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AUDIT REPORT OF ABBREVIATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

At the General Meeting of **ASSOCIACIÓ MEDCITÉS/MEDCITIES**,

Opinion

We audited the abbreviated annual accounts of **ASSOCIACIÓ MEDCITÉS/MEDCITIES** (the Entity), which comprise the balance sheet as at 31 December 2020, the profit and loss account and the report for the year then ended.

In our opinion, the annexed abbreviated annual accounts express, in all material respects, the true and fair view of the assets and financial position of the institution as at 31 December 2020, and its profit or loss for the period then ended, in accordance with the applicable regulatory framework for financial information (identified in note 2 to the report) and, in particular, the accounting principles and criteria contained therein.

Basis of the opinion

We carried out our audit in accordance with the regulatory standards of the audit activity in force in Spain. Our responsibilities under these standards are *described below in the Auditor's Responsibilities* section of our report, in relation to the audit of the abbreviated annual accounts.

We are independent of the Entity in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the annual accounts in Spain, as required by the regulations governing the activity of auditing accounts. In this sense, we have not provided services other than those of the auditing of accounts nor have there been situations or circumstances that, according to the aforementioned regulatory standards, have affected the necessary independence in such a way that it has been compromised.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional opinion, have been considered as the most significant risks of material misstatement in our audit of the abbreviated annual accounts for the current period. These risks have been addressed in the context of our audit of the abbreviated annual accounts as a whole. In forming our opinion on these accounts, we do not express a separate opinion on these risks.



Revenue recognition

Description

Revenue recognition, particularly at year-end in relation to the appropriate correlation with the expenses to be passed on, is the area with the greatest impact on our overall auditing strategy, taking into account their materiality in the context of the annual accounts of the Entity as a whole.

Auditor's response

Our audit procedures have included a combination of tests to verify that the relevant controls related to revenue recognition, such as the grant management procedure, invoicing or the cost-sharing system, operate effectively, together with substantive procedures, on a selective basis on these aspects. In addition, the closure of operations at the end of the financial year has been verified, as well as the correlation of the outstanding balances with the financing agents circulated, applying, where appropriate, the necessary alternative procedures.

Other matters

The Entity's abbreviated annual accounts for the 2019 financial year were audited by another auditor who expressed an opinion with changes on the aforementioned annual accounts on 9 November 2020.

Managers' responsibilities in relation to abbreviated annual accounts

Managers are responsible for drawing up the accompanying abbreviated annual accounts, in such a way as to express a true and fair view of the Entity's assets, liabilities, financial position and profit or loss, in accordance with the regulatory framework for financial information applicable to the institution to Spain, and the internal control they deem necessary to enable the preparation of abbreviated annual accounts, free of material misstatement, due to fraud or error.

In preparing the abbreviated annual accounts, managers are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as appropriate, matters relating to a going concern, and using the going concern accounting principle, unless managers intend to liquidate the entity or cease operations, or there is no realistic alternative.

Auditor's responsibilities in relation to the audit of abbreviated annual accounts

Our goals are to obtain reasonable assurance that the abbreviated annual accounts as a whole are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion.

Reasonable assurance is a high degree of assurance. However, it does not guarantee that an audit carried out in accordance with the regulatory standards of the audit activity in force in Spain always detects material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate form, they can reasonably be expected to influence users' economic decisions based on the abbreviated annual accounts.

As part of an audit, in accordance with the regulatory standards of the activity of audit of accounts in Spain, we apply our professional judgement and maintain a position of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the annual accounts due to fraud or error. We design and implement audit procedures to respond to these risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than in the case of material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.



- We gain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not in order to express an opinion on the effectiveness of the internal control of the entity.
- We assess the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the related disclosures by managers.
- We conclude on the appropriateness of the use by managers of the accounting principle of a going concern and, based on the audit evidence obtained, we conclude whether or not there is material uncertainty related to facts or conditions that may give rise to significant doubts about the Entity's ability to continue as a going concern. If we conclude that there is material uncertainty, we are bound to draw attention in our audit report to the relevant information disclosed in the abbreviated annual accounts or, if these disclosures are inaccurate, we are bound to express an amended opinion. Our findings are based on audit evidence obtained to date from our audit report. However, future events or conditions may cause the Entity to cease to be a going concern.
- We assess the overall presentation, structure and content of the abbreviated annual accounts, including the information disclosed, and whether the abbreviated annual accounts represent the underlying transactions and events in such a way that they succeed to convey the true and fair view.

