

EISCAT Scientific Association
Registered as a Swedish non-profit organisation
Organisation number: 897300-2549

Annual financial report for the year 2017-01-01 – 2017-12-31

The EISCAT Council and the Director for the Association submits herewith the annual report for 2017.

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ADMINISTRATION REPORT

Ownership, organisation and objective

The EISCAT Scientific Association was established in 1975 through an agreement between six European organisations. Japan joined in 1996 and the Peoples Republic of China in 2007.

The EISCAT Associates at 2017-12-31 are: China Research Institute of Radiowave Propagation (Peoples Republic of China), National Institute of Polar Research (Japan), Natural Environment Research Council (United Kingdom of Great Britain and Northern Ireland), Norges forskningsråd (Norway), Suomen Akatemia (Finland), and Vetenskapsrådet (Sweden).

The now running EISCAT Agreement came into force 2017-06-20, with all Associates making long term funding commitments to the Association. The Association has its formal seat in Kiruna, Sweden, and is registered as a non-profit organisation.

The aim of the Association is to make significant progress in the understanding of physical processes in geospace, in the high latitude atmosphere, and in the coupling between the high and low latitudes and altitudes. For this purpose, the Association has developed, constructed, and now operates, a number of radar facilities at high latitudes. At present, these comprise a system of stations at Tromsø (Norway), Kiruna (Sweden), Sodankylä (Finland), and Longyearbyen (Svalbard).

The Association is fully funded by the Associates, but additional operations may also be funded by short term additional contributions from both Associate and non-Associate bodies. Depending on the available funding, scientific priorities and operational targets are adjusted on an annual basis.

The EISCAT Council is charged with the overall administration and supervision of the Association's activities. The Council appoints a Director, who is responsible for the daily management and operation of the facilities of the Association.

Operation and scientific development

The EISCAT Radars delivered a full programme of operations for the user community and operated reliably throughout the year.

The various EISCAT radars operated for a total of 2 480 accounted hours (2 726 hours in 2016).

Common Programmes amounted to 54% (53%) of the operations. Special Programmes amounted to 41% (39%) and other operations amounted to 5% (8%) of the total hours.

IRAP-CNRS (France), KASI (South Korea), KOPRI (South Korea) and IRA-NASU (Ukraine) have Affiliate agreements and totally 10 hours (90 hours) were affiliates accounted. The Peer-Review Programme made it possible for user groups from Japan, Germany and USA to run experiments, at no cost, on the systems. Peer-Review time amounted to 82 accounted hours (85 hours).

Future operation and scientific development

All systems are ready for users. These comprise now of the EISCAT Svalbard Radar, Heating and the UHF and VHF radars with the possibility to run the VHF in tristatic mode by using the antennas in Kiruna and Sodankylä for reception.

In September, the build project of the new EISCAT_3D system started. The EISCAT_3D system will replace the current UHF and VHF radar systems. The new system comprises of three phased arrays working together. These will be built in Finland, Norway and Sweden. Construction works of the Norwegian EISCAT_3D site, located near Skibotn, Storfjord kommune, Norway, will start already summer 2018.

The new EISCAT_3D system will be ready for users towards the end of 2021.

Project activities

Three projects ended during the year, the European Commission funded EGI-Engage and EISCAT3D_PfP projects and the Vetenskapsrådet, Sweden, funded VR-OG project.

Two new European Commission funded projects were agreed during the year. One, AARC2 “Authentication and Authorisation For Research and Collaboration” started 2017-05-01 and the second, EOSC-Hub “Integrating and managing services for the European Open Science Cloud” starts 2018-01-01. Both are under the H2020-EINFRA topic.

EISCAT is currently also participating in the COOP_Plus and ENVRI_Plus EC-funded projects.

The EISCAT3D_PfP project successfully ended 2017-08-31. The project schedule was well kept though some of the delivered parts did not function as hoped. The project was financially reviewed by an external auditor and a Brussels held final review took place on 2017-10-09. The final review concluded that the “Project has achieved most of its objectives and milestones for the period with relatively minor deviations”.

