

Tax number: 18084764-2-41
Court of registration: Budapest-Capital
Registering order: Regional Court
Pk.61.344/1996/2
Registration number: 7375

HUNGART

**Collecting Society of Hungarian Visual Artists (Vizuális Művészek Közös
Jogkezelő Társasága Egyesület)**
(HUNGART VMKJT SOCIETY)

H-1055 Budapest, Falk Miksa utca 30.

Supplementary Notes to the 2019 Simplified Annual Report

31 December 2019

29 May 2020

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PRESENTATION OF HUNGART

HUNGART Collecting Society of Hungarian Visual Artists was founded by private artists pursuant to Gov. Decree Nr. 146/1996(IX.19.).

The seat of the Society is in H-1055 Budapest, Falk Miksa utca 30.

The above-mentioned government decree stipulates that the copyright and related rights can be managed only by a registered association established according to Section 61-64 of the Hungarian Civil Code on a non-profit basis.

In its decision no. 01.Pk.61344/1996/2, which became final on 27 February 1997, the Budapest-Capital Regional Court registered the Society in number 7375.

Based on Decree 5/1997 (II.12.) of the Ministry of Culture and Public Education (MKM), the Minister of Culture and Public Education registered HUNGART as a rights management organization in his decision of 19 April 1997.

The purpose of the organization is to collect and pay royalties to the members (artists, practitioners of applied arts, photographers) and to the legal successors of these artists, i.e. the rightholders and to enhance the protection of its copyright both in Hungary and abroad. The intended activities include support for artistic activities and affiliates; and improving the social situation of artists in need.

At its annual meeting on 23 May 2006, the delegates' meeting decided that, although the Society's intended activities would comply with the conditions and requirements set out in Act CLVI of 1997, the public benefit status does not generate any major advantage for the Society, therefore the termination of this status was decided. By its order No. 16.pk.61.344/1996/9 of 5 July 2006, becoming final on 28 July 2006, the Budapest-Capital Regional Court canceled the public benefit status of the organization.

On 26 February 2014, the European Parliament and the Council adopted Directive 2014/26/EU on copyright and related rights. Transposition of the CRM Directive into Hungarian law occurred by the adoption of Act XCIII of 2016, which entered into force on 28 July 2016. As a result, the rules of collective rights management were removed from the Copyright Act. Detailed rules for the operation of collecting societies and independent collecting organizations and the procedures related to the management of rights are laid down in Government Decree No. 216/2016 (VII.22.) effective from 22 August 2016.

Due to legislative changes, all regulations of HUNGART have been amended and are constantly maintained; a report must be prepared for the supervising authority, the Hungarian Intellectual Property Office on the basis of this legal requirement, and as of 2017 a so-called transparency report must also be prepared and published.

The rightholders must be informed in a verifiable manner in writing of the conditions of the rights management, as well as of the development of the royalty amounts, the handling charges, the deductions and utilizations for community purposes. Taking into account the reporting obligations abroad, these legislative changes and regulations cause continuous and increasing administrative work, which hinders the meaningful, actual rights management activity.

The Society has no founders or starting assets; as this was not a condition of establishment. It had to cover its operating costs from a net 22 and 15% handling charges ratio of the collected royalties and contributions as set out in the "Distribution Regulations", which had been used for six years in the 2019 financial year.

HUNGART has not been engaged in business activities since its establishment.

The main decision-making body of the Society is the delegates' meeting. The practical activities of the organization are managed by an eight-member Presidium headed by a president and two vice-presidents elected from among its members. A three-member supervisory board oversees the proper operation and management of HUNGART. The day-to-day tasks are performed by the employed members of the work organization of the Society, and in areas where it is not expedient to employ employees, the work is done by external organizations and individual agents on the basis of agency contracts.

The members of the organization providing accounting services (bookkeeping and payroll accounting, tax returns, mandatory statistical data provision) were all registered certified accountants, or chartered accountants and tax experts.

The annual report of the HUNGART Society is audited by GG PLUS Kft, (registration number 000141) and the appointed auditor is GAMPEL Éva (chamber membership number: 004681).

ACCOUNTING POLICY

The balance-sheet date is the last day of March following the year under review, as justified by the experience of previous years. This date ensures that the economic events that became known between the cut-off date of 31 December and the balance-sheet date and affecting the year under review can be taken into account. The Society keeps its books according to the double-entry bookkeeping, and its scheme of accounts is developed in line with the recommendations published in financial and accounting journals.

From 2012, it must prepare an annual report, which has been confirmed by the already mentioned new laws and regulations on the joint management of rights. We have continued to ensure the necessary coherence in order to comply with Government Decree No. 479/2016 (XII.28.) regulating the reporting obligations of “non-governmental” organizations, based on the Accounting Act, as well as the requirements of Government Decree no. 350/2011 (XII. 30.) on the Financial Management of Civil Society Organizations, on Fundraising Activities and Public-Benefit Status.

In preparing its report, HUNGART Collecting Society of Hungarian Visual Artists followed and adhered to the accounting principles, keeping in mind the provision of a reliable real picture. No audits or self-audits were conducted in connection with the previous years.

No significant changes have occurred in the valuation procedures during the preparation of the report compared to the previous year. According to the accounting standards, the data are comparable with the data of the previous year, also taking into account that due to the clarification of the accounting records, in order to ensure the fullest possible application of the principles of clarity and comparison, the liabilities side items have been adjusted.

Regarding the extent of material and significant items related to the management and the report of the Society, the provisions of the Accounting Act shall apply.

The income of the Society includes any kind of income realized in the year under review, which is related to the core activity and the business activity, including grants; costs include the direct costs of the core activity and the business activity i.e., the operating costs of the organization.

Fixed assets, property, plant and equipment and intangible assets are valued in the balance sheet at net value. The cost is the purchase price, which includes the costs that can be individually attributed to the asset before capitalization.

Depreciation of assets is determined on a straight-line basis over their estimated service lives, using the depreciation rates set out in the Corporate Tax Act, in proportion to the number of days spent in operation. Assets below the cost of THUF 100 are depreciated in a single amount upon putting into service.

The value of inventories is presented at the actual direct cost of production.

Purchased securities are recognized in the group of fixed assets if they are not expected to be sold within one year. If a security recognized as a fixed asset is sold after the balance-sheet date, it is included in the balance sheet as a current asset. When securities are sold, derecognition is based on the FIFO (First In First Out) method, i.e. at the time of the sale, the oldest existing security (acquired at the earliest time) is always accounted for. The book value of interest-bearing securities does not include interest paid on purchase, i.e. it is recorded at nominal value.

The Society accounts for accruals in accordance with the general provisions of the Accounting Act and the requirements of the supervisory authority. Assets and liabilities not previously mentioned are also valued and recognized in the balance sheet in accordance with the provisions of the Accounting Act. According to the provisions of the Accounting Act (Act C of 2000) and the above-mentioned Government Decree, the Society has an accounting policy along with the related inventory, scrapping, funds management and valuation regulations.

CHANGES IN THE SUPERVISORY REPORTING AND ACCOUNTING POLICIES

In the spring of 2014, the Hungarian Intellectual Property Office, which oversees the area of rights management, initiated the introduction of a “Single Supervisory Report” developed by PwC and the further expansion of the accounting report, which also affected the established accounting policy of the collecting organizations. The prepared draft documents were finalized after several rounds of conciliation and their application was formulated as a mandatory requirement, which was finally made obligatory by law in 2016.

