,478	273
4213	Professional training for employees	071	120,988	122,080	101
424	<b>Fees to other persons outside the employment relationship (AOP 083 to 086)</b>	082	21,963	266,285	1,212

**STATEMENT OF INCOME AND EXPENDITURE**  
**For the period from 1 January 2022 to 31 December 2022**  
**(all amounts are presented in Croatian kuna)**

Account	DESCRIPTION	AOP	Actual in prior period 2021	Actual in current period 2022	Index (5/4)
1	2	3	4	5	6
4241	Compensations for activities	083	3,916	6,022	154
4242	Compensations for business trips	084	18,047	260,263	1,442
425	<b>Expenses for services (AOP 088 to 096)</b>	087	11,743,166	12,050,869	103
4251	Telephone, mail and transportation	088	244,985	313,016	128
4252	Current and investment maintenance	089	367,046	374,764	102
4253	Promotion and information	090	2,312,575	2,451,164	106
4254	Utilities	091	110,897	83,283	75
4255	Rent and leases	092	4,015,641	4,033,165	100
4256	Health and veterinary services	093	2,669	669	25
4257	Intellectual and personal services	094	2,746,800	2,719,033	99
4258	Computer services	095	147,304	244,884	166
4259	Other services	096	1,795,249	1,830,891	102
426	<b>Expenses for material and energy (AOP 098 to 101)</b>	097	1,271,677	1,171,225	92
4261	Office supplies and other material expenses	098	452,768	248,960	55
4263	Energy	100	416,182	582,964	140
4264	Small inventory and car tires	101	402,727	339,301	84
429	<b>Other non-mentioned material expenses (AOP 103 to 107)</b>	102	760,632	1,148,859	151
4291	Insurance premiums	103	94,608	79,904	84
4292	Representation	104	324,566	514,105	158
4293	Membership fees	105	301,586	455,665	151
4295	Other non-mentioned material expenses	107	39,872	99,185	249
43	Depreciation expenses	108	1,219,127	1,071,908	88
44	Financial expenses (AOP 110+111+115)	109	230,131	907,616	394
442	Interest for received credits and loans	111	-	3	-
4422	Interest for received goods and other loans	113	-	3	-
443	Other financial expenses (AOP 116 to 119)	115	230,131	907,613	394
4431	Banking and payment services	116	36,115	45,881	127
4432	Foreign exchange losses and foreign currency clause	117	193,904	860,983	444
4433	Default interest	118	112	749	669
45	<b>Donations (AOP 121+125)</b>	120	330,630	600,351	182
451	<b>Current donation (AOP 122 -124)</b>	121	330,630	600,351	182
4511	Current donations	122	330,630	600,351	182
46	<b>Other expenses (AOP 129+134)</b>	128	103,248	106,124	103
462	<b>Other non-mentioned expenses (AOP 135 to 138)</b>	134	103,248	106,124	103
4622	Bad debts (receivables write off/impairment of receivables expense)	136	66,179	78,078	118
4624	Other non-mentioned expenses	138	37,069	28,046	76
	<b>TOTAL EXPENSES (AOP 054-146 or 054+147)</b>	148	34,825,535	37,408,815	107
	<b>REVENUE SURPLUS (AOP 001-148)</b>	149	735,281	-	-
	<b>REVENUE SHORTFALL (AOP 148-001)</b>	150	-	2,164,728	-
5221	Revenue surplus - transferred	151	3,890,919	4,626,200	119
5222	Revenue shortfall – transferred	152	-	-	-
	Income tax liabilities	153	-	-	-
	<b>Revenue surplus available for the next period (AOP 149+151-150-152-153)</b>	154	4,626,200	2,461,472	53

## BALANCE SHEET

As at 31 December 2022

(all amounts are presented in Croatian kuna)

