

Independent auditor's report to Foundation for European Progressive Studies for the year ended 31 December 2018

In accordance with our service contract dated 18 November 2016 with the European Union represented by the European Parliament, we report to you as independent auditor on the performance of our audit mandate which was entrusted to Ernst & Young Réviseurs d'Entreprises scrl. This report includes our opinion on the balance sheet as at 31 December 2018, the income statement for the year ended 31 December 2018 and the disclosures (all elements together the "Annual Accounts") using the abbreviated schedule and on the Final Statement of eligible expenditure actually incurred as well as on compliance with rules and regulations applicable to funding of European political parties and European political foundations and includes as well our report on regulatory requirements. These two reports are considered as one report and are inseparable.

This opinion supersedes the opinion issued on 13 May 2019, following a clerical error in the financial statements.

We have been appointed as independent auditor by the European Parliament in our contract dated 18 November 2016. Our mandate expires after the delivery of our audit opinion for the year ending 31 December 2018.

Report on the audit of the Annual Accounts and the Final Statement of eligible expenditure actually incurred

Unqualified opinion

We have audited the Annual Accounts of Foundation for European Progressive Studies (the "Entity"), that consist of the balance sheet on 31 December 2018, as well as the income statement of the year and the disclosures, which show a balance sheet total of € 1.378.264 and of which the income statement shows a negative result for the year of € 77.696.

In our opinion, the Annual Accounts give a true and fair view of the Entity's net equity and financial position as at 31 December 2018, and of its results for the year then ended, prepared in accordance with the financial reporting framework applicable in Belgium, using the abbreviated schedule.

We have also audited the Final Statement of eligible expenditure actually incurred for the year ended 31 December 2018 in accordance with the rules and regulations applicable to funding of European political parties and European political foundations of Foundation for European Progressive Studies.

In our opinion, the Final Statement of eligible expenditure actually incurred of the Entity for the year ended 31 December 2018 is prepared, in all material respects, in accordance with rules and regulations applicable to funding of European political parties and European political foundations.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Annual Accounts and the Final Statement of eligible expenditure actually incurred" section of our report.

We have complied with all ethical requirements that are relevant to our audit, including those with respect of independence.

We have obtained from the Members of the Board and the officials of the Entity the explanations and information necessary for the performance of our audit and we believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to the Final Statement of eligible expenditure actually incurred. This schedule is prepared to assist the Entity to meet the requirements of the European Parliament. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter - Material uncertainty related to going concern

Notwithstanding the fact that the foundation could incur cash flow problems, the Annual Accounts are prepared under the assumption that the activities will be continued. This assumption is sustainable as long as the Foundation will receive financial support from the European Parliament or other financing sources. We draw your attention to the Notes in the Annual Accounts in which the Foundation justifies the application of accounting policies under the assumption of going concern. Our opinion is not modified in respect of this matter.

Other Matters - Brexit

On 29 March 2017, the United Kingdom invoked Article 50 of the Treaty on European Union (TEU) and notified its intention to withdraw from the European Union and the European Atomic Energy Community (EURATOM). At present, negotiations on the withdrawal arrangements are ongoing.

The Entity has not made any disclosure of its assessment of the impact of Brexit in its Annual Accounts.

We have considered the uncertainties related to the potential effects of Brexit and the assumptions made by the Entity in this respect on its operations and financial situation.

Responsibilities of the Members of the Board for the preparation of the Annual Accounts and the Final Statement of eligible expenditure actually incurred

The Members of the Board are responsible for the preparation of the Annual Accounts that give a true and fair view in accordance with the reporting framework applicable in Belgium and

the Final Statement of eligible expenditure actually incurred. This responsibility includes: designing, implementing and maintaining internal control which the Members of the Board determines to be necessary to enable the preparation of the Annual Accounts and the Final Statement of eligible expenditure actually incurred that are free from material misstatement, whether due to fraud or error.

The Members of the Board are responsible towards the European Parliament for the use of the grant awarded and must comply with the provisions of the Regulation (EU, Euratom) No 1141/2014 and the underlying acts.

