

## UNION OF THE BALTIC CITIES

### AUDITOR'S REPORT

for 2019

#### A. GENERAL INFORMATION

Union of the Baltic Cities was established in 1991, registered at the Province Court of Gdańsk, XII Economic Department, National Court Register, Register of Associations and other Social and Professional Organisations under No. KRS: 0000005342, currently run by the Gdańsk-Północ Registration Court in Gdańsk, 7th Commercial Division of the National Court Register. The Union's taxation identity number NIP is 583-10-66-139 and REGON is 190048545.

The objective of the Union of the Baltic Cities is:

- Promote, develop and strengthen cooperation and exchange of experiences among the cities in the Baltic Sea Region,
- Advocate for common interests of the local authorities in the region, and act on behalf of the cities and local authorities in common matters towards regional, national, European and international bodies,
- Strive to achieve sustainable development of the Baltic Sea Region with full respect to European principles of local and regional self-governance and subsidiarity.

Around 80 cities from 10 Baltic Sea countries are associated in the Union of the Baltic Cities. The Union does not conduct business activity and is supported from membership fees. Income of the Union is tax-free.

The audit was performed by a chartered auditor – Dorota Rutkowska, No. 11978 of the register kept by National Board of Chartered Auditors in Warsaw, on the strength of contract No. 1/III/2021 of 29 March 2021, concluded between Dorota Rutkowska Biegły Rewident of Gdynia, and the Union of the Baltic Cities.

## B. BOOKS

The books are kept by Stowarzyszenie Ekspertów Księgowych i Podatkowych Spółka z o.o. [Association of Chartered Auditors and Tax Experts, Co. Ltd.], of Gdańsk, ul. Aldony 17.

The chart of accounts was developed basing on the standard chart of accounts for social and professional organizations, associations and endowments, issued by the Association of Accountants of Poland.

The above said chart of accounts ensures the accounts being kept in compliance with the provisions of the Accounting Act of 29 September 1994 (Journal of Laws 2017, item 2342). The rules contained in the chart of accounts are consistently adhered to.

The books are kept by means of a computer, using Symfonia – Finanse i Rachunkowość software. The records kept make it possible to obtain necessary data on incomes and costs and comply with the requirements set up in the Accounting Act. A statement of movement and balances on synthetic and analytical accounts being a basis for the drawing up of balance sheet and profit and loss account was made as on 31 December 2019.

Accounting documents are complete and adequate, checked from accounting and substantive point of view. The documents are stored correctly.

The closing balance sheet of the year 2018 was entered in the books as the opening balance sheet as on 1 January 2019. Denomination was carried out properly.

The profit for the year 2018, amounting to PLN 190 169,41 was booked to increase the statutory fund.

## C. FINANCIAL STATEMENT

Financial statement of the Union of the Baltic Cities includes:

- introduction to the financial statements
- balance sheet as on 31 December 2019, on the assets and liabilities side showing the amount of **PLN 838 825,51**.
- profit and loss account for the period covering the time from 1 January to 31 December 2019, showing the net profit amounting to **PLN 38 103,78**.
- additional information

The financial statement was prepared in accordance with annex no. 6 to the Accounting Act 29 September 1994 (Journal of Laws 2017, item 2342).

The audited year concerns the following 12 months of the year 2019 and the previous year concerns the following 12 months of the year 2018, and 12 following months of 2017.

### Summary balance sheet for the period 2019-2017 (in thousands PLN)

Specification	State at the end of the year						Changes 2019/2018
	2019		2018		2017		
	amount	%	amount	%	amount	%	%
1	2	3	4	5	6	7	8
<b>ASSETS</b>							
A. Fixed assets	0	0,0%	0	0,0%	0	0,0%	0,0%
B. Current assets	839	100,0%	898	100,0%	606	100,0%	93,4%
<b>Total</b>	<b>839</b>	<b>100,0%</b>	<b>898</b>	<b>100,0%</b>	<b>606</b>	<b>100,0%</b>	<b>93,4%</b>
<b>LIABILITIES</b>							
A. Statutory fund	829	98,8%	791	88,1%	601	99,2%	104,8%
B. Accounts payable	10	1,2%	107	11,9%	5	0,8%	9,3%
<b>Total</b>	<b>839</b>	<b>100,0%</b>	<b>898</b>	<b>100,0%</b>	<b>606</b>	<b>100,0%</b>	<b>93,4%</b>

