

FINANCIAL DOCUMENTS

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3. UBC membership fees 2012-2013

UNION OF THE BALTIC CITIES

AUDITOR'S REPORT

for 2009

A. GENERAL INFORMATION

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

Over 100 cities from 10 Baltic Sea countries were associated in the Union of the Baltic Cities in 2009.

The objective of the Union of the Baltic Cities is to develop co-operation and exchange of information between members of the Union. The Union does not conduct business activity and is supported from members' dues. Income of the Union is tax-free.

The audit was performed by a chartered auditor - Jadwiga Zemło, No. 4615 of the register kept by National Board of Chartered Auditors in Warsaw, on the strength of contract No. 1/2011 of 5 April 2011, concluded between Usługi Księgowe - Bilans, of Gdańsk, 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 organisations, 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, No. 152, item 1323 from 2009). 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 Rachunkowosc 5,00 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 2009.

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

The closing balance sheet of the year 2008 was entered in the books as the opening balance sheet as on 1 January 2009. Denomination was carried out properly.

The benefit for the year 2008, amounting to PLN 229 771,58 was booked to increase the statutory fund.

C. FINANCIAL STATEMENT

Financial statement of the Union of the Baltic Cities includes:

- balance sheet as on 31 December 2009, on the assets and liabilities side showing the amount of PLN 765 036,16

- profit and loss account for the period covering the time from 1 January to 31 December 2009, showing the loss amounting to PLN 228 152,21

- additional information

The financial statement was prepared in accordance with provisions of the ordinance of the Minister of Finance of 15 November 2001, on detailed rules for the accounting of entities not conducting business activity (Journal of Laws No. 137, item 1539 of the year 2002 and No. 11, item 117 of the year 2003).

The audited year concerns the following 12 months of the year 2009 and the previous year concerns the following 12 months of the year 2008, and 12 following months of 2007.

Summary balance sheet for the period 2009-2007 (in thousands PLN)

Specification	State at the end of the year						Changes 2009/2008
	2009		2008		2007		
	Amount	%	Amount	%	Amount	%	%
1	2	3	4	5	6	7	8
<u>ASSETS</u>							
A. Fixed assets	0	0,00%	0	0,00%	1	0,13%	0,00%
B. Current assets	765	100,00%	1 029	100,00%	753	99,87%	74,34%
Total	765	100,00%	1 029	100,00%	754	100,00%	74,34%
<u>LIABILITIES</u>							
A. Statutory funds	721	94,25%	950	92,32%	720	95,49%	75,89%
B. Accounts payable	44	5,75%	79	7,68%	34	4,51%	55,70%
Total	765	100,00%	1 029	100,00%	754	100,00%	74,34%

Summary profit and loss sheet for the period 2009-2007 (in thousands PLN)

Specification	Period (years)			Changes 2009/2008
	2009	2008	2007	%
1	2	3	4	5
Income from statutory activities, dues	1 156	957	948	120,79%
Costs of execution of statutory tasks	1 054	651	729	161,90%
Profit/ loss from statutory activities	102	306	219	33,33%
Management costs	318	265	269	120,00%
Other income	2	0	0	0,00%
Other costs	0	0	0	0,00%
Income from financial operations	24	189	24	12,70%
Costs of financial operations	38	0	49	0,00%
Gross profit/ loss	-228	230	-75	-99,13%

Total income	1 182	1 146	972	103,14%
Total costs	1 410	916	1 047	153,93%

D. ASSESMENT OF THE CORRECTNESS OF THE BOOKS

1. *Fixed Assets* include computer sets ;

• original value	7 131,14 zł
• depreciation	7 131,14 zł
• net value	0,00 zł

Balance correct;

2. *Current assets* comprise:

• short-term dues	0,00 zł
• short-term investments	765 036,16 zł
• Total	765 036,16 zł

The amount of cash follows from cash report 12/09 of 31.12.2009 r. and banking statement as of 31.12.2009 r., confirmed by the Bank. The bookings were made correctly.

3. Funds comprise:

• statutory fund	949 601,01 zł
• cost surplus	-228 152,21 zł
• Total	721 448,80 zł

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	41 446,48 zł
• to the state budget	2 140,88 zł
• Total	43 587,36 zł

The balances are correct, accounted in 2010. Bookings were made correctly.

