

ANNUAL FINANCIAL REPORT

2018 FINANCIAL YEAR

ASOCIACIÓN MEDCITIES Y/O MEDCITÉS

Barcelona, 31ST of March 2019.

BALANCE SHEET FOR 31/12/2018

Assets	2018	2017	Liabilities	2018	2017
A) NON-CURRENT ASSETS	164,16	247,49	A) NET EQUITY	112.607,07	90.640,48
II. Tangible Assets	164,16	247,49	A-1) Equity Capital	112.607,07	90.640,48
B) CURRENT ASSETS	379.850,12	200.203,63	III. Contingency fund	35.065,87	0
I. Stock	0	0	V. Previous profits and losses	76.656,58	46195,8
II. Commercial debtors and other pending payments	379.105,33	146.481,19	VII. Yearly gross	884,62	44.444,68
3. Other debtors:	379.105,33	146.481,19	C) CURRENT LIABILITIES	267.407,21	109.810,64
VI. Cash and other similar liquid assets	744,79	53.722,44	II. Short-term debts	154.857,29	0
TOTAL ASSETS	380.014,28	200.451,12	1. Debts with credit entities	78.200,00	0
			3. Other short-term debts convertible into grants	76.657,29	0
			IV. Commercial Creditors and other pending bills	112.549,92	109.810,64
			2. Other creditors	112.549,92	109.810,64
			TOTAL NET EQUITY AND LIABILITY	380.014,28	200.451,12

Original signed document kept in the General Secretariat of the association available for consultation.

The President
Municipality of Tetouan
Mr. Mohamed Idaomar

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The Secretary
Barcelona Metropolitan Area
Ms. Maite Aymerich i Boltà

General Secretariat

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2018 PROFIT AND LOSS REPORT

	2018	2017
4. Procurements	-165.058,47	-177.927,41
60700000 WORK COMPLETED BY OTHER ENTITIES	-165.058,47	-177.927,41
5. Other operating revenues	686.627,40	565.777,02
72100001 MEMBERSHIP DUES	57.700,00	53.200,00
72400001 BARCELONA METROPOLITAN AREA SUBS	263.300,00	263.300,00
72400002 MUNICIPALITY OF BARCELONA SUBSIDIES	91.912,71	48.570,00
72400003 UNITED NATIONS DEV PROGR SUBS	12.558,70	12.896,03
72400004 EUROPEAN COMMISSION SUBSIDIES	200.339,78	157.810,99
72400005 CATALAN COOPERATION AGEN SUBS	60.000,00	30.000,00
72500001 OFFICIAL ACTIVITY EFFECT SUBSIDIES	816,21	0
6. Personnel expenses	-296.220,14	-183.704,22
64000000 SALARIES AND WAGES	-226.598,32	-140.249,47
64110000 PERSONAL INDEMNITY PROVISIONS	-527,55	0
64200000 SOCIAL SECURITY PAID BY THE ENTITY	-68.867,97	-43.359,75
64900000 OTHER SOCIAL EXPENSES	-226,30	-95,00
7. Other operating expenses	-225.189,34	-158.785,37
62300001 LAWYERS AND OTHER PROFESSIONALS	-12.809,26	-13.064,57
62300002 LABOR RISK MANAGEMENT SERVICES	-623,17	-503,18
62300003 TRANSLATIONS	-11.731,97	-2.976,18
62500000 INSURANCE PAYMENTS	-1.401,53	-1.087,50
62600000 BANKING AND SIMILAR SERVICES	-1.531,96	-943,58
62700001 REPRESENTATION EXPENSES	-24.857,44	-13.729,46
62700002 PROMOTIONAL MATERIALS	-5.045,24	-995,89
62700003 COMUNICATION EXPENSES	-6.832,20	-11.227,59
62900001 EMAIL AND WEB DOMAIN SERVERS	-3.132,19	-6.314,99
62900002 PROJECT MISSIONS	-34.101,49	-15.339,58
62900003 EXTERNAL MEETING AND EVENT SERVICES	-99.422,89	-61.576,94
63100000 OTHER TAXES	0	-18,74
65900001 LOSSES FROM UNPAID DUES	-23.700,00	-31.007,17
8. Amortisation and depreciation	-83,33	-2,51
68100000 AMORTISATION AND DEPRECIATION	-83,33	-2,51
12. Altres resultats	-0,08	0
67800000 EXCEPTIONAL EXPENSES	-58,05	0
77800000 EXCEPTIONAL DEPOSITS	57,97	0
A) OPERATIVE EARNINGS	76,04	45.357,51
13. Financial income	0	40,64
b) Another financial income	0	40,64
76900001 CURRENT ACCOUNT INTERESTS	0	40,64
16. Exchange differences	808,58	-953,47
66800000 NEGATIVE EXCHANGE DIFFERENCES	-100,29	-953,47
76800000 POSITIVE EXCHANGE DIFFERENCES	908,87	0
B) FINANCIAL EARNINGS	808,58	-912,83
C) BEFORE TAX EARNINGS	884,62	44.444,68
D) OPERATING INCOME	884,62	44.444,68

