

# ***Plan Estrategico de Juarez, A. C.***

Statutory Financial Statements  
December 31, 2016 and 2015

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Statutory Financial Statements

December 31, 2016 and 2015

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## **Independent auditor's report**

(Free translation from the original report issued in Spanish)

To the Board of Associates of  
Plan Estrategico de Juarez, A. C.

### **Opinion**

We have audited the financial statements of Plan Estrategico de Juarez, A. C. (The Organization), which comprise the statement of financial position as of December 31, 2016, and the statements of activities and of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (NIF).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Ethics Standards of Mexican Institute of Public accountants together with other requirements applicable to our audit in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

Management is responsible for the other information. The other information comprises statistical and narrative information included by the Organization Management in Note 11 to the financial statements.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement on this other information, we are required to report that fact. We have nothing to report in this regard.



## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NIF and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, S. C.



C. P. C. Sergio Pelaez Z.  
Audit Partner  
May 22, 2017

# ***Plan Estrategico de Juarez, A. C.***

## **Statements of Financial Position Mexican pesos, (Note 2)**

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	<u>December 31,</u>	
<b><u>Assets:</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
CURRENT ASSETS:		
Cash (Note 4)	Ps 4,562,524	Ps 3,511,146
Other accounts receivable		<u>7,104</u>
Total current assets	<u>4,562,524</u>	<u>3,518,250</u>
FURNITURE AND EQUIPMENT - Net (Note 5)	444,561	502,624
OTHER ASSETS	<u>16,094</u>	<u>14,880</u>
Total assets	<u>Ps 5,023,179</u>	<u>Ps 4,035,754</u>
<b><u>Liabilities and net assets:</u></b>		
CURRENT LIABILITIES		
Salaries and tax related payable	Ps 229,451	Ps 158,496
Other accounts payable	66,199	61,317
Income tax payable (Note 10)	<u>24,626</u>	<u>35,195</u>
Total liabilities	<u>320,276</u>	<u>255,008</u>
NET ASSETS (Note 6):		
Unrestricted	3,999,145	3,059,978
Temporarily restricted	<u>703,758</u>	<u>720,768</u>
Total net assets	<u>4,702,903</u>	<u>3,780,746</u>
Commitments (Note 7)		
Total liabilities and net assets	<u>Ps 5,023,179</u>	<u>Ps 4,035,754</u>

The accompanying twelve notes are an integral part of these financial statements, which were authorized for its issuance on May 22, 2017, by the officer that sign at the end of these financial statements and its notes.



# ***Plan Estrategico de Juarez, A. C.***

## **Statements of Activities Mexican pesos, (Note 2)**

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	Year ended as of December 31,	
	2016	2015
<b><u>Revenues:</u></b>		
Contributions received (Note 8)	Ps 8,631,503	Ps 7,167,273
Exchange gain	630,299	398,523
Gained interests	<u>3,133</u>	<u>2,942</u>
Total revenues	<u>9,264,935</u>	<u>7,568,738</u>
<b><u>Expenses:</u></b>		
General and administrative expenses (Note 2)	8,055,045	6,706,427
Exchange loss	<u>263,107</u>	<u>74,594</u>
Total expenses	<u>8,318,152</u>	<u>6,781,021</u>
Increase in net assets before taxes	946,783	787,717
Income tax (Note 10)	<u>24,626</u>	<u>35,195</u>
Increase in net assets during the year	922,157	752,522
Net assets, beginning of the year	<u>3,780,746</u>	<u>3,028,224</u>
Net assets, end of the year	<u>Ps 4,702,903</u>	<u>Ps 3,780,746</u>

The accompanying twelve notes are an integral part of these financial statements, which were authorized for its issuance on May 22, 2017, by the officer that sign at the end of these financial statements and its notes.