E. PROFIT AND LOSS ACCOUNT

1. Costs Borne

• costs of execution of statutory tasks		1 053 999,45 zł
• management costs		318 348,99 zł
including: - external services	127 533,35 zł	
- consumption of materials and power	20 360,23 zł	
- remunerations	168 718,41 zł	
- other costs	1 737,00 zł	
• costs of financial operations		38 476,87 zł
• other costs		1,02 zł
Total costs		1 410 826,33 zł

The costs borne was booked correctly, concern 2009.

2. Income

• income from statutory activities		1 155 924,66 zł
including: - dues (fees)	1 155 924,66 zł	
- other statutory income	0,00 zł	
• income from financial operations		24 157,42 zł
• other income		2 592,04 zł
Total income		1 182 674,12 zł

The income received was booked correctly, concern 2009.

3. Loss on operation	-228 152,21 zł
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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 provisions of the Minister of Finance of 18 November 2001 for the rules of accountancy for the non-profit organisations (Journal of Laws No. 137, item 1539 of the year 2002 and No. 11, item 117 of the year 2003). Incomes and costs are correct, the principle of continuity is maintained and the financial result for 2009 is reflected truly and fairly.

The information presented is contained in 6 numbered pages. Each of the pages was marked with the auditor's name put next to the number of the page.

mgr Jadwiga Zemła
Biegły Rewident
numer ewidencyjny 4615

Usługi Księgowe- BILANS
80-328 Gdańsk, ul. Świerkowa 11/3
Nr ewidencyjny w KIBR 613

Gdańsk, 27.04.2011 r.

UNION OF THE BALTIC CITIES

AUDITOR'S REPORT

for 2010

A. GENERAL INFORMATION

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

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B. BOOKS

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

The closing balance sheet of the year 2009 was entered in the books as the opening balance sheet as on 1 January 2010. Denomination was carried out properly.

The loss for the year 2009, amounting to PLN 228 152,21 was booked to decrease the statutory fund.

C. FINANCIAL STATEMENT

Financial statement of the Union of the Baltic Cities includes:

- balance sheet as on 31 December 2010, on the assets and liabilities side showing the amount of PLN 740 830,31
- profit and loss account for the period covering the time from 1 January to 31 December 2010, showing the loss amounting to PLN 4 129,23
- additional information

The financial statement was prepared in accordance with provisions of the ordinance of the Minister of Finance of 15 November 2001, on detailed rules for the accounting of entities not conducting business activity (Journal of Laws No. 137, item 1539 of the year 2002 and No. 11, item 117 of the year 2003).

The audited year concerns the following 12 months of the year 2010 and the previous year concerns the following 12 months of the year 2009, and 12 following months of 2008.

Summary balance sheet for the period 2010-2008 (in thousands PLN)

Specification	State at the end of the year						Changes 2010/2009
	2010		2009		2008		
	Amount	%	Amount	%	Amount	%	%
1	2	3	4	5	6	7	8
<u>ASSETS</u>							
A. Fixed assets	0	0,00%	0	0,00%	0	0,00%	0,00%
B. Current assets	703	94,87%	765	100,00%	1029	100,00%	91,90%
C. Short-term prepayments	38	5,13%	0	0,00%	0	0,00%	0,00%
Total	741	100,00%	765	100,00%	1 029	100,00%	96,86%
<u>LIABILITIES</u>							
A. Statutory funds	717	96,76%	721	94,25%	950	92,32%	99,45%
B. Accounts payable	24	3,24%	44	5,75%	79	7,68%	54,55%
Total	741	100,00%	765	100,00%	1 029	100,00%	96,86%

Summary profit and loss sheet for the period 2010-2008 (in thousands PLN)

Specification	Period (years)			Changes 2010/2009
	2010	2009	2008	%
1	2	3	4	5
Income from statutory activities, dues	870	1156	957	75,26%
Costs of execution of statutory tasks	562	1 054	651	53,32%
Profit/ loss from statutory activities	308	102	306	301,96%
Management costs	290	318	265	91,19%
Other income	6	2	0	0,00%
Other costs	0	0	0	0,00%
Income from financial operations	7	24	189	29,17%
Costs of financial operations	35	38	0	0,00%
Gross profit/ loss	-4	-228	230	1,75%

Total income	883	1 182	1 146	74,70%
Total costs	887	1 410	916	62,91%

D. ASSESSMENT OF THE CORRECTNESS OF THE BOOKS

1. *Fixed Assets* include computer sets ;

• original value	7 131,14 zł
• depreciation	7 131,14 zł
• net value	0,00 zł

Balance correct;

2. *Current assets* comprise:

• short-term dues	2 573,33 zł
• short-term investments	700 570,97 zł
• Total	703 144,30 zł

The amount of cash follows from cash report 12/09 of 31.12.2010 r. and banking statement as of 31.12.2010 r., confirmed by the Bank. The bookings were made correctly.