Account	DESCRIPTION	AOP	31 December 2021	31 December 2022	Index (5/4)
1	2	3	4	5	6
	<b>ASSETS (AOP 002+074)</b>	001	19,517,363	17,726,000	91
0	<b>Non-financial assets (AOP 003+018+047+051+055+064)</b>	002	3,238,327	2,974,395	92
01	<b>Non-produced non-current assets (AOP 004+008-017)</b>	003	1,652,520	1,075,932	65
012	<b>Intangible assets (AOP 009 - 016)</b>	008	11,402,466	11,650,606	102
0124	Other rights	012	11,371,216	11,619,356	102
0127	Development expenditure	015	31,250	31,250	100
019	Impairment of non-produced non-current assets	017	9,749,946	10,574,674	108
02	<b>Produced non-current assets (AOP 019+023+031+034+039+042-046)</b>	018	1,585,807	1,898,463	120
022	<b>Plant and equipment (AOP 024 - 030)</b>	023	6,577,626	7,241,498	110
0221	Office equipment and furniture	024	6,203,747	6,867,619	111
0222	Communication equipment	25	55,188	55,188	100
0223	Maintenance and protection equipment	26	175,050	175,050	100
0225	Instruments and machines	028	26,455	26,455	100
0227	Devices, machines and equipment for other purposes	030	117,186	117,186	100
026	<b>Intangible produced assets (AOP 043 - 045)</b>	042	145,751	145,751	100
0261	Investments in software	043	145,751	145,751	100
029	<b>Impairment of produced non-current assets</b>	046	5,137,570	5,488,786	107
042	Small inventory in use	053	2,635,568	2,992,577	114
049	Impairment of small inventory	054	2,635,568	2,992,577	114
1	<b>Financial assets (AOP 075+083+100+105+125+133+142)</b>	074	16,279,036	14,751,605	91
11	<b>Cash at bank and in hand (AOP 076+080+081+082)</b>	075	13,243,527	11,055,169	83
111	<b>Cash in bank (AOP 077 - 079)</b>	076	13,222,283	11,050,485	84
1111	Cash in the account of domestic bank	077	13,222,283	11,050,485	84
113	<b>Cash in hand</b>	081	21,244	4,684	22
12	<b>Deposits, guarantee deposits, receivables from employees, for overpaid taxes and other (AOP 084+087+088+089+095)</b>	083	343,398	136,421	40
121	<b>Deposits in banks and other financial institutions (AOP 085+086)</b>	084	105,000	-	-
1211	Deposits in domestic banks and financial institutions	085	105,000	-	-
122	<b>Guarantee deposits</b>	087	163,396	35,048	21
123	<b>Receivables from employees</b>	088	477	2,270	476
124	<b>Receivables for overpaid taxes and contributions (AOP 090 - 094)</b>	089	36,564	44,491	122
1241	Receivables for overpaid taxes	090	2,568	-	-
1244	Receivables for overpaid other taxes	093	15,464	24,944	161
1245	Request for overpaid contributions	094	18,532	19,547	105
129	<b>Other receivables (AOP 096 - 099)</b>	095	37,961	54,612	144
1291	Request for refundable benefits	096	22,737	-	-
1293	Receivables for advance payments	098	15,224	54,612	359



**BALANCE SHEET**

As at 31 December 2022

(all amounts are presented in Croatian kuna)