We communicate with the entity's management regarding, among other matters, the scope and timing of the planned audit and significant audit findings, as well as any significant deficiencies in internal control identified during the course of the audit.

Among the risks reported to the entity's managers, we determine those of greatest significance in the audit of the abbreviated annual accounts for the current period. Accordingly, they are the risks considered to be the most significant.

We describe these risks in our audit report unless legal or regulatory provisions prohibit public disclosure.

Barcelona, 27 July 2021

GABINETE TÉCNICO
DE AUDITORÍA I CONSULTORÍA, S.A. (S0687)



Antoni Clapés i Donadeu (17879)

ABBREVIATED ANNUAL ACCOUNTS

FINANCIAL YEAR 2020

ASSOCIACIÓ MEDCITIES AND/OR MEDCITÉS

Courtesy translation

Barcelona, 30 June 2021.

ABBREVIATED BALANCE SHEET AT 31/12/2020

<i>Assets</i>	<i>2020</i>	<i>2019</i>
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A) NON-CURRENT ASSETS	9,213.08	80.83
II. Tangible fixed assets	9,213.08	80.23
B) CURRENT ASSETS	660,968.73	809,871.16
II. Trade receivables and other accounts	242,959.81	344,528.94
1. Customer receivables for sales and services	0	25,223.00
3. Other receivables	242,959.81	319,305.94
VI. Cash and cash equivalents	418,008.92	465,342.22
TOTAL ASSETS	670,181.81	809,951.99

<i>Liabilities</i>	<i>2020</i>	<i>2019</i>
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A) NET EQUITY	112,992.56	99,868.32
A-1) Own funds	112,992.56	148,213.42
III. Reserves	35,065.87	35,065.87
2. Other reserves	35,065.87	35,065.87
V. Results from previous years	64,802.45	87,335.00
VII. Results for the period	13,124.24	22,532.75
C) CURRENT LIABILITIES	557,189.25	710,083.67
I. Short-term provisions	0	8,408.00
II. Short-term debts	483,411.97	645,941.92
1. Debts to credit institutions	163.18	122,478.76
3. Other short-term debts	483,248.79	523,463.16
IV. Trade creditors and other accounts payable	73,777.28	55,733.75
2. Other creditors	73,777.28	55,733.75
TOTAL NET EQUITY AND LIABILITIES	670,181.81	809,951.99

The Chairman
Tetouan City Hall
Mohamed Idaomar

The Secretary,
Barcelona Metropolitan Area
Ernest Maragall i Mira

General Secretariat

Àrea Metropolitana de Barcelona – Carrer 62, núm. 16-18 Edifici B, Zona Franca, 08040 Barcelona, SPAIN
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ABBREVIATED PROFIT AND LOSS ACCOUNT 2020