3. Short-term prepayments 37 686,01 zł
concern costs of 2011

4. Funds comprise:

• statutory fund	721 448,80 zł
• cost surplus	-4 129,23 zł
• Total	717 319,57 zł

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

5. Short-term Liabilities:

• on the score of supplies, work and services	21 228,00 zł
• to the state budget	2 282,74 zł
• Total	23 510,74 zł

The balances are correct, accounted in 2011. Bookings were made correctly.

E. PROFIT AND LOSS ACCOUNT

1. Costs Borne

• costs of execution of statutory tasks		562 265,30 zł
• management costs		290 248,32 zł
including: - external services	105 556,38 zł	
- consumption of materials and power	4 373,53 zł	
- remunerations	180 318,41 zł	
- other costs	0,00 zł	
• costs of financial operations		35 293,02 zł
• other costs		0,01 zł
Total costs		887 806,65 zł

The costs borne was booked correctly, concern 2010.

2. Income

• income from statutory activities		870 088,23 zł
including: - dues (fees)	870 088,23 zł	
- other statutory income	0,00 zł	
• income from financial operations		7 443,41 zł
• other income		6 145,78 zł
Total income		883 677,42 zł

The income received was booked correctly, concern 2010 .

3. Loss on operation	-4 129,23 zł
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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 provisions of the Minister of Finance of 18 November 2001 for the rules of accountancy for the non-profit organisations (Journal of Laws No. 137, item 1539 of the year 2002 and No. 11, item 117 of the year 2003). Incomes and costs are correct, the principle of continuity is maintained and the financial result for 2010 is reflected truly and fairly.

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80-328 Gdańsk, ul. Świerkowa 11/3
Nr ewidencyjny w KIBR 613

Gdańsk, 27.04.2011 r.

Annex I

BALANCE
made at 31.12.2010
(PLN)

Specification	Balance at 31.12.2010	Balance at 01.01.2010
<i>1</i>	<i>2</i>	<i>3</i>
ASSETS		
A . Fixed assets	0,00	0,00
I. Intangible assets		
II. Tangible assets	0,00	0,00
III. Long-term receivables		
IV. Long-term investments		
V. Long-term prepayments and deferred costs		
B. Current assets	703 144,30	765 036,16
I. Stock	0,00	0,00
II. Short-term receivables	2 573,33	0,00
III. Short-term investments	700 570,97	765 036,16
1. Short-term financial assets	700 570,97	765 036,16
2. Other short-term investments		
IV. Short-term prepayments and deferred costs	37686,01	
TOTAL ASSETS	740 830,31	765 036,16
LIABILITIES		
A. Shareholds' Funds	717 319,57	721 448,80
I. Statutory fund	721 448,80	949 601,01
II. Revaluation reserve		
III. Net profit/ loss for the period of one year	-4 129,23	-228 152,21
1. Profit		
2. Loss (negative amount)	-4129,23	-228 152,21
B. Liabilities and provisions	23 510,74	43 587,36
I. Long-term liabilities concerning credits and loans		
II. Short-term liabilities and special funds	23 510,74	43 587,36
1. Credits and loans		
2. Other liabilities	23 510,74	43 587,36
3. Special funds		
III. Provisions for liabilities		
IV. Deferred operations	0,00	0,00
1. Deferred incomes	0,00	0,00
2. Other deferred operations		
TOTAL LIABILITIES	740 830,31	765 036,16

Annex 2

BALANCE
made at 31.12.2009
(PLN)

Specification	Balance at 31.12.2009	Balance at 01.01.2009
<i>1</i>	<i>2</i>	<i>3</i>
<u>ASSETS</u>		
A . Fixed assets	0,00	0,00
I. Intangible assets		
II. Tangible assets	0,00	0,00
III. Long-term receivables		
IV. Long-term investments		
V. Long-term prepayments and deferred costs		
B. Current assets	765 036,16	1 029 171,25
I. Stock	0,00	0,00
II. Short-term receivables	0,00	0,00
III. Short-term investments	765 036,16	1 029 171,25
1. Short-term financial assets	765 036,16	1 029 171,25
2. Other short-term investments		
IV. Short-term prepayments and deferred costs		
TOTAL ASSETS	765 036,16	1 029 171,25
<u>LIABILITIES</u>		
A. Shareholds' Funds	721 448,80	949 601,01
I. Statutory fund	949 601,01	719 829,43
II. Revaluation reserve		
III. Net profit/ loss for the period of one year	-228 152,21	229 771,58
1. Profit		229 771,58
2. Loss (negative amount)	-228 152,21	
B. Liabilities and provisions	43 587,36	79 570,24
I. Long-term liabilities concerning credits and loans		
II. Short-term liabilities and special funds	43 587,36	79 570,24
1. Credits and loans		
2. Other liabilities	43 587,36	79 570,24
3. Special funds		
III. Provisions for liabilities		
IV. Deferred operations	0,00	0,00
1. Deferred incomes	0,00	0,00
2. Other deferred operations		
TOTAL LIABILITIES	765 036,16	1 029 171,25