Account	DESCRIPTION	AOP	31 December 2021	31 December 2022	
1	2	3	4	5	6
16	<b>Income receivables (AOP 134 - 137+140-141)</b>	133	2,644,195	3,408,319	129
161	Receivables from clients	134	2,713,672	3,483,615	128
165	Other non-mentioned receivables	140	2,938	3,375	115
169	Impairment of receivables	141	72,415	78,671	109
19	<b>Future periods expenses (AOP 143+144)</b>	142	47,916	151,696	317
191	Future periods expenses	143	47,905	74,166	155
192	Revenue collection not due	144	11	77,530	704,818
	<b>OWN SOURCES AND LIABILITIES (AOP 146+195)</b>	145	19,517,363	17,726,000	91
2	<b>Liabilities (AOP 147+174+182+190)</b>	146	14,344,783	15,284,528	106
24	<b>Expense liabilities (AOP 148+156+164+168+169+170)</b>	147	13,108,326	14,141,403	108
241	<b>Liabilities for employees (AOP 149 - 155)</b>	148	1,681,691	1,610,634	96
2411	Liabilities for salaries – net	149	655,915	637,471	97
2412	Liabilities for benefits - net	150	312,190	270,751	87
2414	Liabilities for taxes and surtaxes from salaries	152	197,041	179,580	91
2415	Liabilities for contributions from salaries	153	288,153	270,036	94
2416	Liabilities for contributions on salaries	154	224,686	206,991	92
2417	Other liabilities to employees	155	3,706	45,805	1,236
242	<b>Liabilities for material expenses (AOP 157- 163 )</b>	156	917,412	1,068,238	116
2425	Domestic trade payables	161	450,795	345,276	77
2426	Foreign trade payables	162	466,617	722,962	155
249	<b>Other liabilities (AOP 171 - 173)</b>	170	10,509,223	11,462,531	109
2492	Liabilities –value added tax		-	4,174	-
2493	Liabilities for advances, deposits, guarantees received and other non-mentioned liabilities	173	10,509,223	11,458,357	109
29	<b>Accrued expenses and deferred revenue (AOP 191+192)</b>	190	1,236,457	1,123,125	91
291	<b>Deferred expenses</b>	191	68,745	118,045	172
292	<b>Deferred revenue (AOP 193+194)</b>	192	1,167,712	1,005,080	86
2921	Revenue paid in advance	193	990,392	1,005,080	101
2922	Deferred revenue	194	177,320	-	-
5	<b>Own sources (AOP 196+199-200)</b>	195	5,172,580	2,461,472	48
51	<b>Own sources (AOP 197+198)</b>	196	546,380	-	-
511	Own sources	197	546,380	-	-
5221	Revenue surplus	199	4,626,200	2,461,472	53
5222	Revenue shortfall	200	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

(all amounts are presented in Croatian kuna)

### Note 1

#### General information

RIT Croatia („The Organization“) entered in the Register of non-profit organization on 3rd of March 2010. The Organization is head quartered in Dubrovnik, Don Frana Bulića 6. The Organization is a subsidiary 100% owned by RIT Global Delivery Corporation.

The Dean represents the Organization individually and independently:

- Donald W. Hudspeth, dean

### Note 2

#### Basis of preparation

Financial statements have been prepared in accordance with the Law on financial operations and accounting of non-profit organizations (Official Gazette 121/14) and Rulebook on non-profit accounting and accounting plan (Official Gazette NN 1/15), as well as Rulebook on additions to the rulebook on the non-profit accounting and accounting plan (Official Gazette 96/18).

On 31 December 2022 exchange rate of kuna in relation to other currencies was:

1EUR = 7.53450 HRK

1USD = 7.064035 HRK

### Note 3

#### Significant accounting policies

##### 3.1. General information

Principles, rules and procedures that are applied in the Organization and which are used in preparation and presentation of financial statements to provide truthful, reliable and unbiased review of the financial position and operations of non-profit organizations are regulated by this Act.

The accounting policies are designed and adopted in accordance with Law on financial operations of non-profit organizations, Rulebook on non-profit accounting and accounting plan and other regulations and professional knowledge, and are in use from 1 January 2015.

Dean makes decisions and assessments in accordance with selected policies.

The underlying assumptions and principles used in the preparation and presentation of financial statements are:

- Going concern
- Occurrence of events
- Disclosure of accounting policies

##### 3.2. Reporting of assets and liabilities

(1) Assets, liabilities and own funds determine the financial position of non-profit organizations.

(2) Assets are resources that non-profit organizations controls as a result of past events and from which benefit in performing activities is expected.

(3) Liabilities are outstanding debts arising from past events, for which settlement outflow of resources is expected.

(4) Assets are classified by their type, sustainability and function in their operations.

(5) Liabilities are classified by their purpose and maturity.

(6) Assets and liabilities are measured at accrual accounting principle.

(7) Own sources are the residual value of assets after deduction of all liabilities.

(8) Borrowed assets are in recorded in off-balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

(all amounts are presented in Croatian kuna)

### 3.3. Valuation of assets and liabilities

- (1) Assets are initially measured at cost or estimated value.
- (2) Non-current assets are financial and non-financial assets whose useful life is longer than one year and for which the same form of appearance is maintained for more than one year.
- (3) Fixed assets for which individual cost is lower than 3,500 HRK can be written off at once, by putting in use, with the obligation of monitoring during useful life.
- (4) Current financial assets are assets held for carrying out its activities or for resale within less than a year.
- (5) Cost (purchase value) of non-financial assets consists of purchase price increased for customs duties, non-refundable taxes, transport expenses and all other costs that can be directly added to the cost of purchase and enabling for putting into use.