<i>Profit and Loss Account</i>	<i>2020</i>	<i>2019</i>
1. Net turnover	8.408,00	25.223,00
70500000 SERVICES PROVIDED	8.408,00	25.223,00
4. Procurements	-266.131,79	-158.651,70
60700000 WORKS PERFORMED BY OTHER ENTITIES	-266.131,79	-158.651,70
5. Other operating income	916.592,37	702.844,59
72100001 MEMBERS FEES	64.100,00	60.400,00
72400001 BARCELONA METROPOLITAN AREA GRANTS	288.300,00	263.300,00
72400002 BARCELONA CITY HALL GRANTS	126.356,40	154.851,89
72400003 UNITED NATIONS DEVELOPMENT PROGRAM	4.144,42	6.698,12
72400004 EUROPEAN COMMISSION GRANTS	232.945,04	181.366,36
72400005 CATALAN AGENCY FOR DEVELOPMENT COO	44.441,41	23.494,82
72400006 EUCC GRANTS	22.094,25	12.733,40
72400008 A'SIMA GRANTS	118.980,30	0
72400009 ICMPD GRANTS	15.230,55	0
6. Personnel expenses	-507.370,87	-328.035,71
64000000 WAGES AND SALARIES	-386.893,46	-237.139,07
64000001 REV-ACTE IDE-E WAGES AND SALARIES	-6.202,90	-13.039,25
64100000 SEVERANCE	0	-425,85
64200000 SOCIAL SECURITY CHARGED TO ENTITY	-111.687,41	-73.174,18
64200001 REV-ACTE IDE-E SOCIAL SECURITY	-2.205,10	-3.775,75
64900000 OTHER SOCIAL SECURITY EXPENSES	-382,00	-481,61
7. Other operating expenses	-138.196,65	-210.281,49
62300001 MANAGING LAWYERS AND OTHER PROFESS	-27.964,37	-15.416,36
62300002 OCCUPATIONAL RISKS PREVENTION SERVIC	-263,18	-809,11
62300003 TRANSLATIONS	-8.166,52	-19.367,77
62400000 TRANSPORT	-113,91	0
62500000 INSURANCE PREMIUMS	-2.090,39	-1.305,00
62600000 BANKING AND SIMILAR SERVICES	-764,19	-2.553,86
62700001 REPRESENTATION EXPENSES	-461,16	-17.760,96
62700002 PROMOTIONAL MATERIAL	-12.241,96	-6.512,99
62700003 COMMUNICATION EXPENSES	0	-5.290,51
62900001 DOMAINS FOR MAIL SERVERS AND HOSTING	-2.453,23	-2.084,81
62900002 MISSIONS FOR PROJECTS	-11.602,92	-35.461,51
62900003 EXTERNAL SERVICES MEETINGS AND EVENTS	-33.308,34	-67.610,61
62900004 PROJECT MANAGEMENT PLATFORM	-4.566,48	0
65900001 LOSSES FOR UNCOLLECTABLE FEES	-34.200,00	-27.700,00
69590000 ALLOCATION TO THE PROVISION OF COMM	0	-8.408,00
8. Depreciation of fixed assets	-93,43	-83,33
68100000 DEPRECIATION OF FIXED ASSETS	-93,43	-83,33
12. Other profit/loss	-25,40	390,93
67800000 EXTRAORDINARY EXPENSES	-25,40	-192,84
77800000 EXTRAORDINARY INCOME	0	583,77
A) OPERATING INCOME	13.182,23	31.406,29
16. Exchange differences	-57,99	6,06
66800000 EXCHANGE LOSSES	-57,99	0
76800000 EXCHANGE GAINS	0	6,06
B) FINANCIAL RESULT	-57,99	6,06
C) PROFIT/LOSS BEFORE TAXES	13.124,24	31.412,35
D) PROFIT/LOSS FOR THE PERIOD	13.124,24	31.412,35

The Chairman
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ABBREVIATED ECONOMIC REPORT – FINANCIAL YEAR 2020 (01/01/2020 – 31/12/2020)

1. Activity of the entity

- a) Medcities and/or MedCités is the indistinct name of the non-profit association established in 2015, for an indefinite period, with full legal and operational capacity, to integrate the network of Mediterranean cities from different countries created in 1991, which aims at strengthening and sustainable urban development to improve living conditions in the Mediterranean region and contribute to the prevention of climate change. The association is governed by Spanish state legislation on associations, specifically Organic Law 1/2002, of 22 March, complementary regulations, and its Articles of Association and Internal Regulations. It is domiciled in Barcelona, at C/62, 16-18, Edifici B, Zona Franca 08040, and registered in the National Register of Associations of the Ministry of the Interior with the number 609851 (Tax Code [CIF] G-66401258).

- b) Description of the activity:

Its main objectives and purposes (Section IAE 8499 Other Independent Services) are the following:

- Develop awareness of interdependence and shared responsibility for sustainable development, environmental preservation and social cohesion policies in the Mediterranean Basin
- Strengthen local authorities' role, competencies and means (institutional, financial and technical) in adopting and implementing local, sustainable development policies
- Develop citizens' awareness and involvement in the sustainable development of their cities
- Implement and develop policies of direct cooperation and partnership between members and other entities
- Carry out studies, opinions, working days, specialised training, specialised congresses, cooperation projects and member-to-member assistance programmes.
- Promote participation in specific programmes of the European Union, European and other cooperation agencies, as well as international financial instructions, among others.
- Represent member cities in the assessment of policies developed by higher bodies and participate in the design of policies related to the geographical scope and the issues of the network.