As part of the preparation of the Annual Accounts, the Members of the Board are responsible for assessing the Entity's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Members of the Board should prepare the Annual Accounts using the going concern basis of accounting, unless the Members of the Board either intend to liquidate the Entity or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Annual Accounts and the Final Statement of eligible expenditure actually incurred

Our objectives are to obtain reasonable assurance whether the Annual Accounts and the Final Statement of eligible expenditure actually incurred are free from material misstatement, whether due to fraud or error, and to express an opinion on these Annual Accounts and Final Statement of eligible expenditure actually incurred based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 Annual Accounts and the Final Statement of eligible expenditure actually incurred.

Furthermore, with respect to the Final Statement of eligible expenditure actually incurred, it is our responsibility to express an opinion on the compliance with the rules and regulations applicable to funding of European political parties and European political foundations.

As part of an audit, in accordance with ISA, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- ▶ Identification and assessment of the risks of material misstatement of the Annual Accounts and the Final Statement of eligible expenditure actually incurred, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- ▶ Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Members of the Board as well as the underlying information given by the Members of the Board;

- ▶ Conclude on the appropriateness of the Members of the Board's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Entity'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 Annual Accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going-concern;
- ▶ Evaluating the overall presentation, structure and content of the Annual Accounts and the Final Statement of eligible expenditure actually incurred, and evaluating whether these Annual Accounts and the Final Statement of eligible expenditure actually incurred reflect a true and fair view of the underlying transactions and events.

We communicate with the Members of the Board 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.

Report on regulatory requirements

Responsibilities of the Members of the Board

The Members of the Board are responsible for the compliance by the Entity with the legal and regulatory requirements applicable in Belgium, its articles of association, the legal and regulatory requirements regarding bookkeeping and the provisions of the European Parliament's grant decision, Regulation (EU, Euratom) No 1141/2014 and the underlying acts.

Responsibilities of the auditor

Our audit work included specific procedures to gather sufficient and appropriate audit evidence to verify, in all material respects, that the financial provisions and obligations of the grant award decision, Regulation (EU, Euratom) No

1141/2014 and the underlying acts have been met.

Independence matters

We have not performed any services that are not compatible with the audit of the Annual Accounts and the Final Statement of eligible expenditure actually incurred and we have remained independent of the Entity during the course of our mandate.

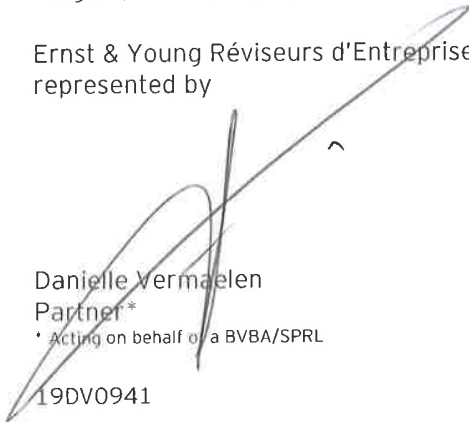
Other communications

- ▶ Without prejudice to certain formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium;

- ▶ The costs declared were actually incurred;
- ▶ The statement of revenue is exhaustive;
- ▶ The financial documents submitted by the entity to Parliament are consistent with the financial provisions of the Funding Decision;
- ▶ The obligations arising from Regulation (EU, Euratom) No 1141/2014, in particular from Article 20 thereof have been met
- ▶ The obligations arising from the Funding Decision, in particular from Article II.9 and Article II.19 thereof, have been met with exception of one instance for an amount of € 80.355,49.
- ▶ The contributions in kind have actually been provided to the entity and have been valued in compliance with the applicable rules;
- ▶ Any surplus of Union funding was carried over to the next financial year and has been used in the first quarter of the financial year, pursuant to Article 125(6) of the Financial Regulation;
- ▶ Any surplus of own resources was transferred to the reserve;
- ▶ We were not yet provided with the financial statements prepared in accordance with the international accounting standards defined in article 2 of regulation (EC) No 1606/2002. The financial statements prepared in accordance to the international accounting standards will be subject to a separate audit opinion.

Diegem, 28 June 2019

Ernst & Young Réviseurs d'Entreprises scrl
represented by



Danielle Vermaelen
Partner*
* Acting on behalf of a BVBA/SPRL

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