

# TM AUDIT

## Independent Auditor's Report

*Presented to the Foundation*

### **Opinion**

We have audited the attached financial reports of “City of Smile” charitable foundation (hereinafter referred to as Foundation), including the report on financial position as of December 31, the report on financial results and retained earnings for the year ending on that date, the report on cash flows, as well as notes to the financial reports, including the summary of significant accounting policies.

In our opinion, the attached financial reports fairly represent the Foundation's financial position in all essential respects as of December 31, 2018, as well as financial results and cash flows for the year ending on that date, according to the International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SMEs).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibility arising from those standards is further described in the "Auditor's Responsibility for the Financial Reports Audit" section of this report. We are independent from the Foundation in accordance with the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants (IESBA) and we have maintained other ethical requirements in accordance with the rules of IESBA. We are sure that we have obtained sufficient and appropriate audit evidence to express our opinion.

### **Responsibility for the Financial Reports of those Charged with Governance and Management**

The management of the Foundation is responsible for the preparation and proper presentation of the financial reports in accordance with the IFRS for SMEs and for such

internal control which, according to the management, is required to ensure the preparation of financial reports that are free from material misstatement due to fraud or error.

While preparing financial reports, management is responsible for evaluating the ability of continually functioning, while revealing issues of continuing if necessary, as well as for applying the going concern principle, if the management does not have an intention of dissolving the Foundation or suspending the Foundation's activities or does not have any realistic alternative for not doing so.

Persons in management are responsible for overseeing the financial reporting process.

### **Auditor's Responsibility for Auditing Financial Reports**

Our objective is to obtain reasonable assurance that, in all material respects, the financial reports are free from material misstatements, whether due to fraud or error, and to present an auditor's report on our opinion.

Rational assurance is a high level assurance, but it does not guarantee that the audit conducted in accordance with ISAs will always detect the material misstatement when it exists. Misstatements can arise due to an error or fraud, and are considered material when it is reasonably possible that they, either separately or together, will have an impact on the economic decisions that are made based on those financial reports.

Throughout the audit, we apply professional judgment and maintain professional skepticism in accordance with ISAs. In addition, we:

- identify and estimate the risks of material misstatement of the financial reports as a result of fraud or error, design and implement auditing procedures to respond to those risks, and obtain audit evidence that is a sufficient and appropriate basis for our opinion. The risk of non-discovery of material misstatement due to fraud is higher than the risk of non-discovery of material misstatement due to error, as fraud may include criminal conspiracy, defalcation, deliberate omissions, misrepresentation, or misuse of internal control systems,

- obtain an understanding of the internal control related to the audit to design audit procedures in accordance with the circumstances and not to express an opinion on the effectiveness of the Foundation's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and subordinate disclosures made by the management,
- conclude that the management uses the principle of accounting continuity relevantly and, based on the audit evidence obtained, evaluate whether there is substantial uncertainty about cases or situations that may have a significant impact on the ability of the Foundation to operate continuously. If we conclude that there is significant uncertainty, we are required to draw attention to the relevant disclosures in the auditor's report or, if such disclosures are not sufficient, to modify our opinion. Our conclusions are based on the audit evidence we have obtained before the end of our review. However, future events or situations may make the Foundation stop the use of the principle of continuity,
- evaluate the overall presentation, structure and contents of the financial reports, including disclosures, as well as the fair presentation of the underlying transactions and events in the financial reports.

Among other things, we communicate the management on the planned scope and timing of the audit task, as well as the significant issues identified during the audit, including significant deficiencies of internal control.

**Director** – Tatul Movsisyan (signature)

**Task Manager** – Anush Chitchyan (signature)

March 22, 2019

P. Sevak 8, Yerevan, Armenia