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ABREVIATED FINANCIAL REPORT – 2018 FINANCIAL YEAR (01/01/2018 – 31/12/2018)

1. Activities of the Association

a) Activity Description:

- Epigraph IAE 8499 Other independent services.
- Develop awareness of the interdependence and common responsibility in relation to sustainable development, environmental preservation and social cohesion policies in the Mediterranean basin.
- Reinforce the role, the competencies and the resources (institutional, financial and technical) for local administrations in adopting and implementing local sustainable development policies.
- Develop citizen awareness and involvement in the sustainable development of their cities.
- Activate and develop policies for direct cooperation and partnerships between members and other associations.
- Conduct studies, opinion polls, workshops, specialised formation, specialised congresses projects for cooperation and mutual assistance between members.
- Raise participation in programs specific to the European Union, agencies for cooperation in Europe and other countries, as well as international financial institutions amongst others.
- Represent member cities in evaluating policies developed by higher levels and participate in formulating policies relative to the geographic scope and themes of the network.

Specific description of awarded grants:

No grants have been awarded during this financial year.

- Identification of the subscribed collaboration agreements with other associations:
- Agreement with the Barcelona Metropolitan Area (AMB). Amount 265,000.00€ Objective: To Regulate the framework for collaboration in the international scope between the AMB and the MedCités Association. The import of this agreement includes the AMB's annual dues as a member of MedCités.
- Agreement with the Catalan Agency for Cooperation and Development (ACCD). Amount 60,000€. Objective: Co-finance the project to strengthen the acting capacity and decentralised structure of the MedCités in the Mediterranean.
- Agreement with the United Nations Development Program (UNDP). Total amount \$29,900.00. Justified amount 2018: \$15,661.05 (13,025.74€). Objective Co-finance the "Strengthening and promoting strategic urbanism initiatives in Tunisia, especially in inland cities" only the justified part of the total subsidy has been accounted for.
- Agreement with the Municipality of Barcelona. Amount 120,000€ Objective: Develop projects and joint activities in the interests of Mediterranean cities in the scope of sustainable urban development and municipal competencies. Foment participation from the Municipality of Barcelona, together with other metropolitan governments and the AMB, with other economic actors and of civil society in the MedCités's initiatives and projects, with special attention to the participation of European Projects. Share strategies, information and generate opportunities within areas of common interest.
- Agreement with the *Colombe Blanche* Association. Amount: 25,563.65€. Objective: Finance habilitating areas of Tetouan, Morocco, for people with disabled mobility. The payments will be justified by invoices that the *Colombe Blanche* Association will provide. At the end of the project they will sign a certificate affirming that the expenses accrued are connected exclusively to the project.

- Agreement with the Union of Associations working in the field of disability of Tangier. Amount: 25,563.65€. Objective: Finance habilitating areas of Tangier for people with disabled mobility. The payments will be justified by invoices that the Union of Associations working in the field of disability of Tangier will provide. At the end of the project they will sign a certificate affirming that the expenses accrued are connected exclusively to the project.

b) Information about the people or clients benefitting from the described activities:

The beneficiaries of MedCités are municipalities and, therefore, the beneficiaries are the entire collective of people who inhabit those cities. No grants are awarded to individual people.

c) Activities completed to promote equal treatment and opportunities for women and men during the year.