# ***Plan Estrategico de Juárez, A. C.***

## **Statements of Cash Flows**

**Mexican pesos, (Note 2)**

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	Year ended as of December 31,	
	2016	2015
<b><u>Operating activities:</u></b>		
Change in net assets before taxes	Ps 946,783	Ps 787,717
Investing activities related items:		
Depreciation expense	<u>168,191</u>	<u>193,750</u>
	1,114,974	981,467
Decreasing in accounts receivable and other	5,890	147,703
Income tax paid	(35,195)	(32,659)
Increasing in salaries and other accounts payable	<u>75,837</u>	<u>63,967</u>
	<u>1,161,506</u>	<u>1,160,479</u>
<b><u>Investing activities:</u></b>		
Purchase of furniture and equipment - Net	<u>(110,128)</u>	<u>(26,891)</u>
Increasing net in cash	1,051,378	1,133,588
Cash at the beginning of the year	<u>3,511,146</u>	<u>2,377,558</u>
Cash at the end of the year	<u>Ps 4,562,524</u>	<u>Ps 3,511,146</u>

The accompanying twelve notes are an integral part of these financial statements, which were authorized for its issuance on May 22, 2017, by the officer that sign at the end of these financial statements and its notes.



# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

**December 31, 2016 and 2015**

**(figures expressed in Mexican Pesos (Ps), Note 2)**

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### **Note 1 - Organization and nature of activities:**

Plan Estrategico de Juarez, A. C. ("the Organization" or Plan Estrategico) was incorporated on May 17, 2001, principally to promote actions and projects favoring the standard of living in Ciudad Juarez, Chihuahua.

Plan Estrategico de Juarez, A. C., is a nonprofit organization authorized by the Secretaria de Hacienda y Credito Publico (SHCP) to receive tax deductible contributions and exempt from federal income tax, except on income from the sale of shares, interest and prices in the terms of current tax provisions. On February 12, 2002, the Organization was authorized by the SHCP to receive income-tax deductible contributions; that authorization has been renewed annually.

The Organization has defined that its regular operating cycle comprise from January 1 to December 31 of each year.

### **Note 2 - Basis of preparation:**

#### Mexican Financial Reporting Standards (MFRS)

The accompanying financial statements at December 31, 2016, fairly meet the provisions of the MFRS to show a fair presentation of the Company's financial position. MFRS state that the International Financial Reporting Standard (IFRS), the International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC) and the Interpretation Committee (SIC) are a supplementary part of the MFRS when the absence of the MFRS requires it.

As of January 1, 2015, the Company retrospectively adopted the following improvements to Mexican Financial Reporting Standards (MFRS), issued by Consejo Mexicano de Normas de Información Financiera, A. C. (CINIF), which became effective as of the aforementioned date. It is considered that no relevant effects over the financial information presented by the Company arise from such MFRS and Interpretations.

#### **Improvements to MFRS**

- MFRS B-16 "Financial statements of non-profit entities": It notes that it is not necessary to split Other Comprehensive Income (OCI) from the other income, costs and expenses of a non-profit entity because they do not distribute to their sponsors; therefore, it is not required to separately identify or present, in the statement of activities, the OCI mentioned in other particular MFRS.

#### Presentation of costs, expenses and additional items in the income statement

The Organization presents the costs and expenses in the income statement under the classification criterion based on the nature of items, as it breaks down the items of costs and expenses, taking into account the specific nature of the type of cost or expense of entity. The main items included as costs and expenses, grouped by specific nature are shown as follows:

# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

**December 31, 2016 and 2015**

**(figures expressed in Mexican Pesos (Ps), Note 2)**

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	Year ended as of December 31,	
	2016	2015
Salaries, benefits and related taxes	Ps 4,302,986	Ps 1,778,383
Depreciation (Note 5)	168,191	193,750
Professional fees	1,615,409	2,633,633
Rent	566,349	550,745
Contributions made (Note 9)	-	1,557
Other cost and expenses	<u>1,402,110</u>	<u>1,548,359</u>
	<u>Ps 8,055,045</u>	<u>Ps 6,706,427</u>

### **Inflation effects in financial information**

According with the provisions in the MFRS B-10 "Inflation Effects", as of January 1, 2008, the Mexican economy is not an inflationary environment, since there has been a cumulative inflation below 26% (threshold to define that an economy should be considered as inflationary); therefore, it has been required to discontinue the recognition of the inflation effects in the financial information. Accordingly, the figures of the accompanying financial statements at December 31, 2016 and 2015 are stated in historical Mexican pesos modified by the inflation effects on the financial information recognized up to December 31, 2007.