The changes primarily affected royalty settlements; not only in terms of revenue and expenditure; but also in terms of their registration.

Pursuant to the final decision, the changes regarding the accounting policy must be applied from 1 January 2015 and those regarding the reports must be applied first in the 2014 financial statements, particularly in the supervisory report in addition to the usual balance sheet.

Based on the changes adopted and introduced, we have changed the practice applied and developed so far in order to be able to meet the expectations valid from 2015.

Based on the changed regulations, HUNGART only recognizes the royalty income actually paid in the year under review; royalties due for the year under review but paid at the beginning of the following year, for which we previously applied accruals in accordance with the Accounting Act, are recognized in the period of financial execution.

As an expense, we account for All royalties due to the rightholders in the year under review and payable on the basis of the collected revenues are recognized as expenditure. Expenditures on royalty obligations are presented as a service mediated in accordance with the expectations and the new regulations. Royalties expected to be paid in the following year and previously recognized as accrued expenses are recognized as short-term liabilities. In 2015, we settled the handling charges not validated in the royalties registered in our records for a period of five years, which are accounted for during redistribution at the end of the limitation period. This settlement occurred between long-term liabilities beyond one year, short-term liabilities and the accruals of income. In the last two years, we settled the assets side compliance of HUNGART monographs published from the contribution used (Section 100 of the Copyright Act, money-earning public property), which made our records more transparent.

In terms of the book-keeping, accounting and measurement of operating expenses, the following change took place compared to previous years. Pursuant to the decision of 12 March 2019 of the Presidium, the “indirect” costs associated with the publication of monographs, in order to balance the annual budget, must be accounted for at the expense of the contribution generated in the previous year and distributed in the year under review. At the end of the year, we subsequently adjusted (reduced) the cost items at the expense of the contribution obligation according to the planned utilization rates. As a result, the recognition of certain items in the income statement by cost items has a lower amount.

In summary, taking the former into account, the data of the annual report are also comparable with the data of the income statement of the previous year.

A “Transparency Report” based on and associated with the accounting report must be prepared by the last day of the eighth month following the year under review. After the audit, this report must be published in the structure and with the content required by the government decree.

The 2018 Transparency Report was adopted by the delegates’ meeting on 28 August 2019; then it was published on the Society’s website.

GENERAL MANAGEMENT AND LEGAL ENVIRONMENT OF RIGHTS MANAGEMENT

The impact of the financial crisis and the resulting economic crisis before 2010 was barely felt in rights management activities. Following the crisis, the decline in primary royalties stopped, but is still below the amounts of previous years. Over the past three years, royalty income has increased to HUF 85-90 million. Revenue ratios have changed due to the increase in contribution revenues in recent years to the benefit of primary (direct collection) royalties; the proportion of secondary (subdivided) royalties fluctuated.

The collection of royalties by the Society was hindered to a minor extent by the inadequate payment discipline of the galleries. In this regard, we had problems with two or three so-called major art dealers. However, after sending a dunning letter, they met their payment obligations and fewer lawsuits had to be filed for non-compliance with promissory notes.

Most of the complaints sent to gallery owners that regularly pay late or fail to pay are effective because there is a “relatively” fast willingness to pay after receipt.

In the case of some galleries, non-payment of royalties is accompanied by regular, deliberate failure to provide data, as a result of which the enforcement of a claim becomes difficult.

With the help of another online search engine, we have dunned 15 galleries so far with which we have not yet had any contact. Most of them have paid and also provided data; filing a lawsuit was hardly necessary.

The regulatory environment changed in 2016 due to the domestic enforcement of EU regulations with the adoption of the new law on collective rights management. In addition to the increase in data provision and administrative tasks, rightholders are adversely affected by the fact that the royalties of unknown persons or persons staying in unknown places must be transferred to the NKA now in 90% instead of the earlier 25% after three years (previously five years) since 2019. The law offers the possibility of applying this rule only to royalties collected after its entry into force. The delegates' meeting decided in favour of the rightholders and took advantage of this possibility.

Since 2012, only 4% royalties can be charged instead of 5% for the works of art sold. Investment interest can also be used to cover operating expenses, so our Society has been adversely affected by the government measure that business and non-profit organizations must not purchase interest-bearing treasury bills from April 2018 and only private individuals can take advantage of this opportunity. Securities interest rates are low anyway, but the approx. -0.2% yield on discount treasury bills that we can purchase, as the least risky securities, is only a fraction of the previously realized interest rates. The interest income of HUF 7-8 million accounted for in previous years decreased to HUF 4 million in 2018 (due to protracted lock-up periods) and the interest realized in 2019 was only HUF 2 million. In terms of investments amounting to HUF 340 million, the yield hardly reaches 0.5%. The lost revenue was at least HUF 6 million.

The amount of handling charges and other usable revenues, taking into account the enforcement of accruals, did not cover the necessary operating expenses. An annual operating expense ratio of 22-24% of the total revenue cannot be financed with declining interest and other revenue amounts. Due to the cost impact of the increasing administrative burden, our Society is forced to increase the handling charges and to introduce other measures in addition to seeking continuous cost savings.

The latter includes the decision of 12 March 2019 of the presidency to change the method of accounting for costs directly related to the publication of monographs and to allocate a part of the fraction of distributable contribution designated for artistic purposes as a source thereof.

Compliance with the EU rule that reproduction and royalty revenues from blank media carriers have been excluded from VAT and should be treated as an activity “not subject to VAT” from the beginning of 2018 causes additional work. In order to apply this, the royalty registration program had to be modified, thus doubling the IT staff. Particular attention should also be paid to the distribution of royalty types during invoicing. Organizations billing to us should be reminded to use the correct VAT classification.

A positive change for rightholders is that the earlier 27% health contribution rate for royalty payments was 22% in 2017, then only 19.5% in 2018 and dropped to 17.5% from 1 July 2019. This public burden is now known as Social Contribution. Unfortunately, individual accounting for handling charges offsetting the health contribution must be maintained, because we cannot fund the funds for the public burden of HUF 14-15 million, depending on the royalty payments, from the currently applicable handling charges ratios.

From 1 July 2020, the contribution burden was further reduced. It went down to 15.5%, partly due to the economic impact caused by the COVID-19 pandemic.

Support by the Society for community purposes was provided according to the practice of the last three years. Royalties received by 29 July 2016 are redistributed based on past practice. After accounting for 20% payments to arts organizations and 5% for social support, the remaining royalties are paid to those who received such distributed funds in the five years preceding the period.

Between 2012 and 2016, amounts for cultural purposes were transferred by HUNGART to the National Cultural Fund (NKA) (7% of the royalties received – and to be subdivided – and 12.5% of the redistributed royalties over five years had to be transferred to the NKA). The utilization of the funds is not transparent because the NKA does not provide information and does not report on the intended utilization.

Due to the entry into force of the Law of 2016 on the Joint Management of Rights, it was necessary but also possible to rethink the support policy.

As a result of the requirement in law, 90% of royalties collected over three years must be transferred to the central fund (only 10% can be redistributed or used for social purposes).

No cultural deduction for community purposes is made from the revenues earned and from the royalties received for distribution after the entry into force. After accounting for the handling charges, only the redistribution for social purposes increased to 5% was paid from the revenue. The remaining royalty amount is distributed to the rightholders.