- c) Specific description of the grants awarded:

No grant has been awarded during the year.

- d) Identification of collaboration agreements with other entities:

- Agreement with the Barcelona Metropolitan Area (AMB). Amount € 290,000.00. Amount executed during the financial year 2020: € 290,000. Goal: Regulate the framework for international collaboration between the AMB and the MedCities Association. The amount of this agreement includes the AMB's annual membership fee for MedCities. Moreover, in accordance with the status of the entity and the above-mentioned agreement, the AMB directly bears other costs of the association's regular operation, such as supplies, general services and the arrangement of the units of its head office, for an estimated amount of EUR 27,284.24, which is not subject to liquidation
- Agreement with the Catalan Agency for Development Cooperation (ACCD). Amount € 100,000. Amount executed during the financial year 2020: € 11,655.34 Goal: Co-finance the project 'Strengthening the Role of Local Governments in the Mediterranean Region for Good Governance and Social Cohesion'.

- Agreement with the Barcelona City Hall. Amount € 120,000. Amount executed during the financial year 2020: € 15,919.93 Goal: The execution of the project called 'WORK PLAN 2020-2021: SUPPORT FOR MEDITERRANEAN CITY HALLS IN THE ADOPTION OF POLICIES FOR SOCIAL COHESION (COHESIMED)'
- Grant agreement with the European Commission. Amount € 2,550,546. Amount executed during the financial year 2020: € 118,980.31 Goal: Develop the action entitled 'A'SIMA TUNIS: Strategic Planning and Multilevel Governance for a Resilient Metropolitan City'.

e) Information on the users or beneficiaries of the activities described:

The beneficiaries of MedCities are city halls. Therefore, beneficiaries are their entire group of inhabitants. No grant is awarded directly to individuals.

f) Actions carried out to promote conditions of equal treatment and opportunities for women and men during the year.

MedCities promotes gender equality as a cross-cutting line of work. This line is introduced in the design of projects, taking into account gender equality as a structuring element of the Associations' interventions.

g) The entity's Abbreviated Annual Accounts are presented in euros. The euro is the Company's functional and presentation currency.

2. Basis of presentation of the annual accounts

02.01 True and fair view

02.01.01 Legal provisions

The attached Abbreviated Annual Accounts have been prepared based on the entity's accounting records. They are presented under current legislation on associations and the rules and principles established in the General Accounting Plan approved by RD 1514/2007. Its subsequent modifications show a true and fair view of the entity's assets, financial position, and profit/loss. The abbreviated profit and loss account is presented with a further breakdown.

The preparation of the Annual Summary Accounts requires the Management of the entity to make certain accounting estimates and to consider certain elements of judgement. These are continually assessed and based on historical experience and other factors, including expectations of future events, which have been deemed reasonable under the circumstances.

While the estimates considered have been made on the best information available at the time of the creation of these Abbreviated Annual Accounts, any future changes to these estimates would apply prospectively from that time on, recognising the effect of the change on the estimate made in the profit and loss account for the period in question.

02.02 Non-mandatory accounting principles applied

It was not necessary, nor was it deemed appropriate by the entity's administration, to apply optional accounting principles other than those that are mandatory.

02.03 Comparison of information

The annual accounts for the financial years 2020 and 2019 have been drawn up in accordance with the structure laid down in the General Accounting Plan, and the application of uniform standards for valuation, grouping, classification

and monetary units has continued to be applied in their preparation so that the accompanying information is homogeneous and comparable.

02.03.01 Change in the structure of the financial statements There was no extraordinary reason to change the balance sheet and the profit and loss account structure for the preceding financial year.

02.04 Items grouped under several items There are no assets and liabilities shown in more than one balance sheet item.

02.05 Changes in accounting criteria There have been no changes in accounting criteria.

02.06 Error correction.

Adjustments have been made to the profit and loss accounts of previous years, adding fees collected from members accrued in previous years and that remained impaired in the previous year, and the revocation by the Metropolitan Area of Barcelona of € 56,945,10 corresponding to the supporting account for 2019 and chargeable to the financial year of the same year.