The inflation rates are shown below:

	December 31,	
	2016	2015
Annual inflation rate	3.36%	2.13%
Cumulative inflation in the last three years	11.62%	12.08%

### **Recording, functional and reporting currency**

Because the recording currency as the functional and reporting currencies of the Organization is Mexican peso, no translation process was needed.

### **Financial statements authorization:**

The accompanying financial statements and their notes as of December 31, 2016 and 2015 were authorized for its issuance on May 22, 2017, by Miguel Fernandez Iturriza.

### **Note 3 - Summary of significant accounting policies:**

Most significant accounting policies are summarized as follows, which have been consistently applied in the reporting years, unless otherwise indicated.



# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

**December 31, 2016 and 2015**

**(figures expressed in Mexican Pesos (Ps), Note 2)**

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MFRS require the use of some critical accounting estimates in the preparation of the financial statements. Also, Management judgment is required in the process of defining the Company's accounting policies.

a. Cash

Cash includes cash balances, bank deposits and with minor risks by changes in value. See restricted cash in Note 4.

b. Furniture and equipment

The furniture and equipment, are expressed as follows: i) acquisition subsequent to January 1, 2008 at their acquisition cost, and ii) acquisitions up to December 31, 2007 from domestic origin at their restated values determined by applying factors derived from the National Index of Consumer Prices (INPC by its Spanish acronym) up to December 31, 2007 at their acquisition costs. Accordingly, as of December 31, 2016 and 2015 the furniture and equipment are expressed at their modified historical cost.

Depreciation is calculated by the straight line method based on the useful lives of the assets, such estimations were calculated by the Organization.

Long lived assets are subject to annual impairment testing only when impairment indicators are identified. As of December 31, 2016 and 2015 there were no impairment indicators on such assets.

c. Employees' Benefits

Employees' benefits granted by the Organization to its employees, including defined benefit plans (or defined contribution plans) are described as follows:

Direct benefits (salary, overtime, vacation, holidays, compensated absences payments, etc.) are recognized in the income as they accrue and their corresponding liabilities are expressed at nominal value since they are short-term. Compensated absence payments based on the legal or contractual provisions, are non-cumulative.

According with MFRS D-3 "Employee's Benefits", termination benefits due to reasons different from restructure (firing compensation or indemnities, aging bonus, special compensations or voluntary separation etc.) as well as the retirement benefits (pension, aging bonus, and compensation, etc.) are recognized based on actuarial studies carried out by independent actuaries through the projected unitary credit method. The Organization has not determined a provision for employee's benefits, however these provisions are not considered important in view of the reduced number of employees and its aging in the organization.

d. Contributions

Contributions are recorded as increases in net assets when received in cash, cash equivalents or unconditional promises to give. Contributions in-kind and in services are recorded in the financial statements at fair value.

# ***Plan Estratégico de Juárez, A. C.***

## **Notes to the Financial Statements**

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Contributions whose restrictions are extinguished in the same period are shown under unrestricted net assets; they are not shown as restricted and then reclassified. That treatment is consistent with the preceding period.

e. Net assets

Unrestricted net assets: Consists of the Organization's net assets, the use of which is not subject to permanent or temporary restrictions. In other words, net assets resulting from a) all income, expenses, profits and losses not derived from changes in net assets that has been restricted permanently or temporarily, or in accordance with sponsor stipulations, and b) all income arising from reclassifications of permanently or temporarily restricted net assets.

The only limitation on unrestricted net assets is the one resulting from the nature of the Organization and the specific purpose of its regulations and bylaws.

Temporarily restricted net assets: Is comprised of temporarily restricted assets, whose use is limited by donor restrictions that expire over time or because the established purposes are met.

f. Exchange gain (loss)

Transactions in foreign currencies (US dollars) are initially recorded at recording currency applying the exchange rate prevailing on the date of their operation. Assets and liabilities denominated in such currency are translated at the exchange rate prevailing at the date of the statement of the financial position. Exchange gain or loss arising from fluctuations in the exchange rates between the transaction and settlement dates, or valuation at the period-end are recognized in income as a component of income or expenses.

g. Income tax (IT)

Under current tax provisions, the Organization is not subject to the payment of federal income tax, and is therefore not required to record deferred taxes. See Note 10.