SUMMARY EVALUATION OF MANAGEMENT AND THE REPORT DATA

Following the loss of THUF 5,647 in the previous year, the balance sheet earnings for the Society's economic activity in 2019 was a loss of THUF 5,847. Due to the shortfall of revenues, the operating budget of rights management for the year under review closed with a deficit of THUF 3,636 (see later); to this is added the depreciation to be accounted for due to the business management approach.

The operating budget must be prepared using the expense-income approach and the accounting report using the cost (expenditure) - income approach, which results in differences in the accounts. Briefly assessing the reasons, the table on the realization of the operating budget (Annex 1) also shows that the loss was mainly due to the development in revenues. The surplus from the revenues received from foreign affiliates (from this royalty the handling charges are accounted for by the affiliate but not by our Society) and the surplus of interest and accrued income could not offset the reduced data from 4% “gallery” and the copying royalty income and the monograph sales.

Overall, there were also savings in personnel and material expenses. For the first time, we enforced the decision of 12 March 2019 of the presidium to change the method of accounting for costs directly related to the publication of monographs and we accounted for a part of the fraction of distributable contribution designated for artistic purposes as a source thereof (HUF 7m).

The impact of the measures on the cost side could not compensate for the revenue shortfall either.

RIGHTS MANAGEMENT ACTIVITY

Royalty income data for 2015-2019 are presented in accordance with the cash accounting principle of royalty settlement. These figures no longer include the accruals for royalties still applied in previous years. Following the transition in 2014, the annual figures can be compared and meaningful information can be obtained to assess the trends.

Based on this, it can be stated that the revenues have fluctuated both as a whole and in terms of royalty types. We also have no control over the development of royalties received from abroad. In 2015 and 2016 we received HUF 14-14 million reprographic royalties from a foreign partner organization for the years 2009-2013; in 2018, we received HUF 45 million from 2001 for 16 years retrospectively.

No positive change in revenue from the 4% royalty and contribution in 2020 can be expected in the economic environment that has become uncertain due to the "COVID-19" pandemic. In connection with the data provision for the first quarter, several organizations (albeit smaller galleries) informed us that they would be forced to terminate their activities after March because they were unable to find the funds for their costs.

There are also many questions regarding the development of legalization (copying) – not only due to the pandemic situation, but also because few of the licensing cases associated with some major fine art exhibitions continue to influence the revenues. As a result of the thematic transformation of MTVA's channels and programs, the broadcasting revenues are generated in accordance with the contract that is renewed annually. The revenues from secondary royalties (blank media carrier, cable, reprography) depend on the activities of our partner organizations and the performance of the contracts concluded with them.

<i>Gross sales (incl. handling charges) by royalty type</i>	<i>2015</i>	<i>2016</i>	<i>Year 2017</i>	<i>Year 2018</i>	<i>THUF Year 2019</i>
4% royalty	70,626	86,233	90,483	86,926	80,509
(of which contribution)	(23,824)	(32,605)	(38,611)	(42,789)	(31,158)
Legalization (copying)	16,680	14,138	15,521	18,901	14,774
Blank media carrier	35,638	25,366	31,669	25,348	33,058
Reprographic fee	28,725	33,903	27,152	28,074	27,680
Broadcasting royalty	14,366	14,988	16,923	17,693	19,321
Cable	19,044	16,029	17,393	22,075	26,167
Royalty received from abroad	19,666	24,335	9,639	57,471	16,286

<i>In total:</i>	<i>204,745</i>	<i>214,992</i>	<i>208,780</i>	<i>256,488</i>	<i>217,795</i>
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<i>Distribution of royalty payments</i>	<i>Year 2015</i>	<i>Year 2016</i>	<i>Year 2017</i>	<i>Year 2018</i>	<i>THUF Year 2019</i>
Individual rightholders	81,272	121,586	120,521	112,816	131,482
Hungarian and foreign companies	6,712	13,089	11,666	11,617	11,832
Foreign partner organization	9,285	11,189	10,736	12,517	14,385
<i>Total</i>	<i>97,269</i>	<i>145,864</i>	<i>142,923</i>	<i>136,950</i>	<i>157,699</i>

<i>Number of individual rightholders</i>	<i>609 persons</i>	<i>774 persons</i>	<i>748 persons</i>	<i>814 persons</i>	<i>1,506 persons</i>
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Of the royalty payments in 2019, THUF 98,335 was the distributed amount received in the year under review. The amount of royalties received from Hungarian partner organizations was THUF 51,247, and the amount of royalties received from abroad was THUF 5,667. We were able to pay 71% (THUF 23,038) of the redistributed royalty amounts over 5 years (general limitation period). More and more individual rightholders are asking us to account for and transfer the personal royalties to the organization (Kft., Bt., foundation, etc.) they operate as a beneficiary. The number of domestic organizations in 2019 was nearly 60.

(Detailed data of the royalty accounting are included in Annex 1 to the income statement)

Support policy and utilization of royalties for community purposes

Based on the approved support policy of the Society, the May 2019 meeting of the presidium decided to publish 3 monographs. The high-quality books aimed at presenting artists previously awarded with an artistic scholarship were published in October, bringing the number of books in the series presenting contemporary artists to 44.

We made only THUF 229 revenue from the sale of the monographs. It is not a primary purpose of publishing books to significantly increase the revenue of the Society; it basically serves to the professional work of art and the results of contemporary creative activity. THUF 10,292 was spent on the publication of the monographs in 2019. We accounted for THUF 450 for the reprinting of previously published books and THUF 988 for the presentation of the publications in Írók Boltja (Writers' Shop). The funds for the expenditure were the amount approved for the cultural part of the contribution revenue. The amount of the contribution received in 2018 could be used to cover the costs of THUF 7,062 linked to book publishing and calculated on the basis of certain ratios.

Preparatory work for the publication of the books planned for 2020 started at the usual pace. We plan to publish three monographs this year as well, for which the funds are available.

As a result of the change in the support policy, only distribution for cultural and organizational purposes from the contribution and the so-called "archived" royalties over 5 years took place. No payments to NKA were made – but in 2020 we need to transfer 90% of the unpaid royalties beyond three years. As the year 2016 is "only" a fractional year in this respect, we need to pay about HUF 5 million, but in the following years this cut will be HUF 35-40 million. (Between 2012 and 2016, we transferred an average of HUF 10 million to the NKA)

From the division for community purposes, the presidium approved THUF 10,302 to support art organizations and THUF 8,607 for social purposes. (The amounts for 2019 utilization for community purposes are itemized in Annex 2 to the income statement.)

OPERATIONAL BUDGET

The utilization of HUNGART's operating budget for 2019 is presented in Annex 1. As part of this, we also attach the development of costs according to account class 5 of the general ledger. At the time of planning, we calculated THUF 53,370 for revenue that can be used for operating costs and accrual-adjusted revenue was THUF 49,128 – THUF 4,242 (8%) less than expected. The annual expenditure of THUF 59,826 was by 2.1% lower than planned, but it could not make up for the shortfall of the revenue.

In total, the lower expenditure of THUF 1,165 was caused by the lower labour costs for personnel expenses. In the case of material expenses, the expense items accounted for (with the exception of banking and accounting expenses) were all lower than or equal to the plan. Expenditure on purchase of equipment was THUF 511. As an attachment to the utilization of the budget, we present the cost items financed from the contribution.