Specifically, the following amounts have been adjusted:

- Financial year 2015 → € 800
- Financial year 2016 → € 800
- Financial year 2017 → € 1,000
- Financial year 2018 → € 3,000
- Financial year 2019 → € -53,945.10

With this adjustment, the account (120 Results from previous years-Balance) has a final balance in 2020 of € 64,802.45. Corresponding adjustments have been made to the comparative figures for 2019.

These Abbreviated Annual Accounts will be submitted to the approval of the association's General Meeting, and it is estimated that they will be approved without any modification.

3. Allocation of results

Information on the proposed allocation of results, in particular, on the figure which the governing body has agreed to use to increase the balance of the endowment fund or shared capital and on which it has agreed to affect compliance with the applicable legal provisions, under the following scheme:

Distribution bases	Amount
Surplus for the year	13,124.24
Total distribution base = Total appropriation	13,124.24
Appropriation to	Amount
Balance	13,124.24
Total appropriation = Total distribution base	13,124.24

4. Registration and valuation rules

04.01 Intangible fixed assets

04.01.02 Research and development expenses

No research and development (R&D) expenses have been activated during the current financial year and there is, therefore, no depreciation or impairment correction.

No impairment losses were recorded during the year for research and development expenses.

04.01.03 Industrial property No industrial property has been activated during the current year and there is, therefore, no depreciation or impairment correction.

Once the appropriate checks have been carried out, no valuation correction for impairment in industrial property has been made.

04.01.04 Goodwill During the year, goodwill was not activated and, therefore, no valuation adjustments were made for this reason.

At the end of the year, the review to analyse possible impairment losses has determined that no valuation adjustment is required.

04.01.05 Assignment rights During the year, no assignment rights were activated and, therefore, no depreciation or valuation adjustments were made.

Once the appropriate checks have been carried out, no valuation correction has been made due to the impairment of assignment rights.

04.01.06 Computer software No computer software has been activated during the current financial year and, therefore, no depreciation or valuation adjustments have been recorded for impairment.

04.01.07 Administrative concessions No administrative concessions have been activated during the current financial year and, therefore, no depreciation or valuation adjustments have been recorded for impairment.

04.02 Tangible fixed assets

04.02.01 Capitalisation

Assets included in tangible fixed assets are valued at their cost, either the purchase price or the cost of production.

04.02.02 Depreciation Depreciation of these assets begins when the assets are ready for the use for which they were designed.

Using the straight-line method, depreciation is calculated on the acquisition cost of the assets less their residual value, understanding that the lands on which the buildings and other constructions are based have an indefinite useful life. Therefore, they are not depreciated. Computer equipment is depreciated according to a useful life of four years.

The annual allocations for depreciation of tangible assets are made in a balancing entry in the profit and loss account and are basically equivalent to the depreciation percentages determined on the basis of the years of estimated useful life, which, on average, of the different elements are as follows:

Where impairment adjustments are made, depreciation for subsequent years of the impaired fixed assets is adjusted for the new book value. The same procedure applies in the event of their reversal.

04.02.03 Value adjustments for impairment and reversal No value adjustments have been made to tangible fixed assets.

During the financial year, there have been no reversals in the impairment valuation adjustments, as the circumstances that gave rise to them remain unchanged

04.03 Property investments

04.03.01 Capitalisation

During the year, no assets have been included as property investments.

04.03.02 Depreciation No depreciation has been recorded under property investments during the year.

04.03.03 Value adjustments for impairment and reversal No value adjustments have been made to property investments items.

04.04 Inventories

04.04.01 Valuation criteria

No inventories were recorded during the year.

04.04.02 Valuation adjustments for impairment During the year, no valuation adjustments were made for impairment.

04.05 Income tax

04.05.01 Registration criteria

MedCities is a partially exempted entity pursuant to Article 9.3 TRLIS, being a non-profit entity and/or institution to which the special tax regime for non-profit entities contained in Title II of Law 49/2002 of 23 December, on the taxation of non-profit entities and on tax incentives for patronage, does not apply.

04.06 Grants, donations and bequests

04.06.01 Non-refundable grants

Grants that are repayable are recorded as liabilities until the conditions for non-refundability are met, while non-returnable grants are recorded as income directly charged to equity and recognised as income on a systematic and rational basis, in a manner correlated with the costs of the grant.