MedCités promotes gender equality as a transversal line of work. This line, which appears in the 2018 Action Plan, is introduced in the formulation of projects, which consider gender equality as a structural element of the Association's interventions.

2. Presentation framework for the annual reports

02.01 A true and fair image

02.01.01 Legal Provisions

The annual financial reports have been prepared according to accounting records of the association, applying all current legal regulation related to accounting with the purpose of providing a true and fair image of the net equity, financial situation and the results of the association.

02.02 Non compulsory accounting principles applied

It was not necessary, nor did the administration of the association believe that it was advisable to apply facultative accounting principles different from the ones referred to in art. 38 of the Commercial Code and the first part of The General Accounting Plan.

02.03 Comparing the information

02.03.01 Modification of the structure of the accounting statements

There was no exceptional reason that justified the modification of the structure of the balance or the statement of gains and losses from that of the previous year, as is anticipated, in article 35.8 of the Commercial Code and in the fourth part of the General Accounting Plan.

02.04 Elements collected from various parts

There are no elements relating to the net equity from the Assets or Liabilities that are recorded in more than one part of the balance.

02.05 Changes in the accounting criteria

In the current financial year, a change in the accounting criteria has been applied. The entire income of subsidies received has been imputed according to the criteria corresponding to the income and the expense independently of the time of certification and collection.

02.06 Error Correction.

The accounts from previous years have been adjusted to add dues collected from members and income coming from the activities corresponding to the years 2015, 2016 and 2017.

Specifically the following amounts have been added:

- 2015 Financial year → 800€
- 2016 Financial year → 2,613.04€
- 2017 Financial year → 17,668.93€

With this adjustment to the report (120 previous profits and losses) the closing balance of the 2018 financial year is €76,656.58.

The positive balance obtained during the year (settlement account 129) in the amount of import de 884.62€ is pending approval for application by the directive board.

3. Applying the report

Information about the proposed application of the surplus funds, especially about the figure the government body has agreed to put toward increasing the quantity in the endowment fund or the social fund and how what has been agreed effects compliance with the applicable legal provisions, is as follows:

Basis of distribution	Amount
Yearly budget surplus	884.62
Total basis of distribution = Total application	884.62
Applied to	Amount
Endowment or social funds	884.62
Special funds	
Remainder	
Surplus pending application in bylaw activities	
Compensation for negative balance in previous financial years	
Total application = Total basis of distribution	884.62

4. Rules for recording and evaluating

04.01 intangible assets

04.01.02 Research and development expenses

During the current financial year, no expenses have been put toward research and development (R+D) and therefore, there is also no amortisation nor correction for impairment.

No losses for impairment have been recorded in the expenditures of the financial year due to research and development.

04.01.03 Industrial properties

in the current financial year, there has been no active industrial property and, therefore, there is also no amortisation nor correction for deterioration.

Once the necessary checks were made, there was no value correction made due to impairment of industrial property.

04.01.04 Commercial funds

During this financial year, no part of the commercial funds have been activated and, therefore, no value corrections have been made for this reason.

The revision made effective at the end of the financial year to analyse possible losses due to impaired value has determined it unnecessary to make any value correction.

04.01.05 Transfer rights

During this financial year, no transfer rights have been activated, and therefore, no amortisations nor value corrections have been made.

Once the necessary checks were made, there was no value correction made due to impairment of transfer rights.

04.01.06 Information technology applications

No information technology applications have been activated during the current financial year. Therefore, neither amortisations nor value corrections for impairment have been recorded.

Once the necessary checks were made, there was no value correction made due to impairment of information technology applications.

04.01.07 Administrative Concessions

No administrative concessions have been activated during the current financial year. Therefore, neither amortisations nor value corrections for impairment have been recorded.