Operating costs according to the supervisory report are THUF 54,953 (The supervisory body also takes into account the accounted depreciation and other and financial expenses)

Using the individual handling charges, the THUF 14,633 social contribution (health contribution) payable on royalties did not lead to a loss, because the invoiced income covered the payment obligation.

Key items of expenditure:	2019 auditor's fee	HUF 440,000
	"Transparency" audit cost	HUF 340,000

SZTNH supervision fee:	Royalty and financial revenue	HUF 220,514,869.-
	<i>0.5% supervision fee</i>	<i>1,102,574.-</i>
	Other revenue	22,793,332.-
	<i>0.3% supervision fee</i>	<i>68,380.-</i>
	2019 supervision fee	HUF 1,170,954

DATA AND DETAILED PRESENTATION OF THE ACCOUNTING REPORT

1.1 Change in balance sheet data

	HUF 1,000	Previous period	Period under review	Absolute change
	ASSETS			
01.	A. Fixed assets	422,988	270,824	- 152,164
02.	I. Intangible assets	0	0	0
10.	II. Tangible assets	85,386	83,530	-1,856
18.	III. Financial fixed assets	337,602	187,294	-150,308
27.	B. Current Asset	99,635	233,205	133,570
28.	I. Inventories	51,018	59,704	8,686
35.	II. Accounts receivable	2,053	6,868	4,815
43.	III. Securities	0	57,434	57,434
49.	IV. Cash and cash equivalents	46,564	109,199	62,635
52.	C. Accrued and deferred assets	3,139	1,304	- 1,835
56.	TOTAL ASSETS	525,762	505,333	-20,429
	LIABILITIES			
57.	D. Equity	95,204	80,123	- 15,081
58.	I. Subscribed capital	0	0	0
60.	II. Unpaid subscribed capital (-)	0	0	0
61.	III. Change in capital/result	100,851	85,948	- 14,903
62.	IV. Profit or loss brought forward	0	0	0
63.	V. Tied-down reserve	0	0	0
64.	VI. Evaluation reserve	0	0	0
67.	VII. Post-tax earnings	- 5,647	- 5,825	- 178
68.	E. Provisions	0	0	0
72.	F. Liabilities	417,680	410,589	-7,091
73.	I. Subordinated liabilities	0	0	0
77.	II. Long-term liabilities	0	0	0
86.	III. Short-term liabilities	417,680	410,589	-7,091
98.	G. Deferred income and accrued expenses	12,878	14,621	1,743
102.	TOTAL LIABILITIES	525,762	505,333	-20,429

ASSETS

The net balance sheet value of the renovated property purchased in the SunPalace house in Óbuda is THUF 82,502.

The registered residual value of the thirteen-year-old car is THUF 629. Other office equipment/furniture, office furniture, fax, telephone, laptop, server and computer stations in the majority have a value of “0”.

The Society's net tangible assets at the end of the year were THUF 399, because a DELL computer needed for rights management and a multifunctional HP copier and a low-value Apple add-on module for book publishing work had to be purchased.

The software for the royalty system created before 2010 has a value of “0”. Not only the extent of the depreciation, but also the outdated programming language justified planning for the software upgrade.

The change in the holding of assets can be seen from the investment mirror.
(See: Assets and their depreciation Annex 2; and investment table.)

We recognize as a fixed asset the stock of treasury bills, which, based on the information available upon closing the balance, do not need to be redeemed during the following year. The balance sheet value is lower than in the previous year because a lock-up expired on 31 December and it appears as bank account money in the statement. Keeping the principle of prudent accounting in mind, we recognize HUF 57 million of securities as current assets – primarily as collateral for royalty payments, due to the expected lower revenues. It is still a problem that organizations, including non-profit associations, no longer have the opportunity to invest primarily in government securities from April 2018, but the interest on “free” discount treasury bills is extremely low.

Inventory The production cost of the existing copies of the “HUNGART book series” (THUF 59,704). Trade receivables the legalization amounts authorized in December (THUF 441); invoiced monographs consigned THUF 26); and MTVA’s Q3 broadcasting fee (THUF 5,836). From other receivables, THUF 203 is overpayments of Hungarian and foreign royalties; THUF 362 cancelled, credited royalties.

The closing value of the BB settlement deposit account was THUF 12,292. Due to securities maturing at year-end, the CIB account closed with a balance of THUF 95,347; the Treasury's bank account with a balance of THUF 1,380. Cash flow is limited only to the most necessary, and the petty cash closing balance was HUF 179,610.

Costs were accrued and deferred in accordance with legal requirements. (Subsequent period insurances, GPS premium, program updates) Revenue accruals the time-proportionate interest on the securities for the year under review.

LIABILITIES

Short-term liabilities

THUF 410,589

detailing:

Domestic suppliers	THUF 77
Foreign rightholder’s account	THUF 1,387
VAT payable month 12	THUF 1,014
PIT obligation month 12	THUF 2,130
Royalties and wages, membership fee, soc. contr. month 12	THUF 2,486
Company Car tax Q4	THUF 33
Social security obligations month 12	THUF 312
Returned royalty to be transferred again + DACS	THUF 795
Contribution distributed or to be distributed	THUF 105,013
Pending and payable royalty	THUF 296,171

2019 supervision fee THUF 1,171

Items of accrued expenditure**THUF 2,222**

- Sun Palace public utility costs	THUF 99
- post and courier service	THUF 116
- telephone charges	THUF 30
- 2019 organizational royalties	THUF 654
- marketing survey	THUF 171
- securities account fee	THUF 37
- lawyer's fee December	THUF 675
- 2019 auditor's fee	THUF 440

Revenue accruals include the handling charges of received, undistributed broadcasting (TV) royalties (THUF 3,066), royalty costs invoiced and received in December and the handling charges for copying (THUF 558 and THUF 76); and the reclassified royalty management amount over five years (THUF 8,699) recognized as a long-term liability in previous years.

1.2 Changes in income statement data

	HUF 1,000	Previous period	Period under review	Change %
I.	Operating margin	265,179	218,407	-17.64
	- of which revenue from domestic royalties	207,708	202,121	-2.27
	- revenue from royalties received from abroad	57,471	16,286	-71.66
II.	Capitalised value of work performed by the undertaking for its own purposes	0	0	0.00
III.	Other revenues	15,439	22,793	47.63
IV.	Material expenses	249,649	210,302	-15.76
V.	Staff costs	37,922	36,461	-3.85
VI.	Depreciation	2,531	2,281	-9.88
VII.	Other expenses	148	34	-77.03
A.	RESULT OF OPERATING (BUSINESS) ACTIVITIES	- 9,632	- 7,878	18.21
VIII.	Financial operations revenue	4,021	2,108	- 47.58
IX.	Financial operations expenses	36	55	52.78
B.	RESULT ON FINANCIAL OPERATIONS	3,985	2,053	- 48.48
C.	EARNINGS BEFORE TAX	- 5,647	- 5,825	- 3.15
X.	Tax payment obligation	0	0	0.00
D.	POST-TAX EARNINGS	- 5,647	- 5,825	- 3.15

Regarding the royalty revenues presented above (page 8) and the income statement data, it is necessary to mention that the decrease in gallery and legalization revenues was offset by the higher amounts transferred for blank media carrier and cable TV royalties. The reason for the significant year-on-year difference in terms of the royalties received from abroad is that in 2019 no retrospective large-amount royalties were received for previous periods. Net revenue the difference between the handling charges of foreign partner organizations and Hungart. (THUF 525 and 432)

From an accounting point of view, reprographic and blank media carrier revenues should be classified under other revenues; but due to the calculation and reporting of the SZTNH supervision fee, it is more appropriate to continue recognizing it as net revenue. A similar, but opposite classification is appropriate for the recognition of previously unrecognized handling charges for archiving (redistribution over five years). These are "Other revenues" which in the last two years

amounted to THUF 8,254 and HUF 7,880.