For these purposes, a grant is considered non-refundable when there is an individualised grant agreement, all the conditions established for its award have been met and there is no reasonable doubt that it will be charged.

Monetary grants are measured at the fair value of the amount awarded at the time of their recognition.

Non-refundable grants related to the acquisition of tangible fixed assets are charged as income for the period in proportion to the depreciation of the respective assets or, where applicable, when they are disposed of, impairment or off-balance sheet valuation correction.

On the other hand, non-refundable grants related to specific expenses are recognised in the profit/loss account in the same year in which the corresponding expenses are accrued.

Non-refundable grants have been recorded during the year for the portion of the funding provided by each of the funders. Changes on this item are as follows:

Granting entity	Year of concession	Period of application	Amount granted	Charged to profit or loss until the beginning of the year	Charged to profit or loss for the financial year	Total charged to profit or loss	Pending to be charged to profit/loss
BARCELONA METROPOLITAN AREA	2020	2020	288,300.00	0.00	288,300.00	288,300.00	0.00

BARCELONA CITY HALL – WORK PLAN 2018	2018	2018 - 2020	91,491.07	29,624.60	61,866.47	61,866.47	0.00
BARCELONA CITY HALL – ADDITIONAL CONTRIBUTION 2020	2020	2020	48,570.00	0.00	48,570.00	48,570.00	0.00
BARCELONA CITY HALL – WORK PLAN 2020-2021	2020	2020 - 2021	120,000.00	0.00	15,919.93	15,919.93	104,080.07
UNITED NATIONS DEVELOPMENT PROGRAMME – MEDENINE	2019	2019-2021	16,510.11	6,698.12	4,144.42	4,144.42	5,667.57
EUROPEAN COMMISSION – INTERREG MED	2019	2019-2022	1,045,454.96	4,520.16	232,945.04	232,945.04	807,989.76
EUROPEAN COMMISSION – A'SIMA	2019	2019-2024	2,550,546	0.00	118,980.30	118,980.30	2,431,565.69
CATALAN COOPERATION AGENCY 2019	2019	2019-2020	60,000.00	27,213.93	32,786.07	32,786.07	0.00
CATALAN COOPERATION AGENCY 2020	2020	2020-2021	100,000.00	0.00	11,655.34	11,655.34	88,344.66
ICMPD – TANGER ACCUEIL	2019	2019-2021	49,835.29	0.00	15,230.55	15,230.55	34,604.74
EUCC – ANDALUSIA	2019	2019-2021	25,852.00	12,733.40	10,625.95	10,625.95	2,492.65
EUCC– BALEARIC ISLANDS	2020	2020-2022	30,624.00	0.00	11,468.30	11,468.30	19,155.70
Totals...			4,427,183.43	80,790.21	852,492.37	852,492.37	3,493,900.84

An amount of EUR 483,248.79 of the amount to be applied to profit or loss relates to grants already recognised and received, recorded as debt convertible into grants (other short-term debts). Mainly Barcelona City Hall (€ 104,080.07), the A'SIMA project (€ 278,998.26) and the Catalan Cooperation Agency (€ 92,063.77). Other debtors include the amounts receivable for grants (AMB for 87,000.00 euros and the European Commission for 155,959.81 euros).

04.07 Linked Operations

No transactions may be classified as related transactions

04.08 Income and expenses

Revenue is recorded according to the accrual principle and the principle of correlation between income and expenses. With regard to membership fees, impairment adjustments are made for the total balances due at the end of the year.

Costs are recognised on an accrual basis.