### Summary profit and loss sheet for the period 2019-2017 (in thousands PLN)

Specification	Period (years)			Changes 2019/2018
	2019	2018	2017	
1	2	3	4	5
Income from statutory activities, dues	944	1 016	920	92,9%
Costs of execution of statutory tasks	980	899	1 065	109,0%
<b>Profit (loss) on statutory activities</b>	<b>-36</b>	<b>117</b>	<b>-145</b>	<b>-30,8%</b>
Other operational income	81	54	21	150,0%
Other operational costs	0	0	0	0,0%
Financial income	0	19	0	0,0%
Financial costs	7	0	35	0,0%
<b>Profit (loss) gross</b>	<b>38</b>	<b>190</b>	<b>-159</b>	<b>20,0%</b>
Income tax	0	0	0	0,0%
<b>Profit (loss) net</b>	<b>38</b>	<b>190</b>	<b>-159</b>	<b>20,0%</b>
<b>Total income</b>	<b>1 025</b>	<b>1 089</b>	<b>941</b>	<b>94,1%</b>
<b>Total costs</b>	<b>987</b>	<b>899</b>	<b>1 100</b>	<b>109,8%</b>

**D. ASSESSMENT OF THE CORRECTNESS OF THE BOOKS****1. Fixed Assets** include;

• Original value	18 248,00 zł
• Depreciation	18 248,00 zł
• <b>Net value</b>	<b>0,00 zł</b>

Balance correct.

**2. Current assets** comprise;

• Short-term dues	25 260,77 zł
• Short-term investments	810 255,88 zł
• Short-term accrued expenses	3 308,86 zł
• <b>Total</b>	<b>838 825,51 zł</b>

The amount of cash follows from cash report of 31.12.2019 and banking statement as of 31.12.2019, confirmed by the Bank. The bookings were made correctly.

**3. Funds** comprise;

• Statutory fund	791 053,81 zł
• Net profit	38 103,78 zł
• <b>Total</b>	<b>829 157,59 zł</b>

The statutory fund was created properly from income surplus to the costs for the period of operation.

**4. Short-term Liabilities;**

• on the score of supplies, work and services	6 364,82 zł
• to the state budget	3 303,10 zł
• <b>Total</b>	<b>9 667,92 zł</b>

The balances are correct, accounted in 2020. Bookings were made correctly.

**E. PROFIT AND LOSS ACCOUNT****1. Income**

<b>Income from statutory activities</b>	<b>944 465,22 zł</b>
Including: - membership fees	944 465,22 zł
<b>Other income and profits</b>	<b>80 978,41 zł</b>
<b>Financial income</b>	<b>272,84 zł</b>
<b>Total income</b>	<b>1 025 716,47 zł</b>

The income received was booked correctly, concern 2019.

**2. Costs Borne**

<b>Costs of core operating activities</b>	<b>980 680,37 zł</b>
• Depreciation	0,00 zł
• Usage of materials and energy	1 123,43 zł
• Wages, social security, other	242 875,00 zł
• Taxes and fees	6 449,18 zł
• Other services	585 076,59 zł
• Other costs	145 156,17 zł
<b>Other costs of execution of statutory tasks</b>	<b>78,33 zł</b>
<b>Financial costs</b>	<b>6 822,99 zł</b>
<b>Total costs</b>	<b>987 581,69 zł</b>

The costs borne were booked correctly, concern 2019.

**3. Financial Result**

Profit (gross)	38 134,78 zł
- income tax	31,00 zł
<b>Profit (net)</b>	<b>38 103,78 zł</b>

Annual settlement on CIT-8 form was filed with the Fiscal Office.

## **F. SUMMARY OF THE AUDIT**

Accounting of the Union of the Baltic Cities is kept in accordance with the Accounting Act of 29 September 1994 (Journal of Laws 2017, item 2342). The financial statement was prepared in accordance with Appendix No. 6.

Incomes and costs are correct, the principle of continuity is maintained and the financial result for 2019 is reflected truly and fairly.

The information presented is contained in 8 numbered pages including the appendices.

### **Appendices:**

- 1) Balance as of 31.12.2019
- 2) Profit and loss account 01.01.2019 - 31.12.2019.

**Dorota Rutkowska Biegły rewident**  
**81-218 Gdynia, ul. Zamenhofa 1b/30**  
**Firma audytorska nr 3681**

Dorota Rutkowska  
Nr w rejestrze 11978

Gdynia, 29 kwietnia 2021 r.