In the spring EISCAT Council meeting, the go-ahead decision to start the EISCAT_3D implementation project was made. The first phase, Stage 1, has a budget volume of about 685 MSEK and will run for about four years. The project was officially started at a kick-off event held in Tromsø and Skibotn, Norway, 2017-09-07. About 75 persons attended the kick-off.

The work of the Council and its committees

The Council had two ordinary meetings, and a follow-on telecon, during the year. On 2017-04-24, Council agreed that the funding agencies and Council is in a position to decide to start the implementation of EISCAT_3D at its next regular meeting, in Tokyo. The first regular meeting was held 2017-05-31 -06-01, in Tokyo, Japan, and the second meeting was held 2017-11-13 -14, in Oulu, Finland. The meetings were chaired by Prof. Hiroshi Miyaoka.

In the Tokyo meeting, Council decided to start the EISCAT_3D implementation project by activating the first phase of the project, Stage 1.

EISCAT_3D Stage 1 (project acronym E3DS1) comprises of the EISCAT_3D core transmit/receive array plus outriggers in or near Skibotn, Norway, and EISCAT_3D receive arrays in or near Karesuvanto, Finland and Kaiseniemi, Sweden.

In June, the new EISCAT agreement came into force.

With the new agreement, two new committees were introduced, Scientific Advisory Committee (SAC) and the Administrative and Finance Committee (AFC). SAC is instead of the previous Scientific Oversight Committee and AFC formalises the already going AdHoc established administration and finance committee.

Both SOC/SAC and AFC had two meetings each during the year.

In the Oulu meeting, Council agreed to extend the employment contract with the present Director, Dr. Craig Heinselman for another three-year period following onto his current contract that ends at the end of 2018.

Budget development during the year

The 2017 operations ended slightly below the operating target set for the year.

The overall spend followed well the prediction for the year and the regular income was close to forecasted. Income from project work was more than budgeted.

In total, the year ended in a net profit.

The long-term budget plan

The long-term budget plan is challenging. The introduction of EISCAT_3D will have operation cost implications due to the higher transmitter output, several-thousand receiver channels and powerful computer clusters. Most Associates have though agreed to substantially increase their annual contributions to cover the additional operating costs. Nevertheless, the challenge lies in to keep the current systems operational, build the new, and later phase out, and decommission, the old systems, while maintaining a reasonable operating hours level throughout the process.

The result for 2017 and profit/loss handling

The year ended in a net profit of 3 627 kSEK and it is planned to put the amount in the designated funds reserve for use in subsequent years.

PROFIT AND LOSS ACCOUNTS

in thousands of Swedish Crowns

	Note 1	2017	2016
Income from operations			
Grants received	Note 2	46 774	38 985
Revenue from operations	Note 3	89	219
Other income from operations	Note 4	306	294
		<u>47 169</u>	<u>39 498</u>
Expenses from operations			
Operation costs	Note 5	-14 557	-10 276
Administration costs		-4 581	-4 033
Personnel costs	Note 6	-21 884	-21 375
Depreciation of fixed assets		-2 174	-1 983
		<u>-43 197</u>	<u>-37 667</u>
Operating profit/loss		3 972	1 831
Financial items			
Interest income		12	6
Other financial income and cost		263	1 004
		<u>275</u>	<u>1 009</u>
Net profit/loss for the year		4 247	2 840
Changes in designated funds	Note 7		
Net profit/loss for the year		4 247	2 840
Use of designated funds from previous years		511	777
Allocation of designated funds received during the year, but not used		-1 130	-4 408
Net profit/loss for the year after redistributions		3 627	-791