5. Tangible fixed assets

05.01 Analysis of changes in tangible fixed assets

05.01.01 Analysis of gross changes in tangible fixed assets

Gross changes in tangible fixed assets are as follows:

CHANGES IN TANGIBLE FIXED ASSETS	AMOUNT 2020	AMOUNT 2019
INITIAL GROSS BALANCE	250.00	250.00
(+) Entries	9,225.68	
(+) Value adjustments per update		
(-) Derecognitions		
CLOSING GROSS BALANCE	9,475.68	250.00

05.01.02 Analysis of the depreciation of tangible fixed assets
assets are broken down as follows:

Changes in depreciation of tangible fixed

CHANGES OF DEPRECIATION OF TANGIBLE FIXED ASSETS	AMOUNT 2020	AMOUNT 2019
INITIAL GROSS BALANCE	169.17	85.84
(+) Increase for allocations	93.43	83.33
(+) Accumulated depreciation increases by updating effect		
(+) Increases for acquisitions or transfers		
(-) Decreases due to derecognition, cancellations and transfers		
CLOSING GROSS BALANCE	262.60	169.17

05.01.03 Analysis of valuation adjustments due to value impairment

During the year, no valuation adjustments were made due to value impairment.

05.02 Analysis of changes of intangible fixed assets

05.02.01 Analysis of gross changes of intangible assets

During the year, there were no changes on the intangible fixed assets item.

05.02.02 Analysis of the depreciation of intangible fixed assets

depreciation has been made of intangible assets.

During the current year, no

05.02.03 Analysis of valuation adjustments due to value impairment

During the year, no valuation adjustments were made due to value impairment.

05.02.04 Intangible fixed assets with an indefinite useful life

All intangible fixed assets have a defined useful life.

05.03 Analysis of changes of intangible fixed assets

05.03.01 Analysis of gross changes of property investments

During the year, there were no changes in the property investments item.

05.03.02 Analysis of the depreciation of property investments

During the current year, no depreciation has been made of property investments.

05.03.03 Analysis of valuation adjustments due to value impairment

During the year, no valuation adjustments were made due to value impairment.

05.04 Financial leases and similar operations There are no financial leases or similar operations on non-current assets.

6. Property investments

There are no Property Investments items during the year.

7. Cultural heritage assets

There are no items in Cultural Heritage Assets during the year.

8. Intangible fixed assets

There are no intangible fixed assets items during the year.

9. Leases and similar operations

There are no leases and similar operations during the year.

10. Financial assets

10.01 Impairment adjustments arising from credit risks

10.01.01 Debt securities

No credit risk impairment adjustments have been recorded for debt securities.

10.01.02 Loans, derivatives and others

All financial assets corresponding to short-term loans and receivables

In the year 2020, impairment adjustments amounting to EUR 34,200.00 were recorded directly to the debit balances for the year 2020 that were outstanding at 31 December. No other credit risk impairment adjustments have been recorded for loans, derivatives and others.

10.02 Financial assets valued at fair value

10.02.02 Changes in value recorded in the profit and loss and/or equity account.

There have been no changes in the value of financial assets valued at fair value during the year.

10.03 Group, multi-group and associated companies

10.03.01 Group companies

The entity has no shares or interest in entities that may be considered as group companies.

10.03.02 Multigroup, associated and other companies interests in multigroup, associated and other companies.

The entity does not hold shares or

10.03.03 Amount of valuation adjustments for impairment

No impairment adjustments were recorded for the different shareholdings

11. Financial liabilities

11.01 Information about:

11.01.01 Debts maturing in the next five years

There are no long-term liabilities on the balance sheet. All financial liabilities relate to short-term debits and payables.

11.01.02 Collateralised debts

There are no collateralised debts

The entity has a loan agreement with Banco Bilbao Vizcaya Argentaria, S.A. amounting to € 200,000, available from 12 December 2018 until 11 December 2020.

12. Own funds

At the end of the financial year, there was a balance in favour of the association's net equity amounting to € 13,124.24. This balance, together with the results of previous years, consolidates the association's net equity in € 112.992,56. The balance in favour of the net equity is pending appropriation until the approval of the accounts by the General Meeting.

13. Grants, donations and bequests

13.01 Extraordinary income and expenses

13.01.01 Grants, donations and bequests received

The grants, donations and bequests shown in the balance sheet and the amounts entered in the profit and loss account are as follows:

GRANTS, ETC., GRANTED BY THIRD PARTIES	AMOUNT 2020	AMOUNT 2019
Appearing in the net equity of the balance sheet		
Charged to profit and loss account	852,492.37	585,499.49
Long-term debts convertible into grants		

At the end of the 2020 financial year, the amount of € 483,248.79 from the part collected and not yet charged as eligible expenditure of the project agreements, was charged as short-term debt.