### **Note 4 - Cash:**

Cash consist of the following:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Cash	Ps 5,000	Ps 5,000
Cash deposits	<u>3,853,766</u>	<u>2,785,378</u>
Total unrestricted	3,858,766	2,790,378
Restricted cash (1)	<u>703,758</u>	<u>720,768</u>
Total cash	<u>Ps 4,562,524</u>	<u>Ps 3,511,146</u>



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- (1) Restricted cash arises from the need to handle contributions intended for the following programs: a) "Fortalecimiento de iniciativas de control democratico municipal", and b) "Cultura de legalidad de la Embajada".

### **Note 5 - Furniture and equipment:**

The investment in such assets is as follows:

	<u>December 31,</u>		<u>Annual depreciation rate (%)</u>
	<u>2016</u>	<u>2015</u>	
Furniture and equipment	Ps 980,523	Ps 970,840	10
Communication equipment	263,727	235,530	10
Computer equipment	829,714	757,466	33.33
Transportation equipment	<u>434,094</u>	<u>434,094</u>	25
	2,508,058	2,397,930	
Accumulated depreciation	<u>(2,063,497)</u>	<u>(1,895,306)</u>	
	<u>Ps 444,561</u>	<u>Ps 502,624</u>	

Depreciation recorded in the statement of activities for the years ended as of December 31, 2016 and 2015 amounts Ps168,191 y Ps193,750, respectively.

### **Note 6 - Net assets:**

Net assets of the Organization is used for the original business purposes for which it was incorporated, and therefore no benefits may be offered on capital increases.

Net assets are comprised as follows:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Unrestricted net assets	Ps 3,999,145	Ps 3,059,978
<u>Temporary Restricted Net Assets</u>		
Set aside for the program "Fortalecimiento de iniciativas de control democrático municipal"		26,756
Set aside for the program "Cultura de la legalidad de la Embajada"	<u>703,758</u>	<u>694,012</u>
	<u>703,758</u>	<u>720,768</u>
Total net assets	<u>Ps 4,702,903</u>	<u>Ps 3,780,746</u>

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**(figures expressed in Mexican Pesos (Ps), Note 2)**

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In the event the entity is liquidated, its assets will be entirely turned over to entities authorized to receive contributions, in the terms of the applicable tax laws.

According to the exemption ruling for income tax specified in Note 10, the Organization may not distribute to its sponsors, in full or in part, the remaining portion of income over expenses during the term of its operations.

### **Note 7 - Commitments:**

The Organization has signed a collaboration agreement with the Centro de Investigaciones en Antropología Social "El CIESAS", for mutual collaboration in promoting activities of each of the parties with a view to carrying out actions for creating, strengthening and systematizing democratic municipal control initiatives within the state of Chihuahua, the program by the name of "Coalicion Pro Municipio", by means of the coordination, technical assistance and accompaniment of recipients, and systematizing their work in compliance with the objectives and activities of the Association, financed by EL CIESAS. This is achieved by providing financial support to Plan Estrategico totaling Ps 550,000 (Five hundred and fifty thousand Mexican pesos) in five installments starting August 2016 to June 2018.

#### **I. CIESAS agrees to:**

- a. Providing follow-up on the project and evaluating results.
- b. Making payments on the financing for the project.
- c. Arranging for the results to be made known, based on those considered most important, in consultation with the Organization.
- d. General coordination and supervision of the project.

#### **II. Plan Estrategico agrees to:**

- a. Administering the funds arising from CIESAS and handle an independent bank account, as well as punctually recording vouchers for expenses corresponding to the project.
- b. Implementing the action in proper time and form.
- c. Providing the deliverables mentioned in the agreement.