Once the necessary checks were made, there was no value correction made due to impairment of administrative concessions.

04.02 Material assets

04.02.01 Capitalisation

The goods included in material assets have been valued at their cost, as this was the acquisition price or the production cost.

04.02.02 Amortisation

The amortisation of these assets begins when these assets are prepared for their intended use.

Amortisation is calculated, applying the linear method, using the acquisition price minus their residual value; understanding that the land buildings and other constructions are situated on has an indefinite useful life and therefore cannot be amortised.

Annual contributions in the concept of amortisation of material assets are made in an offset entry of the profits and losses report and, basically, equates the amortisation percentages determined according to the estimated years of useful life, which is, on average, for different elements:

When value corrections occur for impairment they are adjusted to the amortisations of following years of impaired assets, considering the new accountable value. This proceeds in the same way in the case of reversal of the same.

04.02.03 Value corrections for impairment and reversal

No corrections have occurred in the value of material asset elements.

During the financial year, No reversals have occurred in the value corrections for impairment because the circumstances that motivated them remained intact.

04.03 Real estate investments

04.03.01 Capitalisation

During the financial year no activities have occurred which were considered real estate investments.

04.03.02 Amortisation

The real estate investment section has not recorded amortisations during the financial year.

04.03.03 Value corrections for impairment and reversal

No value corrections occurred in the area of real estate investment.

During the financial year, no reversals or value corrections for impairment because the circumstances that motivated them remained intact.

04.04 Stock

04.04.01 Evaluative criteria

During the financial year, no stock was accounted for.

04.04.02 Value corrections for impairment

The association evaluated the achievable net value of stock at the end of the financial year, considering it unnecessary to record any losses due to impairment.

04.05 Taxes on benefits

04.05.01 Recording criteria

MedCités is an association partially exempt from the application of article 9.3 TRLIS, being a non profit association a/o institution to which the special fiscal regime for non profit associations that title II of the law 49/2002, from the 23rd of December, contains, of the financial regime for non profit entities and fiscal incentives to patronage.

In applying the law previously mentioned, the corresponding income and expenses are adjusted giving a Neutral Imposable Base (0) in order to calculate the Tax on Benefits.

See Note 14.03 of this report.

04.06 Subsidies, donations and endowments

04.06.01 Non Refundable Subsidies

Non refundable subsidies have been accounted throughout the financial year. The movements of this section are as follows:

Granting entity	Grant year	Period of application	Amount granted	Income credited before the year	Income credited during the year	Total credited to income	Pending crediting to income
BARCELONA METROPOLITAN AREA	2018	2018	263,300.00			263,300.00	
MUNICIPALITY OF BARCELONA	2018	2018	91,912.71			91,912.71	
UNITED NATIONS DEVELOPMENT PROGRAM	2018	2018	12,558.70			12,558.70	
EUROPEAN COMMISSION	2018	2018	200,339.78			200,339.78	
CATALAN COOPERATION AGENCY	2018	2018	60,000.00			60,000.00	
ACTIVITIES RECEIVABLE	2018	2018	816.21			816.21	
Totals...			686,627.40			686,627.40	

Denomination of:	Initial Balance	Income	Expenses	Final Balance
Capital Subsidies				
Capital donations and endowments				
Other subsidies and donations		686,627.40		686,627.40
Total...		686,627.40		686,627.40

Entity	Quantity
BARCELONA METROPOLITAN AREA	263,300.00
MUNICIPALITY OF BARCELONA	91,912.71
UNITED NATIONS DEVELOPMENT PROGRAM	12,558.70
EUROPEAN COMMISSION	200,339.78
CATALAN COOPERATION AGENCY	60,000.00
ACTIVITIES RECEIVABLE	816.21
Total...	686,627.40

04.07 Related Operations

There are no operations that could be classified as related.