### 3.4. Valuation of fixed assets

- (1) The value of an item of fixed assets is depreciated using linear method during useful life starting from the first day of the month after the month in which the asset was put in use.
- (2) An exception to paragraph 1 of this article, the value of land, renewable natural resources, books, works of art and other exhibition values and precious metals and other valuables are not depreciated.
- (3) The basis for the depreciation of fixed assets is its initial or revalued acquisition cost (purchase value) or its estimated value.
- (4) The Organization applies depreciation rates by group of fixed assets and the estimated useful lives of fixed assets, which are regulated by Rulebook of non-profit accounting and accounting plan.

### 3.5. Prepaid expenses and accrued income

Prepaid expenses and accrued income consists of:

- prepaid expenses which are not related to the reporting period and
- revenues which relate to reporting period, but in which amounts were not due, or invoices were not issued.

### 3.6. Accrued expenses and deferred income

Accrued expenses and deferred income consists of:

- expenses which are not invoiced, but relate to the reporting period and
- revenues which are billed or accounted for in the reporting period, but relate to the next period.

### 3.7. Income and expense recognition

(1) Income and expenses are recognized on the accrual accounting principle.

(2) Accrual accounting means:

- reciprocal revenues (revenues based on delivered goods and services) are recognized in the reporting period to which they apply, under the condition that they can be measured independently of the payment.
- non-reciprocal revenues (revenues under special regulations, donations, membership fees, aid, contributions and other similar income) recognized in the reporting period to which they apply, provided they are available (collected) in the reporting period and can be recognized in the reporting period if they are collected no later than the moment of presentation of financial statements for the same period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

(all amounts are presented in Croatian kuna)

### 3.7. Income and expense recognition (continued)

- donations associated with the execution of contracted programs (projects and activities) are recognized in the balance sheet as deferred income, with the recognition of revenue in the reporting period in proportion to the cost of implementation of the agreed program (projects and activities)
- donations related to the non-financial assets that are subject to amortization recognized in the balance sheet as deferred income, with the recognition of revenue in the reporting period on a systematic basis in proportion to the costs of the use of non-financial assets in the period of use
- expenses are recognized in the reporting period to which they relate regardless of payment.
- expenses for short-term consumption non-financial assets recognized at the time of actual consumption or sale and
- the cost of acquisition of fixed assets are capitalized, the expenses are recognized during the useful life.

(3) Income is an increase in economic benefits or service potential during the reporting period in the form of inflow of assets without increasing debt, or reduction of liabilities without the simultaneous outflow of assets.

(4) Expense is a reduction of economic benefits or service potential in the form of a reduction of assets or increasing liabilities without simultaneous increase in financial assets.

### 3.8. Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into local currency at the middle exchange rates of the Croatian National Bank prevailing at the date of the transaction. Foreign exchange gains resulting from payments for such transactions and the translation of the currency in the foreign currency account is recognized in income, and a negative exchange difference is recognized in expenses.

Positive exchange differences arising from the translation of receivables and payables at the reporting date is recorded as deferred income, and negative as deferred expense.

### 3.9. Notes to the financial statements

(1) Notes are additional information to the financial statements.

(2) Notes can be descriptive, numerical or combined. They are numbered with reference to the AOP label in statements to which they relate.

### 3.10. Subsequent events

Subsequent events are those events that have favorable or unfavorable consequences, which occurred between the balance sheet date and the date on which the annual financial statements are approved. The types of events after the balance sheet date:

- Adjusting events – corroborate circumstances which existed at the balance sheet date;
- Non adjusting events - corroborate circumstances which occurred after the balance sheet date;

Financial statements must be adjusted in the following cases:

- a court judgment made after the balance sheet date corroborates the fact that liability existed at the balance sheet date;
- receipt of new information after the date of the balance sheet, which indicates that the value of an asset on the balance sheet date was reduced or that the amount of a previously recognized impairment loss for that asset needs to be amended;
- Detecting fraud or errors due to which the financial statements are incorrect.