Additional Other revenues are the revenues from invoiced individual handling charges (THUF 14,424 and HUF 14,633) offsetting the royalty social contribution (health contribution) and the occasional sale of monographs (THUF 1,015 and 229).

Under Financial revenues, the yield on various treasury bills for the year under review was THUF 2,104.

The balance of the exchange rate difference due to foreign exchange price fluctuations (THUF 51) resulted in a loss. Other expenses - the total annual amount of motor vehicle tax (THUF 132), which is only THUF 33 due to the reclassification of costs. Contrary to previous years and in accordance with the new accounting policy, support for community purposes were accounted for in the mediated services line; and the difference in the inventory value of monographs sold from the distribution of previous contributions was accounted for against contribution liabilities.

The development of royalty payments is presented in Annex 1 to the income statement. For the sake of transparency, royalty items are highlighted in the appropriate lines of the income statement.

Below, we present the changes in the composition of the main balance sheet items and the calculated value of the indicators that are common in the business sector, but can also be applied to the management of the Society.

1.1. Highlighted summary balance sheet items and their distribution

Assets (data in %)	Previous period	Period under review
Fixed assets	80.45	53.59
Intangible assets	0.00	0.00
Tangible assets	16.24	16.53
Financial fixed assets	64.21	37.06
Current assets	18.95	46.15
Inventories	9.70	11.81
Accounts receivable	0.39	1.36
Securities	0.00	11.37
Cash and cash equivalents	8.86	21.61
Accrued and deferred assets	0.60	0.26
TOTAL ASSETS	100.00	100.00

Liabilities (data in %)	Previous period	Period under review
Equity	18.11	15.86
Subscribed capital	0.00	0.00
Unpaid subscribed capital	0.00	0.00
Capital reserve/change in capital from result	19.18	17.01
Profit or loss brought forward	0.00	0.00
Tied-down reserve	0.00	0.00
Evaluation reserve	0.00	0.00
Post-tax earnings	- 1.07	- 1.15
Provisions	0.00	0.00
Liabilities	79.44	81.25
Subordinated liabilities	0.00	0.00

Long-term liabilities	0.00	0.00
Short-term liabilities	79.44	81.25
- of which royalty obligation	(59.12)	(58.61)
- of which contribution obligation	(18.65)	(20.78)
Accrued expenses	2.45	2.89
TOTAL LIABILITIES	100.00	100.00

On the assets side of the balance sheet, the changes in fixed asset and current asset items and cash and cash equivalents are a consequence of the year-end maturity and redemption of securities. Changes on the liability side are due to the loss in the year under review, short term liabilities and accruals lines. The production value of the monographs realized from the contributions, based on the inventory, is the inventory value, and the change in inventory after 2014 is also shown at the expense of liabilities. Therefore, there has been a restructuring of liabilities for the previous years. As for accrued expenses, the archiving handling charges, which are being phased out, cause a change.

1.2. Financial position

Usability of fixed assets

The net value (usability rate) of tangible and intangible assets was 59.1% of the gross value in the previous year and 57.7% in the year under review - mainly based on the reference value of the property.

The net asset value of intangible assets and office machines and equipment is essentially "0" (zero). The residual value of the more than ten-year-old vehicle and the two assets purchased in 2019 have a net value.

Coverage of fixed assets

In both years, the closing stock of fixed assets was covered by internal funds by 22.54% in the previous year and 29.60% in the year under review in an amount exceeding the equity.

Financial strength

The proportion of equity of HUNGART VMKJT SOCIETY within the total liabilities was 18.11% in the previous year and 15.86% in the year under review. The decrease was due to loss accounting and liability settlement.

Capital structure index

Short-term liabilities accounted for 438.7% of equity in the previous year and 512.4% in the year under review.

1.3. Liquidity and solvency

Quick ratio

The quick liquidity ratio (ratio of the total value of receivables, securities and cash and cash equivalents to short-term liabilities) characteristic of short-term liquidity was 0.12 in the previous year and 0.42 in the year under review.

Liquid assets ratio

The ratio of assets affecting short-term liquidity in total assets was 9.2% in the previous year and 34.3% in the year under review.

Long-term liquidity

The long-term liquidity ratio (the ratio of current assets to liabilities) was 0.24 in the previous year and 0.57 in the year under review.

Liabilities and liquid assets

The stock of liquid assets at the cut-off date (securities, receivables, cash and cash equivalents), supplemented by the recorded inventory value, fully covered the liabilities. The value without the inventory is 87.63%.

1.4. Profitability

Development of revenues

The total income of the society calculated for the whole calendar year decreased from THUF 284,639 in the previous year to THUF 243,308 in the year under review thanks to a one-off, exceptionally high foreign revenue in 2018.

Excluding the “distorting” foreign revenue, an increase of THUF 4,006 can be seen compared to the 2018 revenue (239,302).

Post-tax earnings

The accounting result for the year under review (-5,825 loss) is THUF 178 higher than in the previous year (THUF -5,647).

1.5. Cash flow

	Name (HUF 1,000)	Previous year	Year under review
I	Change in cash from ordinary activities (Operating cash flow lines 1-13)	100,417	-77,992
1	Earnings before tax (+/-)	- 5,647	- 5,825
2	Amortization recognized (+)	2,531	2,281
3	Recognized impairment and reversal (+/-)	0	0
4	Difference between provisioning and utilization (+/-)	0	0
5	Result from sales of moveable fixed assets (profit -, loss +)	0	0
6	Change in trade payables (+/-)	390	291
7	Change in other, short-term liabilities (+/-)	114,902	-7,382
8	Change in accrued expenses (+/-)	- 13,969	1,743
9	Change in trade receivables (+/-)	218	-4,350
10	Change in current assets (excl. trade rec. and cash and cash equivalents) (+/-)	- 848	- 66,585
11	Change in accrued assets (+/-)	2,840	1,835
12	Tax paid or payable (after profit) (-)	0	0
13	Dividend and share paid or payable (-)	0	0
II	Change in cash and cash equivalents from investment activity (Investment cash flow lines 14-16)	- 6,889	149,883
14	Acquisition of fixed assets (-)	- 6,889	0
15	Sale of fixed assets (+)	0	149,883
16	Dividend and share received (+)	0	0
III	Change in cash and cash equivalents from financial operations (Financing cash flow lines 17-27)	- 63,127	- 9,256
17	Income from issuing shares and capital raising (+)	0	0
18	Revenue from debt securities (+)	0	0
19	Credits and loans (+)	0	0
20	Repayment, termination and redemption of long-term loans and bank deposits (+)	0	0
21	Funds finally received (+)	0	0
22	Withdrawal of shares, withdrawal of capital (capital, liabilities settlement) (-)	- 21,846	-9,256

23	Repayment of bonds and debt securities (-)	0	0
24	Repayment of credits and loans (-)	0	0
25	Long-term loans and bank deposits (-)	0	0
26	Funds finally transferred (-)	0	0
27	Liabilities towards founders and other long-term liabilities (+-)	- 41,281	0
IV	Change in cash and cash equivalents (lines I+II+III)	- 30,401	62,635

The main changes in the items of the Cash-Flow statement in the year under review were due, as already mentioned several times, to the maturity of the securities at the end of the year and its crediting to the bank account.