Annex 3

PROFIT AND LOSS ACCOUNT
for the period from 01.01.2010 to 31.12.2010
(comparison)

Specification	Amount in PLN Current Financial Year	Amount in PLN Previous Financial Year
1	2	3
A . Income from statutory operation	870 088,23	1 155 924,66
I. Gross dues (according to the statute)	870 088,23	1 155 924,66
II. Other income (in line with the statute)	0,00	0,00
B. Costs of the statutory activities	562 265,30	1 053 999,45
C. Financial result on statutory operation (A-B)	307 822,93	101 925,21
D. Management costs	290 248,32	318 348,99
1. Consumption of materials and energy	4 373,53	20 360,23
2. Other services	105 556,38	127 533,35
3. Taxes and charges	0,00	0,00
4. Fees	180 318,41	168 718,41
5. Amortisation	0,00	1 708,00
6 Other	0,00	29,00
E. Other income (not mentioned in lines A and G)	6 145,78	2 592,04
F. Miscellaneous (not mentioned in lines B, D and H)	0,01	1,02
G. Financial income	7 443,41	24 157,42
H. Financial costs	35 293,02	38 476,87
I. Gross financial result (C-D+F+G+H)	-4 129,23	-228 152,21
J. Extraordinary benefits and losses	0,00	0,00
I. Extraordinary benefits (amount in plus)	0,00	0,00
II. Extraordinary losses (amount in minus)	0,00	0,00
K. Financial result (I+J)	-4 129,23	-228 152,21

Annex 3

PROFIT AND LOSS ACCOUNT
for the period from 01.01.2009 to 31.12.2009
(comparison)

Specification	Amount in PLN Current Financial Year	Amount in PLN Previous Financial Year
1	2	3
A . Income from statutory operation	1 155 924,66	957 143,76
I. Gross dues (according to the statute)	1 155 924,66	957 143,76
II. Other income (in line with the statute)	0,00	0,00
B. Costs of the statutory activities	1 053 999,45	651 287,46
C. Financial result on statutory operation (A-B)	101 925,21	305 856,30
D. Management costs	318 348,99	265 425,12
1. Consumption of materials and energy	20 360,23	5 049,16
2. Other services	127 533,35	108 622,60
3. Taxes and charges	0,00	0,00
4. Fees	168 718,41	151 323,78
5. Amortisation	1 708,00	429,58
6 Other	29,00	0,00
E. Other income (not mentioned in lines A and G)	2 592,04	51,70
F. Miscellaneous (not mentioned in lines B, D and H)	1,02	83,00
G. Financial income	24 157,42	189 374,32
H. Financial costs	38 476,87	2,62
I. Gross financial result (C-D+F+G+H)	-228 152,21	229 771,58
J. Extraordinary benefits and losses	0,00	0,00
I. Extraordinary benefits (amount in plus)	0,00	0,00
II. Extraordinary losses (amount in minus)	0,00	0,00
K. Financial result (I+J)	-228 152,21	229 771,58

UBC MEMBERSHIP FEES 2012-2013

inhabitants	UBC fee	D, DK, FIN, N, S				EST, LAT, LIT, PL, RUS			
		cities	discount	fee EUR	income	cities	discount	fee EUR	income
-10 000	600	2	10%	540	1 080	9	40%	360	3 240
-25 000	1 200	4	10%	1 080	4 320	14	40%	720	10 080
-50 000	2 400	8	10%	2 160	17 280	11	40%	1 440	15 840
-100 000	3 250	21	10%	2 925	61 425	8	40%	1 950	15 600
-200 000	3 900	8	10%	3 510	28 080	5	40%	2 340	11 700
-500 000	5 800	7	10%	5 220	36 540	5	40%	3 480	17 400
500 000 -	7 250	1	10%	6 525	6 525	3	40%	4 350	13 050
Σ		51			155 250	55			86 910
				TOTAL	242 160				