In addition, the Organization has signed an agreement to participate with the US Department of State in developing and completing citizen promotion programs intended to strengthen the rule of law and foster the culture of lawfulness in Ciudad Juarez, Chihuahua, a project by the name of "El Pacto". This is designed to increase civic participation, transparency, advocacy, and accountability and seeks to empower citizens by giving them the tools needed to collaborate with local authorities, and to strengthen relations between the local, state and federal governments by means of financial support for Plan Estrategico totaling US\$500,000 (Five hundred thousand US dollars) from June 2015 to May 2017.



# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

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### **I. Plan Estrategico agrees to:**

- a. No later than 30 days following the end of each quarter based on calendar days, issue four quarterly reports on progress and exercise of the resources.
- b. Issuing a final report, once the program has concluded, specifying an analysis of the solution to problems, statistics, practical improvements, and analysis of problems pertaining to the execution of the project and conclusions concerning project sustainability.
- c. Notify the Department of State in the event that any of the employees assigned to the project is working or is to work on some other project or program.
- d. Keep documentation supporting the program conducted for a minimum of three years to be used in the event that it is the subject of an audit by the US government.
- e. If necessary, issue a written request for an extension to the program period, 30 calendar days prior to termination of the project term, providing reasons for the modification and a revised budget for the project plan. Additionally, may make no additional commitments and incur in no additional expenses beyond the amount authorized by the project.

### **Note 8 - Contributions received:**

As of December 31, 2016, the Organization has 12 promoting partners, who are committed to make annual contributions of Ps250,000 each, and together represent a significant portion of the contributions received by the Organization annually. As of December 31, 2016 and 2015, contributions made by promoting partners represent 49% and 39%, respectively, of annual contributions received. The contributions were received as follows:

	<u>December 31,</u> <u>2016</u>	<u>2015</u>
Contributions in cash	Ps 8,631,503	Ps 7,167,273

### **Note 9 - Contributions made:**

The Organization made contributions to other nonprofit entities as reimbursement of remainders of funds for programs, as follows:

	<u>Year ended as of</u> <u>December 31,</u> <u>2016</u>	<u>2015</u>
Concept		
Unrestricted contributions	Ps -	Ps 1,557

# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

**December 31, 2016 and 2015**

**(figures expressed in Mexican Pesos (Ps), Note 2)**

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### **Note 10 - Tax position:**

The Organization was registered as a non-profit organization for tax purposes and it is therefore exempt from income tax (IT) under the provisions of title III of the IT Law and authorization ruling 325-SAT-08-II-B-260 dated January 29, 2003, which establishes that in order for income earned from its operations to be tax exempt, the entity must not distribute profits in the period of operations and must not incur expenses not strictly indispensable for carrying out its social purpose.

Nondeductible expenses incurred by the Organization are subject to IT in conformity with the applicable legal tax provisions. Because there are no temporary items in the determination of income tax payable by the Organization, no deferred income tax need be recorded. In 2016 and 2015, tax payable by the Organization is Ps24,626 and Ps35,195, respectively.

Additionally, as published in the Official Gazette of January 12, 2016, authorization was issued for taxpayers making donations to deduct those amounts from their taxable income, provided said donations are used exclusively for carrying out their social purpose.

### **Note 11 - Statistical and narrative information:**

#### **Achievements 2016**

Although it is difficult to claim achievements in these areas, as explained below, following are certain situations that can be viewed as good results of the Organization's work:

#### **General**

- Trained 50 citizen leaders with public advocacy skills.
- Signed commitment of 2016-2018 candidates for city mayor to implement Plan Estrategico proposals.
- The activities of Plan Estrategico had an average monthly participation of 386 people.
- Plan Estrategico achieved 260 appearances in local and national print media.

#### **Red de Vecinos**

- Citizenship and government working groups were held in Red de Vecinos.
- Red de Vecinos as reference for the solution of neighbor problems.
- Alliance of Red de Vecinos and Public Security for the prevention of crime and violence.



# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

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- Red de Vecinos carried out 22 neighborhood meetings, 86 consultancies, 18 meetings/trainings with Public Safety and 112 meetings with public officials.