Załącznik nr 1

**BALANCE**

Made on 31.12.2019 (PLN)

Specification	Balance at 31.12.2019	Balance at 31.12.2018
<b>ASSETS</b>		
<b>A . Fixed assets including:</b>	<b>0,00</b>	<b>0,00</b>
I. Intangible assets	0,00	0,00
II. Tangible assets	0,00	0,00
III. Long-term receivables	0,00	0,00
IV. Long-term investments	0,00	0,00
V. Long-term accruals	0,00	0,00
<b>B. Current assets including:</b>	<b>838 825,51</b>	<b>898 325,96</b>
I. Stocks	0,00	0,00
II. Short-term receivables	25 260,77	18 414,84
III. Short-term investments	810 255,88	879 904,56
IV. Short-term accruals	3 308,86	6,56
<b>C. Payments for the statutory fund</b>	<b>0,00</b>	<b>0,00</b>
<b>TOTAL ASSETS</b>	<b>838 825,51</b>	<b>898 325,96</b>
<b>LIABILITIES</b>		
<b>A. Shareholds' Funds</b>	<b>829 157,59</b>	<b>791 053,81</b>
I. Statutory Fund	791 053,81	600 884,40
II. Other funds	0,00	0,00
III. Profit (loss) from previous years	0,00	0,00
IV. Profit (loss) net	38 103,78	190 169,41
<b>B. Liabilities and provisions including:</b>	<b>9 667,92</b>	<b>107 272,15</b>
I. Provisions for commitments	0,00	0,00
II. Long-term liabilities	0,00	0,00
III. Short-term liabilities	9 667,92	107 272,15
IV. Accruals	0,00	0,00
<b>TOTAL LIABILITIES</b>	<b>838 825,51</b>	<b>898 325,96</b>

Gdańsk, 29.04.2021

Dorota Rutkowska

**PROFIT AND LOSS ACCOUNT**

For the period from 01.01.2019 to 31.12.2019 (PLN)

Specification	Amount for	
	2019	2018
<b>A. Income from basic operation including</b>	<b>944 465,22</b>	<b>1 015 643,93</b>
I. Income from unpaid public benefit activities	944 465,22	1 015 643,93
II. Income from paid public benefit activities	0,00	0,00
III. Income from the remaining statutory activities	0,00	0,00
<b>B. Costs of the statutory activities</b>	<b>980 680,37</b>	<b>899 096,77</b>
I. Costs of unpaid public benefit activities	980 680,37	899 096,77
II. Costs of paid public benefit activities	0,00	0,00
III. Costs of the remaining statutory activities	0,00	0,00
<b>C. Profit (loss) from the statutory activities (A -B)</b>	<b>-36 215,15</b>	<b>116 547,16</b>
D. Business revenues	0,00	0,00
E. Business expenses	0,00	0,00
<b>F. Profit (loss) from business operations (D-E)</b>	<b>0,00</b>	<b>0,00</b>
G. General management costs	0,00	0,00
<b>H. Profit (loss) from operating activities (C +F -G)</b>	<b>-36 215,15</b>	<b>116 547,16</b>
I. Other operating income	80 978,41	54 704,59
J. Other operating costs	78,33	75,40
K. Financial income	272,84	19 013,06
L. Financial costs	6 822,99	0,00
<b>M. Profit (loss) gross ( H +I -J +K -L)</b>	<b>38 134,78</b>	<b>190 189,41</b>
N. Income tax	31,00	20,00
<b>O. Profit (loss) net (M -N)</b>	<b>38 103,78</b>	<b>190 169,41</b>

Gdańsk, 29.04.2021

Dorota Rutkowska



## UNION OF THE BALTIC CITIES

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## B. BOOKS

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Accounting documents are complete and adequate, checked from accounting and substantive point of view. The documents are stored correctly.

The closing balance sheet of the year 2017 was entered in the books as the opening balance sheet as on 1 January 2018. Denomination was carried out properly.

The profit for the year 2019, amounting to PLN 38 103,78, was booked to increase the statutory fund.

## C. FINANCIAL STATEMENT

**Financial statement** of the Union of the Baltic Cities includes:

- introduction to the financial statements
- balance sheet as on 31 December 2020, on the assets and liabilities side showing the amount of **PLN 1 208 837,51**.
- profit and loss account for the period covering the time from 1 January to 31 December 2020, showing the profit amounting to **PLN 343 808,44**.
- additional information

The financial statement was prepared in accordance with annex no. 6 to the Accounting Act 29 September 1994 (Journal of Laws 2019, item 351).

The audited year concerns the following 12 months of the year 2018 and the previous year concerns the following 12 months of the year 2019, and 12 following months of 2018.