BALANCE SHEET

in thousands of Swedish Crowns

		2017	2016
ASSETS			
<i>Fixed assets</i>			
Tangible fixed assets	Note 8		
Buildings		1 808	2 033
Radar systems		4 279	4 549
Equipment and tools		2 831	2 837
		<hr/>	<hr/>
		8 918	9 419
Current assets			
Receivables		24 519	2 385
Prepayments and accrued income	Note 9	2 258	8 530
Cash at bank and in hand	Note 10	76 109	36 318
		<hr/>	<hr/>
		102 885	47 233
Total assets		111 804	56 652
CAPITAL AND LIABILITIES			
Capital			
Funds invested	Note 11	8 918	9 419
Designated funds	Note 12	20 978	20 650
Net income for the year after redistribution		3 627	-791
		<hr/>	<hr/>
		33 524	29 277
Current liabilities			
Accounts payable, trade		5 020	5 830
EISCAT_3D build grants received but not used	Note 13	55 435	0
External project grants received but not used	Note 14	17 445	21 115
Other liabilities		379	429
		<hr/>	<hr/>
		78 280	27 374
Total capital and liabilities		111 804	56 652

STATEMENT OF CASH FLOWS

in thousands of Swedish Crowns

	2017	2016
Operating activities		
Operating result before financial items	3 972	1 831
Transfer from funds invested	2 174	1 983
Interest received	12	6
Currency exchange rate changes	263	1 004
Extra ordinary income and cost	0	0
Increase/decrease of receivables	-22 134	-786
Increase/decrease of prepayments and accrued income	6 273	-6 025
Increase/decrease of creditors and liabilities	50 905	2 471
Cash flow from operations	41 465	482
Investment activities		
Investments in tangible assets	-1 674	-1 206
Cash flow from investment activities	-1 674	-1 206
Cash flow for the year	39 791	-723
Liquid assets at the beginning of the year	36 318	37 041
Liquid assets at the end of the year	76 109	36 318