### **RegidorMX**

- The National RegidorMX Alliance was created to replicate monitoring actions to city halls in other states of the country.
- An important citizen mobilization was achieved through the RegidorMX Guerrero project.
- An important opening process in the city council of Juarez was achieved: it affected the transmission of city council sessions by the district; readjustment of the city hall physical space; and the modification of the city hall bylaws began.
- RegidorMX monitored 29 sessions of the city hall of Juarez, held 29 meetings with volunteers, 4 sessions of prepa al cabildo and 10 meetings with municipal officials.

### **Asi Estamos Juarez**

- Asi Estamos Juarez (AEJ) was consolidated as the main municipal measurement system.
- A technical review process of the AEJ scoreboard was carried out with experts.
- The Citizen Perception Survey 2016 was applied.
- The annual AEJ report was held in the cibeles room with an attendance of more than 400 people.

### **Comunicacion**

- The YoReporto app was launched to bring citizen participation closer to Juarez citizens.
- The YoCiudadano information platform was launched.
- The Communication Area of Plan Estrategico designed 204 graphic materials, 4 booklets and 367 videos.

### **Note 12 - New accounting pronouncements:**

The following describes a series of MFRS issued by CINIF during December 2013, 2014 and 2015, which will take effect in 2016 and 2018. Those MFRS are not considered to have a significant affectation in the financial information to be presented by the Company.

# ***Plan Estrategico de Juarez, A. C.***

## **Notes to the Financial Statements**

**December 31, 2016 and 2015**

**(figures expressed in Mexican Pesos (Ps), Note 2)**

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### 2016:

- MFRS C-3 "Employees' Benefits" It states the valuation, presentation and disclosure standards for the initial and subsequent recognition of short-term and long term liabilities for termination and post-employment benefits. The concept of remeasurements of assets and liabilities for defined benefits is established and the possibility of deferring the recognition of actual gains and losses directly to income, as they accrue, is eliminated. Due to the above, such actuarial gains and losses should be immediately recognized in other comprehensive income (OCI), requiring their subsequent recycling to net profit or loss. Its early application is allowed as from January 1, 2015.
- IFRIC 21 "Recognition of payments for employee separation". IFRIC 21 was issued with the purpose of clarifying the accounting treatment to be applied to separation payments established in MFRS D-3 "Employee benefits".

### 2018:

- MFRS C-9 "Provisions, contingencies and commitments". Establishes the valuation, presentation and disclosure standards for liabilities, provisions and commitments, reducing its scope to relocate the matter related to financial liabilities in MFRS C-19. The definition of liability was modified, removing the concept of "virtually unavoidable" and including the term "likely".
- MFRS C-3 "Accounts receivable". Establishes the valuation, presentation and disclosure standards for the initial and subsequent recognition of trade receivables and other receivables in the financial statements of an economic entity. Specifies that the accounts receivable based on a contract represent a financial instrument.

### Improvements to MFRS 2017:

- MFRS D-3 "Employee benefits". Establishes that the discount rates to be used in the determination of the present value of long-term labor liabilities must be a free market rate with very little credit risk, which represents the value of money over time; consequently, the entity may use indistinctly either the government bond market rate or the high quality corporate bond market rate in absolute terms in a deep market, provided it supports, in the latter case, that it meets all requirements of the MFRS.

It also establishes that the difference resulting between plan assets reached by the recognition in income of the interest income estimated during the period and the plan assets fair value at period-end must be recognized, optionally, in other comprehensive income or in net profit or loss at the date of its determination, the entity must be consistent in the recognition of remeasurement.

### Improvements to MFRS 2016:

- MFRS C-1 "Cash and cash equivalents". Establishes that both the initial and subsequent recognition of cash must be valued at fair value; states that cash equivalents are held to comply short-term obligations and changes the term "available-for-sale investments" for "high liquidity financial instruments", which should not exceed three months and for their valuation the relevant financial instruments MFRS should be applied.

# ***Plan Estrategico de Juarez, A. C.***

Notes to the Financial Statements

December 31, 2016 and 2015

(figures expressed in Mexican Pesos (Ps), Note 2)

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- Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments". The concept of "transaction costs" is included, establishing that are those incurred in to produce a financial asset o through which a financial liability is assumed, that would have not been incurred in had such financial asset or liability had been recognized.



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Ing. Miguel Fernandez Iturriza  
President