### Summary balance sheet for the period 2020-2018 (in thousands PLN)

Specification	State at the end of the year						Changes 2020/2019
	2020		2019		2018		
	kwota	%	kwota	%	kwota	%	%
1	2	3	4	5	6	7	8
<b><u>ASSETS</u></b>							
A. Fixed assets	0	0,0%	0	0,0%	0	0,0%	0,0%
B. Current assets	1 209	100,0%	839	100,0%	898	100,0%	144,1%
<b>Total</b>	<b>1 209</b>	<b>100,0%</b>	<b>839</b>	<b>100,0%</b>	<b>898</b>	<b>100,0%</b>	<b>144,1%</b>
<b><u>LIABILITIES</u></b>							
A. Statutory fund	1 173	98,8%	829	98,8%	791	88,1%	141,5%
B. Liabilities and Reserves Commitments	36	1,2%	10	1,2%	107	11,9%	360,0%
<b>Total</b>	<b>1 209</b>	<b>100,00%</b>	<b>839</b>	<b>100,00%</b>	<b>898</b>	<b>100,0%</b>	<b>144,1%</b>

### Summary profit and loss sheet for the period 2020-2018 (in thousands PLN)

Specification	Period (years)			Changes 2020/2019 %
	2020	2019	2018	
1	2	3	4	5
Income from statutory activities, dues	991	944	1 016	105,0%
Costs of execution of statutory tasks	748	980	899	76,3%
<b>Profit (loss) on statutory activities</b>	<b>243</b>	<b>-36</b>	<b>117</b>	<b>-675,0%</b>
Other operational income	17	81	54	21,0%
Other operational costs	0	0	0	0,0%
Financial income	84	0	19	0,0%
Financial costs	0	7	0	0,0%
<b>Profit gross</b>	<b>344</b>	<b>38</b>	<b>190</b>	<b>905,3%</b>
Income tax	0	0	0	0,0%

<b>Profit (loss) net</b>	<b>344</b>	<b>38</b>	<b>190</b>	<b>905,3%</b>
<b>Total income</b>	<b>1 092</b>	<b>1 025</b>	<b>1 089</b>	<b>106,5%</b>
<b>Total costs</b>	<b>748</b>	<b>987</b>	<b>899</b>	<b>75,8%</b>

#### D. ASSESMENT OF THE CORRECTNESS OF THE BOOKS

##### 1. *Fixed Assets* include;

• Original value	10 883,86 zł
• Depreciation	10 883,86 zł
• <b>Net value</b>	<b>0,00 zł</b>

Balance correct.

##### 2. *Current assets* comprise;

• Short-term dues	137 337,97zł
• Short-term investments	1 071 499,54zł
• Short-term accrued expenses	0,00 zł
• <b>Total</b>	<b>1 208 837,51 zł</b>

The amount of cash follows from cash report of 31.12.2020 and banking statement as of 31.12.2020, confirmed by the Bank. The bookings were made correctly.

##### 3. *Funds* comprise;

• Statutory fund	829 157,59 zł
• Profit	343 808,44 zł
• <b>Total</b>	<b>1 172 966,03 zł</b>

The statutory fund was created properly from income surplus to the costs for the period of operation.

##### 4. *Short-term Liabilities*;

• On the score of supplies, work and services	1 107,00 zł
• To the state budget	5 506,65 zł
• <b>Total</b>	<b>6 613,65zł</b>

**5. Accrued expenses** comprise the financial resources received in the framework of the EU project CREST in the amount **29 257,83 zł**

The balances are correct, accounted in 2021. Bookings were made correctly.

## E. PROFIT AND LOSS ACCOUNT

### 1. Income

<b>Income from statutory activities</b>	<b>990 881,72 zł</b>
Including: - membership fees	990 881,72 zł
<b>Other income and profits</b>	<b>17 253,17 zł</b>
<b>Financial income</b>	<b>83 565,09 zł</b>
<b>Total income</b>	<b>1 091 699,98 zł</b>

The income received was booked correctly, concern 2020 .

### 2. Costs Borne

<b>Costs of core operating activities</b>	<b>747 881,70 zł</b>
• Depreciation	0,00 zł
• Usage of materials and energy	287,00 zł
• Wages, social security, other	252 070,00 zł
• Taxes and fees	2 873,61 zł
• Other services	368 631,64 zł
• Other costs	124 019,45 zł
<b>Other costs of execution of statutory tasks</b>	<b>2,84 zł</b>
<b>Financial costs</b>	<b>0,00 zł</b>
<b>Total costs</b>	<b>747 884,54 zł</b>

The costs borne were booked correctly, concern 2020.

### 3. Financial result

Profit (gross)	343 815,44 zł
- income tax	7,00 zł
	<b>343 808,44 zł</b>

<b>Profit (net)</b>	
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Annual settlement on CIT-8 form was filed with the Fiscal Office.