NOTES	2017	2016	2017	2016
Note 1 Accounting principles				
The accounting and valuation principles applied are consistent with the provisions of the Swedish Annual Accounts Act and generally accepted accounting principles (for 2017 onwards, bokföringsnämnden allmänna råd och vägledning, BFNAR 2012:1 K3).				
All amounts are in thousands of Swedish kronor (SEK) unless otherwise stated.				
Income				
Received grants are reported as income in the period when they were claimed or received. Conditional grants are recognised as income when the associated conditions have been met. Income and revenue from operations, which include own-account funds, are reported as income when they were claimed or received. Grants and other income in foreign currencies have been accounted in the amounts estimated to be received, based on individual assessment.				
Employee benefits				
Ongoing remuneration to employees, either direct employed or provided via host agreements, in the form of salaries, social security, contributions to pension schemes and staff related insurances are accounted as personnel costs. Other remunerations, in cash, like travel subsistences or as benefits in-kind, like clothing, training and health care are also accounted as personnel costs. Overhead cost on host provided personnel is considered as external services accounted as administration cost.				
Financial income				
Dividends and interest income are accounted when credited the account.				
Receivables				
Receivables are stated at the amounts estimated to be received, based on individual assessment.				
Receivables and payables in foreign currencies				
Receivables and payables in foreign currencies are valued at the closing day rate. Where hedging measures have been used, such as forwarding contracts, the agreed exchange rate is applied. Gains and losses relating to operations are accounted for under other financial income and cost.				
Bank accounts in foreign currencies				
Bank balances in foreign currencies are valued at the closing day rate.				
Fixed assets				
Tangible fixed assets are stated at their original acquisition values after deduction of depreciation according to plan. Assets are depreciated systematically over their estimated useful lives. The following periods of depreciation are applied: Buildings 5 - 50 years, Radar systems 3 - 30 years and Equipment and tools 1 - 5 years.				
Note 2 Grants received				
The Associates contributed to the operation during the year in accordance with the EISCAT agreement. The Affiliates contributed according to agreed annual commitments. Income from European Commission (EC) funded projects were also accounted as received grants. The E3DS1 project started 2017-09-01 and the resulting projects costs were covered jointly by VR (Sweden) and NERC (UK). The VR funded project towards EISCAT_3D realisation continued throughout the year. It ended 2017-12-31. All projects were funded via prefinancing where costs were covered by transfers from pre-received funds.				
Associates	22 522	22 248		
Affiliates	796	1 399		
Project grants, EC	19 458	14 040		
Project grant, E3DS1	1 625	0		
Project grant, VR-OG	2 374	1 297		
	46 774	38 985		
Accumulated Associate contributions status as of 2017-12-31				
Annual contributions included and for 2017, NERC, NIPR and VR were credited for providing EISCAT_3D and E3DS1 project related funds. These sums are used for EISCAT's ownership and time-share calculation				
Previous Associates	382 168	382 168		
CRIRP (P. R. of China)	37 245	33 413		
NIPR (Japan)	80 057	78 189		
RCN (Norway)	178 203	172 861		
SA (Finland)	85 559	81 980		
NERC (United Kingdom)	238 187	234 228		
VR (Sweden)	163 597	153 907		
	1 165 016	1 136 747		
Note 3 Revenue from operations				
The Association can, at rates related to the costs involved and as available, sell observation hours to Associates, Affiliates and other parties. Income from such selling of time are considered to be revenue. In 2017, 7,5 hours were provided to so called time-buyers.				
Income from time-buyers	89	219		
Note 4 Other income from operations				
The Association supports visiting users by offering site accommodation and equipment hosting for either campaign brought instruments or deployed for longer periods. Educational support is done by providing teachers and/or other resources (like laboratory support). Associates and/or user-groups contribute occasionally to system improvements by funding, of own interest, certain repairs or hardware changes.				
Accommodation	143	124		
Instrument hosting agreements	21	21		
Educational support	18	48		
Other income	123	101		
	306	294		
Note 5 Operations				
The annual operating target for all systems together is usually about 2 500 active (high power mode) hours. For 2017, the budget assumed 2 467 hours and the outcome became 2 295 hours. Passive hours come in addition. Such hours have a minimal effect on cost since the systems do not draw more electricity than in an off mode. The accounted hours are usually lower than the operating hours total since some systems have a charge rate that is less than 1-to-1.				
Active (high-power)			<i>Hours</i>	<i>Hours</i>
EISCAT Svalbard Radar			865	974
UHF system			727	844
VHF system			558	609
Heating system			146	123
			2 295	2 549
Passive (receive only)				
Kiruna receiver system			444	444
Sodankylä receiver system			444	444
			889	889

2017 **2016**

Note 6 Personnel costs and average number of employees

The Association employs directly Headquarters and most project staff, currently about ten positions, including the Director. Of these, three are on shorter-term project employments. The Headquarters is located in Kiruna, Sweden. The personnel working at the Kiruna (Sweden), Sodankylä (Finland), Svalbard and Tromsø (Norway) sites are normally not employed by the Association. Instead, the personnel are provided via site contracts by the Swedish Institute of Space Physics (Kiruna site staff), Oulu University (Sodankylä staff) and the Arctic University of Norway (Tromsø and Svalbard staff). The Association refunds all expenses related to the provided staff, as well as an additional overhead.

Personnel costs in total

Salaries and emoluments paid to the Director	1 920	1 831
Other personnel, employed and provided via site contracts	13 322	13 078
Social security contributions amounted to of which for pension costs	6 274 3 061	5 920 2 986
Other personnel costs	369	545

The Director, Dr. Craig Heinselmann, started his employment 2013-01-01. His current employment contract ends 2018-12-31.

Of the pension costs, 306 kSEK (295 kSEK) relates to the Director. He and all other directly employed staff are included in ITP like occupational pension plans. For the personnel provided via site contracts, the pension plans are handled by their respective employer.

The members of the board (EISCAT Council) and members of committees, who represents Associates and Affiliates, do not receive remunerations from the Association. Travel expenses in connection with Council and committee meetings are normally covered by the Associates and Affiliates. The Association reimburses though the travel costs for Committee Chairpersons and external members.