The breakdown of grant changes can be seen in Note 04.06 to this report.

14. Tax Status

The Entity has open for inspection all non-prescribed years and for the taxes and social contributions to which it is subject. In accordance with the applicable legal regulations, self-assessment cannot be considered final until it has been verified by the tax or labour inspectorate, or the limitation period established for all taxes and social contributions has elapsed. In no case has the effect of interruption of the limitation period occurred.

There may be tax interpretations or criteria not shared by the tax inspectorate. In the opinion of the Entities' Management, if the above circumstances occurred in the review of the years open to inspection, the contingent liabilities that could arise would not be of a significant amount. However, the Entity submits all of its declarations in strict compliance with both its formal and material tax obligations.

14.01 Current tax expense

In the current financial year, the current tax account amount is € 0.00 (€ 0.00 in 2019).

14.02 Other aspects of the tax situation

14.02.01 Reinvestment of extraordinary profits

The entity has not reinvested extraordinary profits during the current financial year, nor is there any income to be included in the taxable base from other financial years.

14.02.03 Special reserves The special reserves account has not experienced any change during the year, with its balance at the beginning and end of the year being € 0.00 (€ 0.00 in 2019).

14.02.04 Adjustment of the tax rate The entity has not recognised changes in the tax item because it does not consider that the tax rate affecting assets for deductible temporary differences, liabilities for taxable temporary differences and tax credits derived from negative tax bases is variable.

14.03 Tax incentives MedCities is a partially exempted entity pursuant to Article 9.3 TRLIS, being a non-profit entity and/or institution to which the special tax regime for non-profit entities contained in Title II of Law 49/2002 of 23 December, on the taxation of non-profit entities and on tax incentives for patronage, does not apply.

A service started in 2019 was completed in 2020 and is not subject to the aforementioned article. Therefore, in the adjustments of income and expenses for the calculation of corporate income tax, neither the income nor the associated expenses for € 8.408,00 have been taken into account.

The adjustments applied in the calculation of corporate income tax are as follows:

Accounting Result	13,124.23.-
Positive adjustment Special Scheme for Partially Exempt Entities (Chapter XIV, Title VII of the LIS (Corporate Income Tax Law))	903,468.13.-
Negative adjustment Special Scheme for Partially Exempt Entities (Chapter XIV, Title VII of the LIS)	916,592.36.-
Taxable base	0.00.-

15. Income and expenses

The breakdown of income and expenses is as follows:

Item	Expenses
Provisions for depreciation of fixed assets	93.43
Negative exchange differences	57.99
Procurements	266,131.79
Work carried out by other entities	266,131.79
Consumption of raw materials	
Other consumables	
Personnel expenses	507,370.87
Wages	393,096.36
Social s. contributions	114,274.51
Other operating expenses	138,196.65
Outsourced Services	103,996.65
Taxes	0
Losses due to non-collectable receivables	34,200.00

Extraordinary expenses	25.40
Total	911,876.13

Item	Income
User and member fee	64,100.00
User fee	
Member fee	64,100.00
Grants, donations and bequests	852,492.37
Sales and other ordinary income from commercial activities	8,408.00
Sale of goods	
Provision of services	8,408.00
Extraordinary income from reversal of provisions	
Other operating income	
Extraordinary income	0.00
Total	925,000.37

The breakdown of the Grants, Donations and Bequests item is described in NOTE 04.06 to this report

16. Provisions and contingencies

No provisions and contingencies were made during the year.

17. Allocation of assets and income to statutory purposes

During the year, the entity did not have any disposal of fixed assets. Therefore, it does not have any income or losses arising from this contingency.

18. Events subsequent to the closing of the accounts

There were no events subsequent to the closing of the accounts.

19. Related party transactions

There are no related transactions during the year.

20. Other Information

1. The average number of people employed in the year is 10 people, being 3 men and 7 women.
2. During the 2020 financial year, no remuneration, in cash or in-kind, was paid to any member of the Board of Directors.
3. The entity is not part of a group of companies.

In BARCELONA, on 30 June 2021, the Report is hereby drawn up, giving consent by signature:

The Chairman
Tetouan City Hall
Mohamed Idaomar

The Secretary,
Barcelona Metropolitan Area
Ernest Maragall i Mira