Budapest, 29 May 2020
Author: HOLOCSI Ferenc

Development of the operating budget of HUNGART Collecting Society of
Hungarian Visual Artists in 2019

Revenue (THUF) 2019 plan/ 2019		Royalty items (net)
10,000	16,286	Royalty from abroad in foreign currency / <i>assigned revenue</i>
55,000	49,342	Amount received from 4% copyright fee
40,000	31,159	Amount received from 4% contribution / <i>revenue for community purposes</i>
19,000	14,774	Copying royalty / <i>legalization</i>
20,000	19,321	TV broadcasting royalty / <i>assigned revenue</i>
27,680	27,680	Reprography Association / <i>reprography royalty</i>
33,058	33,058	Artisjus / <i>blank media carrier</i>
26,167	26,167	Artisjus / <i>cable TV royalty</i>
1,000	229	Other income / Monograph sales
50	60	Royalty late interest; reimbursements
1,600	2,108	Interest on securities, bank interest (FINANCIAL INCOME)
14,000	14,633	<i>Invoiced net INDIVIDUAL handling charges</i>
7,804	8,311	<i>Accrual and redistribution handling charges</i>
255,359	243,128	Total

Available for Costs 2019 Plan/Accrued/2019 Fact			Handling charges of royalties
400	0	432	Foreign partner ass. (handling charges % difference)
12,100	- 73	10,782	22% of amount received from royalty (4%)
8,800	0	6,855	22% of amount received from contribution (4%)
4,180	353	3,604	Copying, reproduction royalty (legalization) /22%
4,400	- 100	4,151	TV broadcasting fees /22%
4,152	0	4,152	Reprographic royalty for 2018/15%
4,959	0	4,959	ArtisJus (2018 blank media carriers)/15%
3,925	0	3,925	ArtisJus (2018 cable TV)/15%
7,804	0	7,879	Accrued; redistribution / Handling charges of archiving
1,050	0	281	Other income (Casco, legal costs, monographs)
1,600	0	2,108	Interest recognized (Securities financial income)
53.370	180	49.128	Total

Expenditures January - December 2019 /net PERSONNEL EXPENSES	Expenses (THUF) 2019 plan/2019 fact	
Wage cost (plan 2-2 people full-time and six hours)	16,382	15,846
Simplified employment - with public dues	0	194
Fees/President, vice-presidents, SB chairman	6,423	6,394
Contribution of personnel payments 17.5% (19.5% for first half of year)	4,115	4,110
Posting (Berlin CISAC)	250	140
Entertainment	100	54
Public dues of telephone use	30	22
A/Total Staff costs	27.300	26.760

Expenditures January - December 2019 /net MATERIAL EXPENSES	Expenses (THUF) 2019 plan/2019 fact	
Sun Palace overheads (heating, electricity, water, common costs)	1,200	975
Office supplies, maintenance materials	400	403
Car operation (fuel, maintenance, insurance)	800	836
Postage	1,500	1,406
Phone, Internet	660	629
Courier service, taxi	80	47
Rent (office, P.O. Box, meetings)	1,220	1,216
Machine and other maintenance	100	133
Advertisement, marketing, market research	200	196
Textbooks, journals, catalogues;	0	0
Web-site maintenance, domain fee, program updates	150	157
Translation	100	125
Membership fees (MIE, GESAC, SUIA, EVA, Royalties Assoc.)	2,000	1,982
Accounting service, auditing	6,060	6,340
IT supervision, software maintenance	2,450	2,305
Education, courses	30	30
Legal representation	7,980	7,960
Royalties processing fee	4,750	4,005
Securities handling charges	190	165
Bank charges	2,000	2,414
Duties, official fees, execution	30	5
Exchange rate loss, default interest	50	55
SZTNH supervision fee	1,250	1,171
B/ Total Material expenses	33.180	32.555
IT development - programs	0	0
Device Investment / Dell Computer	0	276
Low-value assets	0	0
Sun Palace technical and equipment development	600	235
C/Development expenses	600	511
D/Total expenditure /A+B+C/	61.080	59.826
E/ REVENUE available for expenditure	53.370	49.128
OPERATING RESULT (E-D)	- 7,710	- 10,698
<i>Adjustment in connection with book publishing</i>	<i>7.710</i>	<i>7.062</i>
ADJUSTED OPERATING RESULT	0	- 3.636
<i>Recoverable EXPENSES</i>		
<i>Copyright 19.5;17.5% social contribution = Indiv. cost</i>	<i>14,000</i>	<i>14,633</i>

The monthly average of the cost is THUF 4,986; expenditure relative to total revenue

24.61% Author: HOLOCSI Ferenc

29 May 2020

BASIC TASKS

Royalty paid to individual rightholders:	THUF 131,482
Royalty of domestic organizations /rightholders/:	THUF 9,907
Royalty of foreign organizations/ but individuals:	THUF 1,925
Foreign PARTNER ORGANIZATIONS:	THUF 14,385
IN TOTAL:	THUF 157,699

Support for **ARTS ORGANIZATIONS** THUF 4,000 from 4% contribution
/ Based on the decision of 30 May 2019 (THUF 1,000 each to four organizations)
20% of **ARCHIVING** THUF 6,302 – MAOE + three organizations THUF 500-500;

In 2019, a budget of THUF 18,328 was available for publishing three new monographs and the book launch, and for reprinting previous volumes. (decision of 30 May 2019)

Utilization in 2019: THUF 10,292 for three new monographs; THUF 450 for reprint; Book launch in the Writers' Shop THUF 988.

In addition to the justified direct costs of book publishing, the items related to book publishing must be covered from the amount of the contribution (decision of 12 May 2019).

The planned amount of related costs was THUF 7,710;

the actual amount of transferred costs was THUF 7,061 (see annex)

Expenditure for social purposes according to the support policy (transfer to MAOE):

10% of contribution over 70 years	HUF 3,337,528
Cable TV 5%	HUF 1,112,113
Blank media carrier 5%	HUF 1,404,970
Reprography 5%	HUF 1,176,391
Archiving 5%	HUF 1,575,617
TOTAL SOCIAL	HUF 8,606,619

There was no cultural purpose according to the support policy; no transfer to NKA had to be made. The amount of archiving for organizational support for other cultural purposes was HUF 6,302,467.

LIABILITIES: asset elements

<i>Bank account, petty cash</i>	<i>THUF 13,852</i>
<i>Expired security on 31.12</i>	<i>THUF 95,347 / Re-deposited in first days of January 2020</i>
<i>Securities holdings at year-end</i>	<i>THUF 243,728 / Expected interest rate approx. HUF 2 million – in 2020</i>
<i>Accounts receivable</i>	<i>THUF 6,303 / Mainly due to MTVA Q3 amount)</i>
<i>Overpayment to rightholders</i>	<i>THUF 203</i>
<i>Cancellation of returned royalties</i>	<i>THUF 362</i>

LIABILITIES

Supplier invoices	THUF 1,464
Repayment of incorrect foreign royalty	THUF 68
Returned royalty transferred for 2020	THUF 727
Taxes, contributions month 12	THUF 5,965
Accrued costs in year under review	THUF 2,222

Total SZTNH supervision fee payable on revenue HUF 1,170,954

Regular monthly cost THUF 4,943

STATEMENT OF THE RELATED COSTS OF BOOK PUBLISHING IN 2019

Compensation of the planned Operating Loss / THUF -7,710/ at the expense of the distribution of the contribution.