#### **F. SUMMARY OF THE AUDIT**

Accounting of the Union of the Baltic Cities is kept in accordance with the Accounting Act of 29 September 1994 (Journal of Laws 2019, item 351). The financial statement was prepared in accordance with Appendix No. 6.

Incomes and costs are correct, the principle of continuity is maintained and the financial result for 2020 is reflected truly and fairly.

The information presented is contained in 8 numbered pages including the appendices.

#### **Appendices:**

- 1) Balance as of 31.12.2020
- 2) Profit and loss account 01.01.2018 - 31.12.2020.

**Dorota Rutkowska Biegły rewident  
81-218 Gdynia, ul. Zamenhofa 1b/30  
Firma audytorska nr 3681**

Dorota Rutkowska  
Nr w rejestrze 11978

Gdynia, 29 kwietnia 2021 r.

Załącznik nr 1

**BALANCE**  
Made on 31.12.2020 (PLN)

Specification	Balance at 31.12.2020	Balance at 31.12.2019
<b>ASSETS</b>		
<b>A . Fixed assets</b>	<b>0,00</b>	<b>0,00</b>
I. Intangible assets	0,00	0,00
II. Tangible assets	0,00	0,00
III. Long-term receivables	0,00	0,00
IV. Long-term investments	0,00	0,00
V. Long-term accruals	0,00	0,00
<b>B. Current assets</b>	<b>1 208 837,51</b>	<b>838 825,51</b>
I. Stocks	0,00	0,00
II. Short-term receivables	137 337,97	25 260,77
III. Short-term investments	1 071 499,54	810 255,88
IV. Short-term accruals	0,00	3 308,86
<b>C. Payments for the statutory fund</b>	<b>0,00</b>	<b>0,00</b>
<b>TOTAL ASSETS</b>	<b>1 208 837,51</b>	<b>838 825,51</b>
<b>LIABILITIES</b>		
<b>A. Shareholds' Funds</b>	<b>1 172 966,03</b>	<b>829 157,59</b>
I. Statutory Fund	829 157,59	791 053,81
II. Other funds	0,00	0,00
III. Profit (loss) from previous years	0,00	0,00
IV. Profit (loss) net	343 808,44	38 103,78
<b>B. Liabilities and provisions</b>	<b>35 871,48</b>	<b>9 667,92</b>
I. Provisions for commitments	0,00	0,00
II. Long-term liabilities	0,00	0,00
III. Short-term liabilities	6 613,65	9 667,92
IV. Accruals	29 257,83	0,00
<b>TOTAL LIABILITIES</b>	<b>1 208 837,51</b>	<b>838 825,51</b>

Gdynia, dnia 29.04.2021 r.  
Dorota Rutkowska

**PROFIT AND LOSS ACCOUNT**  
For the period from 01.01.2020 to 31.12.2020 (PLN)

Specification	Amount for	
	2020	2019
<b>A. Income from basic operation including</b>	<b>990 881,72</b>	<b>944 465,22</b>
I. Income from unpaid public benefit activities	990 881,72	919 828,85
II. Income from paid public benefit activities	0,00	0,00
III. Income from the remaining statutory activities	0,00	0,00
<b>B. Costs of the statutory activities</b>	<b>747 881,70</b>	<b>980 680,37</b>
I. Costs of unpaid public benefit activities	747 881,70	980 680,37
II. Costs of paid public benefit activities	0,00	0,00
III. Costs of the remaining statutory activities	0,00	0,00
<b>C. Profit (loss) from the statutory activities (A -B)</b>	<b>243 000,02</b>	<b>-36 215,15</b>
<b>D. Business revenues</b>	<b>0,00</b>	<b>0,00</b>
<b>E. Business expenses</b>	<b>0,00</b>	<b>0,00</b>
<b>F. Profit (loss) from business operations (D-E)</b>	<b>0,00</b>	<b>0,00</b>
G. General management costs	0,00	0,00
.		
<b>H. Profit (loss) from operating activities (C +F -G)</b>	<b>243 000,02</b>	<b>-36 215,15</b>
I. Other operating income	17 253,17	80 978,41
J. Other operating costs	2,84	78,33
K. Financial income	83 565,09	272,84
L. Financial costs	0,00	6 822,99
<b>M. M. Profit (loss) gross ( H +I -J +K -L)</b>	<b>343 815,44</b>	<b>38 134,78</b>
N. Income tax	7,00	31,00
<b>O. Profit (loss) net (M -N)</b>	<b>343 808,44</b>	<b>38 103,78</b>

Gdynia, dnia 29.04.2021 r.  
Dorota Rutkowska