5. Fixed assets

05.01 Analysis of movement of fixed assets

05.01.01 Analysis of gross movement of fixed assets

Movements in the fixed assets section are as follows:

MOVEMENTS OF FIXED ASSETS	2018 AMOUNT	2017 AMOUNT
INITIAL GROSS BALANCE		
(+) Income		250.00
(+) Actualised value corrections		
(-) Expenses		
FINAL GROSS BALANCE		250.00

05.01.02 Amortisation analysis of fixed assets

Detailed movements for amortisation of fixed assets are as follows:

MOVEMENTS FOR AMORTISATION OF FIXED ASSETS	2018 AMOUNT	2017 AMOUNT
INITIAL GROSS BALANCE		
(+) Increase from endowments	85,84	2,51
(+) Inc. amort. acum. for restatement effect		
(+) Increases from acquisitions or transfers		
(-) Decreases for issues, retirement and transfers		
FINAL GROSS BALANCE	85,84	2,51

05.01.03 Analysis of value corrections for value impairments

During the financial year, there have been no value corrections for value impairments.

05.02 Analysis of the movement of intangible fixed assets

05.02.01 Analysis of the gross movement of intangible fixed assets

During the financial year, there has been no movement in the intangible fixed assets section.

05.02.02 Amortisation analysis of intangible fixed assets

There have been no amortisations of intangible fixed assets during the present financial year.

05.02.03 Analysis of value corrections for value impairment

During the financial year, there have been no value corrections for value impairment.

05.02.04 Intangible fixed assets with an indefinite useful life

All of the intangible assets have an indefinite useful life.

05.03 Analysis of the movement of real estate investments

05.03.01 Analysis of the gross movement of real estate investments

During the financial year, there has been no movement in the real estate investments section.

05.03.02 Amortisation analysis of real estate investments

There have been no amortisations of real estate investments during the present financial year.

05.03.03 Analysis of value corrections for value impairment

During the financial year, there have been no value corrections for value impairment.

05.04 Financial leases and other similar operations

There have been no financial leases or other similar operations on non-current assets.

6. Real estate investments

There are no sections for real estate investments during this financial year.

7. Assets of cultural heritage

There are no sections for assets of cultural heritage during this financial year.

8. Intangible fixed assets

There are no sections for intangible fixed assets during this financial year.

9. Leases and other similar operations

There have been no leasing operations, nor other similar operations during the financial year.

10. Financial assets

10.01 Corrections for value impairment due to credit risk

10.01.01 Representative debt values

No corrections have been recorded for value impairment due to credit risk in the representative debt values.

10.01.02 Credits, derivatives and others

No corrections have been recorded for value impairment due to credit risk, derivatives and others.

10.02 Financial assets valued at a reasonable value

10.02.02 Variations in the recorded value in the profits and losses account and/or equity

During the financial year, there have been no variations in the value of financial assets valued at a reasonable value.

10.03 Group companies, jointly controlled entities and associates

10.03.01 Group companies

The entity ASSOC MedCités does not have stocks or shares in entities that could be considered group companies.

10.03.02 Jointly controlled entities, associates and others

The entity does not have stocks or shares in jointly controlled entities, associates or others.

10.03.03 Amount of the value corrections for impairment

No value corrections have been record for impairment in the different shares

11. Financial liabilities

11.01 Information about:

11.01.01 Debts that expire within the next 5 years

There are no long term debts in the balance.

11.01.02 Collateralised debts

There are no collateralised debts.

Indicate that the entity contracted a policy with 200.000€ of available credit with BBVA, on the 12th of December of 2018. As of 31/12/2018 the entity had made use of 78,200€ of the available credit in this policy.

12. Equity Capital

At the end of the execution of the year, a balance in favor of the net worth of the association was € 884.62. This balance, together with the results of previous years, consolidate the net worth of the association at € 112,607.07. As agreed in the last Board of Directors of MedCités due to the closing of the 2017 results, € 35,065.87 is reclassified in the contingency fund account. The rest of the amount is pending application until the approval of the accounts by the Board of Directors.