Salaries and emoluments and average number of staff per country

Finland		
Salaries and emoluments	453	655
Average number of staff - men and women	1 + 0	1 + 0
Norway (including Svalbard)		
Salaries and emoluments	5 314	5 924
Average number of staff - men and women	9 + 0	10 + 0
Sweden		
Salaries and emoluments	9 475	8 331
Average number of staff - men and women	10 + 2	10 + 2

Members of the board and Directors at year-end - men and women

The board consist of delegations from every Associate country each having a Delegate (formal member) and up to two Representatives.

Board members (EISCAT Council)	9 + 4	12 + 3
Directors	1 + 0	1 + 0

2017 **2016**

Note 7 Changes in designated funds

Positive numbers - use of designated funds from previous years. Negative - transfer to the reserve or fund for later use.

Net profit/loss for the year	4 247	2 840
Changes to spare parts reserve	6	-3
Changes to capital operating reserve	4	-535
Changes to surplus fund	-1 130	-3 870
Changes to funds invested	500	777
	<u>3 627</u>	<u>-791</u>

Note 8 Tangible fixed assets

Changes in tangible fixed assets.

Buildings		
Opening acquisition value	42 471	42 471
Acquisitions during the year	6	0
Disposals during the year	0	0
Closing acquisition value	42 478	42 471
Opening accumulated depreciation	-40 439	-40 207
Depreciations during the year	-231	-232
Disposals during the year	0	0
Closing accumulated depreciation	-40 670	-40 439
Closing residual value	1 808	2 033
Radar systems		
Opening acquisition value	250 259	250 087
Acquisitions during the year	501	172
Disposals during the year	0	0
Closing acquisition value	250 760	250 259
Opening accumulated depreciation	-245 709	-245 002
Depreciations during the year	-771	-707
Disposals during the year	0	0
Closing accumulated depreciation	-246 480	-245 709
Closing residual value	4 279	4 549
Equipment and tools		
Opening acquisition value	33 844	32 902
Acquisitions during the year	1 166	1 034
Disposals during the year	19	92
Closing acquisition value	34 992	33 844
Opening accumulated depreciation	-31 008	-30 055
Depreciations during the year	-1 172	-1 044
Disposals during the year	19	92
Closing accumulated depreciation	-32 161	-31 008
Closing residual value	2 831	2 837
Sum tangible fixed assets	8 918	9 419

Note 9 Prepayments and accrued income

Resources in staff and direct costs spent in ongoing externally funded projects are covered by accrued income until settled by submission of periodic report claims. In 2017 the EGI-engage, EISCAT3D_PfP and VR-OG projects ended and the AARC2 project started.

	2017	2016
Prepaid rents	15	13
Prepaid insurances	207	607
Accrued income, AARC2 project	93	0
Accrued income, COOP_Plus project	63	93
Accrued income, EGI-Engage project	0	348
Accrued income, EISCAT3D_PfP project	0	5 198
Accrued income, ENVRI_Plus project	1 801	561
Accrued income, VR-OG project	0	1 626
Other items	78	84
	<u>2 258</u>	<u>8 530</u>

Note 10 Bank balances status

Nordea	76 108	36 317
Cash in hand	1	1
	<u>76 109</u>	<u>36 318</u>

Note 11 Funds invested status

Buildings	1 808	2 033
Radar Systems	4 279	4 549
Equipment and Tools	2 831	2 837
	<u>8 918</u>	<u>9 419</u>

Note 12 Designated funds

The designated funds are divided into eight funds and reserves. The capital operating and spare parts reserves are used to manage required purchases between years, including unbudgeted ones. The surplus fund is used to manage overall profits and losses between years. The other funds are earmarked for specific purposes.

Two new funds have been created in relation to the started E3DS1 project; E3D construction reserve and decommissioning fund. The first is to handle cost changes in the project and the second is for financing the decommissioning of first the old EISCAT systems being replaced by EISCAT_3D and later, the new systems itself. The new funds will be taken in use 2018 onwards. The net profit for the year will be added to the surplus fund.