### 3.11. Accounting plan

The Organization applies plan of accounts prescribed by the Rulebook on the non-profit accounting and accounting plan. (Official Gazette 1/15) and Rulebook on additions to the rulebook on the non-profit accounting and accounting plan (Official Gazette 96/18)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

(all amounts are presented in Croatian kuna)

### Note 4

	2021.	2022.
Undergraduate Program in Zagreb	27,193,176	26,584,139
Undergraduate Program in Dubrovnik	6,550,030	5,920,126
MS SLI Graduate Program	1,063,064	857,875
Revenue from other sources	114,040	-
	34,920,310	33,362,140

The financial reporting system and procedures of the Organization have been prepared for the 12-month reporting period ending on June 30, with the foregoing date representing also the end of the entire academic year. Therefore, one calendar year includes semesters of two different academic years.

The spring semester of the academic year 2021/2022 lasted from January 1, 2022 through June 30, 2022, and the fall semester of the academic year 2022/2023 lasted from September 1, 2022 through December 31, 2022.

The tuition fee in the academic year 2022/2023 in comparison with the academic year 2021/2022 increased by EUR 100 for the generations enrolled in 2020/2021 2021/2022 and 2022/2023 compared to the generations enrolled before the academic year 2020/21.

A new program titled New Media Design was initiated in the academic year 2022/2023. The potential students have shown great interest for this new program for the academic year 2023/2024.

In the academic year 2022/2023, the Organization did not enroll any new graduate students.

Lower tuition fee revenue is the result of lower number of students enrolled in both Dubrovnik and Zagreb. The announcement figures for the enrolment of students in the academic year 2023/2024 based on the current applications continually grow. Therefore, we believe that we are returning to the positive trend of increased number of enrolments in every academic year prior the coronavirus outbreak.

### Note 5

Group 41 – Staff Expenses – AOP 055

The higher cost of salaries compared to the last year is the result of the additional employment, increase of salaries based on the results of the annual performance analysis of employees with regard to their work assignments and payment of non-taxable meal allowance to every employee.

### Note 6

Account 4211 – Business Travel – AOP 069

Account 4242 – Compensation of Business Travel Expenses – AOP084

A substantial increase of business travel expenses compared to the past two years is a direct consequence of lifting of COVID-19 containment measures. Travel costs in 2022 still did not reach the level prior to COVID-19 outbreak. The trips are taken for the purpose of conducting business on two campuses in two different cities, professional development of employees and enabling our students to participate in various events, workshops and competitions, important for their development and progress, at the home campus in Rochester, but also at other destinations outside of Croatia.

### Note 7

Account 4263 – Electricity – AOP 100

The increase in the electricity cost compared to the preceding year is a consequence of lifting of COVID-19 containment measures. All students were obliged to attend the in-person lectures which affected the increased consumption of electric energy.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

(all amounts are presented in Croatian kuna)

### Note 8

Account 4292 – Representation Expenses – AOP 104

After lifting of COVID-19 containment measures, it was possible to organize all regular events, but also the celebration of the 25th anniversary of RIT Croatia.

### Note 9

Account 4511 – Current Donations – AOP 121

Account 3513 – Revenue from the Government Budget for EU Projects – AOP 028

The increase in these accounts is related to a higher scope of utilization of Erasmus funds by students to a larger, and by employees to a lesser extent.

### Note 10

Cash at bank and in hand – AOP 075

	31 December 2021	31 December 2022
Foreign currency account at bank	9,861,087	10,667,766
Kuna account at bank	3,361,196	382,719
Cash in hand	21,244	4,684
	<u>13,243,527</u>	<u>11,055,169</u>

### Note 11

Account 0221 – Office equipment and furniture – AOP 024

Compared to the preceding year, the accounting events that affected the changes within this account group, refer partially to procurement of the below listed equipment that is required for the new program (New Media Design) launched at the campus in Zagreb:

Inventory description	Quantity	Purchase value	Purchase date	Account
Apple 24/inch iMac	42	687,043 kn	09.08.2022.	022112
Think Pad computers	8	65,200 kn	05.07.2022.	022112
Projector Panasonic	8	165,956 kn	14.07.2022.	022112
35 Canon fotoaparati za NMD	5	29,195 kn	26.08.2022.	022112

The other important change refers to the sale of fitness equipment in Dubrovnik. In 2022, we terminated the contract of lease of premises in Dubrovnik that had been used as the students' gym. The fitness equipment that was inside the premises was sold to the new lessee whom we have been paying the monthly rent since June 2022, so that our students could still use the gym. Taking this change into consideration, the cost of gym membership increased – AOP 105.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

(all amounts are presented in Croatian kuna)

The list of sold equipment is listed below:

Inventory description	Purchase date	Purchase value	Amortized value –on January 1 <sup>st</sup> 2022
Life Fitness Integrity Series: Treadmill Base	21.11.2016	52,590 kn	52,590 kn
Life Fitness Integrity Series: Treadmill Base	21.11.2016	52,590 kn	52,590 kn
Life Fitness Integrity Series: Treadmill Console	21.11.2016	8,143 kn	8,143 kn
Life Fitness Integrity Series: Treadmill Console	21.11.2016	8,143 kn	8,143 kn
Life Fitness Integrity Series: Upright Bike Base	21.11.2016	17,891 kn	17,891 kn
Life Fitness Integrity Series: Bike Console	21.11.2016	8,444 kn	8,444 kn
Life Fitness Integrity Series: Cross Trainer Base	21.11.2016	36,066 kn	36,066 kn
Life Fitness Integrity Series: Cross Trainer Base	21.11.2016	36,066 kn	36,066 kn
Life Fitness Integrity Series: Cross Trainer Console	21.11.2016	8,143 kn	8,143 kn
Life Fitness Integrity Series: Cross Trainer Console	21.11.2016	8,143 kn	8,143 kn
Optima Series Fly/Rear Delt	21.11.2016	22,667 kn	22,667 kn
Optima Series Lat/Row	21.11.2016	20,235 kn	20,235 kn
Leg Curl/Extension	21.11.2016	23,538 kn	23,538 kn
Optima series Dual Adjustable Pulley	21.11.2016	33,656 kn	33,656 kn
Hammer Strength Half Rack 8 Ft Basic	21.11.2016	22,911 kn	22,911 kn
Signature Series Olympic Flat Bench	21.11.2016	8,296 kn	8,296 kn
Signature Adjustable Abdominal Bench	21.11.2016	7,573 kn	7,573 kn
Signature Series Back Extension	21.11.2016	8,766 kn	8,766 kn
Signature Series Multi Adjustable Bench	21.11.2016	8,544 kn	8,544 kn
Signature Series Multi Adjustable Bench	21.11.2016	8,544 kn	8,544 kn
Signature Series Olympic Weight Tree	21.11.2016	7,294 kn	7,294 kn
Signature Series Olympic Weight Tree	21.11.2016	3,825 kn	3,825 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Garderobni Ormar-6-Vrata-180x120x50	21.11.2016	3,790 kn	3,790 kn
Total		442,388 kn	442,388 kn

### Note 12

The Organization does not have any important contractual relationship which may become either liability or asset (like credit letters, mortgages, and litigations),

### Note 13

Events after the balance sheet date are those that have either favorable or unfavorable consequences, and those that occurred between the balance sheet date and the date of approval of the financial statements,


On 1 January 2023, the Law on the Introduction of the Euro as the Official Currency in the Republic of Croatia (NN 57/2022) entered into force and the Company carried out the conversion of all closing balance at a fixed exchange rate of HRK 7.5345 per euro. As of 1 January 2023, the Company declares all transactions in euro as the domestic currency.

**BILJEŠKE UZ FINANCIJSKA IZVJEŠTAJE ZA 2022. GODINU**

*(svi iznosi su prikazani u hrvatskim kunama)*

**Bilješka 14.**

Zakonski zastupnik je svojom odlukom i ovjerom odobrio objavu financijskih izvještaja dana 19. lipnja 2023. godine.

  
Donald W. Hudspeth  
Dekan