13. Subsidies, donations and endowments

13.01 Income and expenses with exceptional quantities or incidents

13.01.01 Gross subsidies, donations and endowments

The details of the subsidies, donations and endowments that appear in the balance are detailed below in addition to the amounts imputed in the profits and losses report:

SUBSIDIES,ETC., ISSUED BY THIRD PARTIES	2018 AMOUNT	2017 AMOUNT
Which appear in the net equity		
Imputed in the profits and losses report	628,927.40	512,577.02
Long term debts transferrable to subsidies		

At the end of the financial year 2018, the amount of € 76,657.29 has been charged as short-term debt from the part collected and not yet charged as an eligible expense and therefore, as income, of the agreement with the Barcelona City Council for an amount of € 120,000.

The details of the movement of subsidies can be seen in Note 04.06 of this report.

14. Fiscal Situation

14.01 Expenses in current taxes

The tax amount recorded in the current year is 0.00 (0.00 in 2017) Euros.

14.02 Other aspects of the fiscal situation

14.02.01 Reinvestment of extraordinary profits

During the current financial year, the entity has not reinvested any extraordinary profits, nor does any income from other years remain to be incorporated in the taxable base.

14.02.03 Special reserves

The special reserves account has not had any movements during the financial year, as its initial and final balances are of 0.00 (0.00 in 2017).

14.02.04 Tax corrections

The entity has not proceeded to account for changes in tax rates in order not to estimate variables in the tax types that effect income from temporary deductible differences, in taxable liabilities due to temporary differences and fiscal credits derived from negative taxable bases.

14.03 Fiscals incentives

MedCités is an association partially exempt from the application of article 9.3 TRLIS, being a non profit association a/o institution to which the special fiscal regime for non profit associations that title II of the law 49/2002, from the 23rd of December, contains, of the financial regime for non profit entities and fiscal incentives to patronage.

In applying the law previously mentioned, the corresponding income and expenses are adjusted giving negative Imposable Base, therefore does not proceed to account expenses from the tax on profits.

The adjustments applied in calculating the tax on profit are the following:

Accounting Result	884.62-
Positive adjustment Special Regime Partially Exempt Entities (Chapter XIV, title VII of the LIS)	686,551.36-
Negative adjustment Special Regime Partially Exempt Entities ((Capitol XIV, títol VII de la LIS)	-687,435.98-
Taxable Base	0.00-

15. Income and expenses

The income and expenses sections break down as follows:

Section	Expenses
Endowments for amortisation of assets	83.33
Negative exchange differences	100.29
Procurements	165,058.47
Work completed by other entities	165.058,47
Consumption of prime materials	
Other consumable materials	
Personnel expenses	296,220.14
Salaries	227,125.87
Social expenses	69,094.27
Other operating expenses	225,189.34
External services	201.489,34
Taxation	0
Losses due to inability to collect	23,700.00
Total...	686,551.36

Section	Income
Client and membership dues	57,700.00
Client dues	
Membership dues	57,700.00
Subsidies, donations and endowments	628,927.40
Sales and other ordinary income from business activity	
Sale of goods	
Provision of services	
Extraordinary income from reversal of provisions	
Other income of exploitation	
Non-core and other current operating revenues	
Total...	686,627.40

Details of the Subsidies, Donations and Endowments section are described in NOTE 04.06 of this report.

16. Provisions and contingencies

During this financial year income has been received from subsidies as documented in Note 02.05.

17. Application of equity capital elements and income with statutory purposes

During the financial year the entity has had no fixed asset line, therefore there is no section for profits or losses produced by this contingency.

18. Events subsequent to the closing of the financial year

In the knowledge of the entity, subsequent to the closing of the financial year there have been no significant events that are not reflected in the financial statements.

19. Operations with related parties

There were no related operations in the financial year.

20. Other information

1. The average number of people employed in the course of the financial year was 6 people, 4 men and 2 women.
2. During the 2018 financial year a new Board of Directors was constituted for the period 2019-2022.
3. During the 2018 financial year no rewards nor remuneration of any type have been paid to any member of the Board of directors.
4. The entity is not part of a group of companies.

BARCELONA, 31st of March 2019, the report has been formulated, and has been given approval by way of this signature:

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Municipality of Tetouan
Mr. Mohamed Idaomar

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