Capital operating reserve	1 937	1 942
E3D construction reserve	0	0
Decommissioning fund	0	0
Equipment repair fund	754	754
Investment fund	7 753	7 753
Restructuring reserve	4 101	4 101
Spare parts reserve	119	125
Surplus fund	6 314	5 974
	<u>20 978</u>	<u>20 650</u>

Note 13 EISCAT_3D build grants received but not used

The construction project, E3DS1, started 2017-09-01 and its first phase, Stage 1, will be completed latest 2021-12-31. Four Associates have so far committed to its realisation, the Research Councils in Finland, Norway, Sweden and UK. A funding plan has been agreed and two payments were done in 2017. The funds are kept as prefinancing until used in the project. Funds spent are deducted from the different funding sources in accordance with the agreed funding plan.

RCN (Norway)	0	0
SA (Finland)	0	0
NERC (United Kingdom)	15 450	0
VR (Sweden)	39 985	0
	<u>55 435</u>	<u>0</u>

Note 14 External project grants received but not used

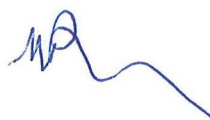
All externally funded projects work with prefinancing. For European Commission projects, these are in EUR's. The prefinancing is used to cover reported and approved costs. The MISW and VR-OG projects were financially settled and EGI-Engage and EISCAT3D_PfP projects were both financially concluded during the year. The EISCAT3D_PfP project was financially settled early 2018. The EGI-Engage project remains open due to some reporting issues with other partners in the project consortium. Prefinancing for the new project, AARC2, was received.

AARC2 H2020 prefinancing	300	0
COOP_Plus H2020 prefinancing	1 216	1 181
EGI-Engage H2020 prefinancing	599	479
EISCAT3D_PfP H2020 prefinancing	13 806	13 406
ENVRI_Plus H2020 prefinancing	1 524	1 480
MISW FP7 prefinancing	0	570
VR-OG prefinancing	0	4 000
	<u>17 445</u>	<u>21 115</u>

Stockholm, 2018-05-29



Dr. Tomas Andersson



Dr. Mervyn Freeman



Prof. Hiroshi Miyaoka



Prof. Kenneth Ruud



Dr. Kati Sulonen

Prof. Jian Wu



Dr. Craig Heinselman
Director

Our audit report was issued on 2018-06-14.



Mrs. Annika Wedin
Authorised Public Accountant



Auditor's report

To the council of EISCAT Scientific Association, corporate identity number 897300-2549

Report on the annual accounts

Opinions

I have audited the annual accounts of EISCAT Scientific Association for the year 2017.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of EISCAT Scientific Association as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

Basis for Opinions

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the *Auditor's Responsibilities* section. I am independent of EISCAT Scientific Association in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the council and the director

The council and the director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The council and the director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the council and the director are responsible for the assessment of the association's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the council and the director intends to liquidate the association, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

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sufficient and appropriate to provide a basis for my opinions. 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 the association's internal control relevant to my 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council and the director.
- Conclude on the appropriateness of the councils' and the director's use of the going concern basis of accounting in preparing the annual accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

I must inform the council, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I identified.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts, I have also audited the administration of the council and the director of EISCAT Scientific Association for the year 2017. The council and the director have not acted in contravention of the statutes.

Basis for Opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the *Auditor's Responsibilities* section. I am independent of EISCAT Scientific Association in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Council and the director

The council and the director are responsible for the association's organization and the administration of the association's affairs.

Auditor's responsibility

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the council or the director in any material respect:

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- has undertaken any action or been guilty of any omission which can give rise to liability to the association, or
- in any other way has acted in contravention of the Annual Accounts Act or the statutes.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the association.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the association's situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to my opinion.

Gävle, 14 June 2018

A handwritten signature in blue ink, appearing to read 'Annika Wedin', is written over a faint, larger version of the same signature.

Annika Wedin
Authorized Accountant