Items related to book publishing to be accounted for and actually accounted for at the expense of the contribution received in 2018 in order to balance the budget in accordance with the decision of 12 March 2019 of the Presidium:

ITEM OF EXPENDITURE	THUF			HUF		HUF
	2019. plan	% proportion	4% Contribution accounting PLAN	Year 2019 costs	% proportion	Costs acc. to % proportion
Sun Palace wage	1,995	90%	1,795,500	1,394,999	90%	1,255,499
Sun Palace assignment /Plan in wage		90%	0	193,600	90%	174,240
Sun Palace public due	367	90%	330,683	262,425	90%	236,183
Work of Falk Miksa utca employees in relation with books	384	100%	384,294	620,400	100%	620,400
President's fee	5,972	40%	2,388,734	5,971,836	40%	2,388,734
Fee public due	1,102	40%	440,789	1,101,972	40%	440,789
Sun Palace overheads	1,200	75%	900,000	974,997	75%	731,248
Sun Palace telephones	360	75%	270,000	353,784	75%	265,338
Vehicle operation	800	75%	600,000	836,131	75%	627,098
Sun Palace technical development	500	100%	500,000	234,990	100%	234,990
Sun Palace maintenance cost	100	100%	100,000	87,000	100%	87,000
TOTAL	12.780		7,710,000	10,633,530		7,061,519

SHORT SUMMARY

In 2019, there was a "saving" of THUF 550-600 in both personnel and material expenses compared to the planned budget.

On the personal side, the lower amount is mainly due to the employment of TÓTH Zsuzsa and her resignation in September /In 2020, her 8-hour re-employment causes a change with the opposite sign/

In terms of material expenses, the lower amount of the 4% royalty processing is a consequence of the gallery income – that is lower than planned and than in previous years. (Despite the continuous identification of obligors - not without results) The saving of THUF 100-200 of one or two items offset e.g. the higher amount of bank charges (bank transfers to significantly more beneficiaries were made)

However, the savings in expenditures could not compensate for the HUF 12 million shortfall in revenues compared to the plan. (Revenue is lower not only for galleries, but also for legalization)

The interest rate on the securities is higher than planned, but is far from the HUF 7-8 million of previous years. The planned cost shifting was not sufficient to avoid an operating loss.

Author: HOLOCSI Ferenc

Budapest, 29 May 2020

Presentation of HUNGART's costs according to account class 5

FKV	NAME	Amount THUF		
		Year 2017	Year 2018	Year 2019
5,110	Fuel	162	210	45
5,111	Energy cost (electricity, water, heating)	428	618	126
5,112	Common cost (Sun Palace)	459	454	118
5,113	Maintenance materials (e.g. vehicle)	175	93	101
5,114	Printed matter goods, stationery goods	281	370	333
520	Postage (notification of rightholders)	1,133	1,385	1,406
5,200	Phone, Internet	629	635	364
521	Delivery (e.g. courier post)	61	70	47
522	Rent	1,201	1,212	1,216
523	Maintenance and repair cost	171	130	86
524	Advertising, market research	32	191	196
526	Travelling and posting costs	141	369	140
527	Accounting service	5,200	5,900	6,340
	- of which auditing fees	(400)	(700)	(780)
528	Membership fees (CISAC, GESAC, EVA, SUIA)	2,245	1,775	1,982
5,293	Lawyer's fee, lawsuits	7,680	7,680	7,960
5,293	Data processing / 4-5% royalty	4,403	4,406	4,004
5,297	IT supervision, software maintenance	2,298	2,331	2,305
5,299	Other services used	328	218	312
	_ Translation, Program update, SZTNH course/525			
531	Duties, execution fees	591	32	5
532	Securities handling fee	148	181	165
535	Insurance premium	154	189	10
535	SZTNH supervision fee,	1,169	1,392	1,171
535	Bank charges	1,928	1,896	2,414
541	Salary cost, sick leave	15,221	14,206	14,062
543	Contractor's fees	0	0	17
555	Honoraria	5,408	5,408	4,006
5,590	Phone PIT	12	12	10
5,591	Phone social contribution (health contribution)	17	15	12
558	Entertainment	103	140	54
560	Social contribution tax/sick pay 1/3	4,410	3,717	3,528
571	Depreciation	3,079	2,454	2,281
572	Low-value depreciation	0	77	0
GRAND TOTAL		59,304	57,690	54,816

HUNGART Collecting Society of Hungarian Visual Artists H-1055
Budapest, Falk Miksa utca 30.

DEPRECIATION 2019 CUMULATIVE ANNUAL

Asset	Purchasing	Gross value	Depr. %	Depr. Tax Act	Depr. Accountancy Act	Total depr.	Net worth
<i>Intangible assets</i>							
Royalty development	01.08.2006	835,000	20.00	0	0	835,000	0
WEBSITE dev. 2,008	03.05.2005	753,000	20.00	0	0	753,000	0
Invoicing program	13.06.2005	150,000	20.00	0	0	150,000	0
Repro program	02.08.2005	510,000	20.00	0	0	510,000	0
Blank cassette program	29.05.2006	100,000	20.00	0	0	100,000	0
ABEV-e program	29.05.2006	200,000	20.00	0	0	200,000	0
Rightholder NAME program	29.05.2006	60,000	20.00	0	0	60,000	0
Leopárd server program	30.06.2009	293,500	20.00	0	0	293,500	0
HUNGART.org website	01.12.2009	2,100,000	20.00	0	0	2,100,000	0
Bank contact software	15.06.2012	400,000	20.00	0	0	400,000	0
Archiving software	01.11.2012	1,100,000	20.00	0	0	1,100,000	0
CISAC supply of data	01.11.2012	500,000	20.00	0	0	500,000	0
Reprography extension	01.11.2012	240,000	20.00	0	0	240,000	0
Costume program	05.08.2013	160,000	20.00	0	0	160,000	0
Total		7,401,500		0	0	7,401,500	0
<i>Real estate (123, 124)</i>							
Sun Palace renov. 03.07	01.06.2009	104,949,937	2.00	2,098,999	2,098,999	25,500,085	79,449,852
Sun Palace Garage	23.03.2007	2,500,000	2.00	50,000	50,000	638,630	1,861,370
Sun Palace Storage rooms	29.04.2007	1,595,000	2.00	31,900	31,900	404,212	1,190,788
Total		109,044,937		2,180,899	2,180,899	26,542,927	82,502,010
BMW vehicle (10%)	20.07.2007	6,291,182	20.00	0	0	5,662,064	629,118
<i>Plant and equipment (143)</i>							
GPS system	17.07.2007	233,880	14.50	0	0	233,880	0
BONECO humidifier	13.03.2009	127,050	14.50	0	0	127,050	0
Kitchenette	31.03.2009	462,000	14.50	0	0	462,000	0
W-DECO furniture	31.03.2009	13,353,600	14.50	0	0	13,353,600	0
Witmann furniture	30.04.2009	1,352,680	14.50	0	0	1,352,680	0
Samsung multifunction device	01.06.2009	341,833	33.00	0	0	341,833	0
CANON video recorder	01.06.2009	249,917	14.50	0	0	249,917	0
NIKON digital camera	01.06.2009	294,500	14.50	0	0	294,500	0
Philips TV	01.06.2009	333,333	14.50	0	0	333,333	0
iMac machines	01.06.2009	1,673,275	33.00	0	0	1,673,275	0
HUNGART board	10.07.2009	134,000	14.50	0	0	134,000	0
HUNGART banner	01.09.2009	1,360,000	14.50	0	0	1,360,000	0
DELL server	24.09.2014	568,600	33.00	0	0	568,600	0
MacBook pro "15	19.11.2014	350,000	33.00	0	0	350,000	0
Epson printer	11.06.2015	119,500	33.00	0	0	119,500	0
iPhone 6s plus	07.04.2016	149,134	33.00	14,638	14,638	149,134	0
DELL network/FALK	14.04.2016	565,000	33.00	59,030	59,030	565,000	0
DELL Optiplex	18.09.2019	276,000	33.00	26,200	26,200	26,200	249,800
HP Color Laserjet	23.09.2019	164,490	33.00	14,910	14,910	14,910	149,580
Total		22,108,792		114,778	114,778	21,709,412	399,380
GRAND TOTAL		144,846,411		2,295,677	2,295,677	61,315,903	83,530,508

LOW-VALUE ASSET 2016

Adapter	20.01.2016	20,000
Table, chair	15.12.2016	135,250

155,250

LOW-VALUE ASSET 2015

HDD	20.02.2015	17,000
Laptop battery	19.02.2015	27,350
Portable computer	31.05.2015	4,899

49,249

LOW-VALUE ASSET 2014

Windows 7	17.10.2014	35,000
Office 365	17.12.2014	37,160
Számla Kompakt 2015	18.12.2014	6,000
Easus Backup	08.11.2014	49,160

127,320

LOW-VALUE ASSET 2010

6x Windows license	20.04.2010	97,080
2x Office 2008	20.04.2010	110,150
Samsung laser CLP-310	20.04.2010	49,976
Samsung CLX multif. laser	20.04.2010	85,990
APC UPX 2 pcs	20.04.2010	45,810

389,006

LOW-VALUE ASSET 2011

DAHLE paper shredding device	02.02.2011	18,848
Roller stools 2 pcs	02.08.2011	95,108
Spektra lamp	11.11.2011	6,698
APP.iphone	24.11.2011	31,104

151,758

LOW-VALUE ASSET 2012

Sack truck	16.05.2012	4,961
Airport Extreme Base St.	05.06.2012	45,000
Samsung CLT-R409	01.06.2012	29,004
Ikea table	15.06.2012	8,346

87,311

LOW-VALUE ASSET 2013

2x Windows 7	05.11.2013	64,000
Samsung CLT Printer	08.02.2013	28,094
Samsung CLT Printer	25.03.2013	26,484

118,578

LOW-VALUE ASSET 2018

Western H	09.07.2018	25,000
Back.ups	02.08.2018	32,000
Kyocera p.	19.12.2018	20,000

77,000

LOW-VALUE ASSET 2019

Apple TV	23.09.2019	70,500
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OLD SOFTWARE

Office XP	06.03.2002	99,900
Office 2000	05.06.2002	118,000
OLD royalty	03.06.2002	348,000
TV royalty p	01.12.2003	200,000
First WEB	01.10.2004	504,000
SQL progr.	18.10.2004	156,000

1,425,900

ZERO VALUE ASSET

KX-FM fax	12.03.2001	79,992
MIELE orsz.	14.01.2010	43,992
Boxwood	30.08.2010	45,600

169,584

HUNGART Collecting Society of Hungarian Visual Artists Investment mirror

Gross value of intangible assets and tangible assets by balance sheet item:

Development of gross value					
Item (HUF 1,000)	Opening	Increase	Decrease	reclassification from change	Closing
Intellectual products	7,402	0	0	0	7,402
Total intangible assets	7,402	0	0	0	7,402
Real estate and related property rights	109,045	0	0	0	109,045
Other equipment, installations and vehicles	27,959	441	0	0	28,400
Total tangible assets	137,004	441	0	0	137,445

Accumulated depreciation of intangible assets and tangible assets by balance sheet item:

Development of accumulated depreciation					
Item (HUF 1,000)	Opening	Increase	Decrease	reclassification from change	Closing
Intellectual products	7,402	0	0	0	7,402
Total intangible assets	7,402	0	0	0	7,402
Property and rights	24,362	2,181	0	0	26,543
Other equipment, installations and vehicles	27,256	100	0	0	27,356
Investments and renovations	0	0	0	0	0
Total tangible assets	41,618	2,281	0	0	53,899

Distribution of depreciation according to the plan for the year under review by balance sheet item:

Depreciation according to the plan for the year under review					
Item (HUF 1,000)	Linear	Degressive	Performance proportion	Other	Total
Intellectual products	0	0	0	0	0
Total intangible assets	0	0	0	0	0
Real estate and related property rights	2,181	0	0	0	2,181
Other equipment, installations and vehicles	100	0	0	0	100
Total tangible assets	2,281	0	0	0	2,281

HUNGART Collecting Society of Hungarian Visual Artists 2019

INDICATORS according to Act CLXXV of 2011 (FACO Act)

Benefits provided to senior officials (THUF)		
Position	Previous year /2018/ (1)	Year under review /2019/ (2)
President, vice-presidents, SB chairman	5,408	4,006
Contributions of senior officials	1,055	741
A. Benefits to senior officials in total:	6,463	4,747
Indicators necessary to determine public benefit status (THUF)		
	Previous year (1)	Year under review (2)
B. Total annual revenue	284,639	243,309
of which:		
C. Amount transferred in accordance with Act CXXVI of 1996 on the Use of a Specified Amount of Personal Income Tax in Accordance with the Taxpayer's Instruction	0	0
D. public service revenue	0	0
E. per capita entitlement	0	0
F. aid from the European Union's Structural Funds and the Cohesion Fund	0	0
G. Adjusted revenues (B-C-D-E-F)	284,639	243,309
H. Total expenditures (expense)	290,286	249,134
I. of which staff costs	37,922	36,461
J. Expenditure on public benefit activities	290,286	249,134
K. Post-tax earnings	- 5,647	- 5.825
L. Number of persons performing voluntary activities in the public interest involved in the work of the organization (in accordance with Act LXXXVIII of 2005)		

Resource endowment indices	index value	index performance
Section 32(4) a) Freedom of Association, Non-profit Status and the Operation and Support of Civil Organizations Act (FACO Act) $[(B1+B2)/2 > \text{HUF } 1,000,000]$	263,974	YES
Section 32(4) b) FACO Act $[K1+K2 \geq 0]$	0.00	No
Section 32(4) c) FACO Act $[(I1+I2-A1-A2)/(H1+H2) \geq 0.25]$	0.12	No
Public support indices		
Section 32(5) a) FACO Act $[(C1+C2)/(G1+G2) \geq 0.02]$	0.00	No
Section 32(5) b) FACO Act $[(J1+J2)/(H1+H2) \geq 0.5]$	1.00	YES
Section 32(5) c) FACO Act $[(L1+L2)/2 \geq 10 \text{ persons}]$	0	No

Based on the data of the table, it can be stated that Hungart Collecting Society of Hungarian Visual Artists had in 2018 and 2019 adequate resources (Section 32(4) of the Company Code) and adequate social support (Section 32(5) of the Company Code) regardless of the fact that it does not have a public benefit classification.