

# **GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C.**

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**Financial Statements**  
for the years ended December 31, 2019 and 2018  
with Report of Independent Auditors

**GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C (Article 19 Mexico)**  
Audited financial statements

GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C  
Financial Statements

For the years ended December 31, 2019 and 2018

Table of contents:	Page
Report of Independent Auditors.....	3
Financial Statements:	
Consolidated Statements of Financial Position.....	5
Consolidated Statements of Activities.....	6
Consolidated Statements of Cash Flows.....	7
Notes to Financial Statements.....	8

## **Independent Auditor's Report**

### **To the General Assembly of Trustees**

### **GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C.**

We have audited the accompanying financial statements of the Global Campaign for Free Expression A19 A.C., which comprise the Statements of Financial Position as of December 31, 2019 and 2018, the Statements of Activities and Cash Flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the entity's financial statements**

Management is responsible for the reasonable preparation of the accompanying financial statements in accordance with the Financial Reporting Standards and for such internal control as management deems necessary to enable the preparation of financial statements free from material misstatement due to fraud or error.

### **Responsibility of the auditor**

Our responsibility is to express an opinion on the accompanying financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit requires performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

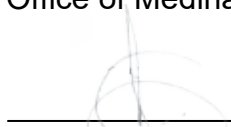
## Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Global Campaign for Free Expression A19 A.C., at December 31, 2019 and 2018 the result of its activities and cash flow, for the years then ended, in accordance with Mexican Financial Reporting Standards.

## Emphasis of Matter

We wish to report on the figures included in the financial statements for the year 2018, which are presented for comparative purposes and which were audited by another auditor who expressed an unqualified opinion dated May 29, 2019.

Office of Medina, Hernández and Associates, Consultants and Advisors, S.C.



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C.P. and E.F. Victor Medina Aguirre  
México July 10, 2020

**GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C.**

## Consolidated Statements of Financial Position

(Figures in Mexican pesos)

As of December 31

2019

2018

At the end of:

**WORKING ASSETS:**

Cash and cash equivalents (note 3)	\$22,048,711	\$17,571,413
Accounts Receivable	\$20,000	\$0
Miscellaneous Debtors	\$8,657	\$11,021
Contributions in Favor	\$153	\$7,362
Advance Payments	\$0	\$22,853

Total Current Assets	\$22,077,521	\$17,612,648
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Furniture and equipment, Net (note 4)	\$1	\$1
Warranty Deposits	\$134,599	\$118,568

<b>Total assets</b>	<b>\$22,212,121</b>	<b>\$17,731,217</b>
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**LIABILITIES AND ASSETS****Short-term liabilities:**

Accounts payable Suppliers	\$15,036	\$51,366
Miscellaneous Creditors	\$216,741	\$12,404
Contributions payable (note 5)	\$1,193,076	\$816,934
VAT to be collected	\$2,759	\$0
Employee Benefits	\$629,879	\$532,624

<b>Total short-term liabilities</b>	<b>\$2,057,491</b>	<b>\$1,413,329</b>
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Non-restricted assets	(615,168)	(355,210)
Temporarily restricted assets (note 6)	20,602,915	16,665,265
Other Comprehensive Results	166,883	7,833

<b>Total assets</b>	<b>\$20,154,630</b>	<b>\$16,317,888</b>
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<b>Total Liabilities and Assets</b>	<b>\$22,212,121</b>	<b>\$17,731,217</b>
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The accompanying notes are an integral part of these financial statements.

  
Lic. Ana Cistrina Ruelas Serna  
Director.

  
C.P. Maria Araceli Rosas Palma  
General Accountant.

**GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C**  
**Consolidated Statement of activities**  
(Figures in Mexican pesos)

	2019		2018	
	Not Restricted	Restricted Temporarily	Not Restricted	Restricted Temporarily
	Total	Total	Total	Total
<b>INCOME:</b>				
\$	135,874	42,363,626	684,052	32,885,535
	<b>42,499,500</b>		<b>33,569,587</b>	
Donations (note 6)	0	42,363,626	0	32,885,535
Service Income	62,284	0	136,875	0
Gain in change	62,350	0	543,223	0
Return on Investments	6,489	0	2,675	0
Other income	4,750	0	1,279	0
				1,279
<b>ACCOUNTING ASSETS RELEASED FROM RESTRICTIONS:</b>				
Expiration of time restrictions	38,425,976	(38,425,976)	14,683,408	(14,683,408)
				0
<b>EXPENSES:</b>				
	38,829,642	0	15,359,725	17,548,797
	<b>32,908,522</b>		<b>32,908,522</b>	
Operating expenses	36,374,445	0	14,762,062	17,329,537
Administrative Expenses	1,764,050	0	0	173,376
SRI expenses (note 8)	311,413	0	0	45,883
Expenses for services	0	0	0	0
Expenses for loss in exchange	379,734	0	597,663	0
Depreciation	0	0	0	0
				0
<b>NET EXCHANGE IN ACCOUNTING ASSETS</b>	<b>(38,693,767)</b>	42,363,626	<b>(14,675,674)</b>	15,336,738
				661,064
<b>OTHER COMPREHENSIVE INCOME (note 7):</b>				
	166,883	0	7,833	0
				7,833
<b>NET CHANGE IN ACCOUNTING ASSETS</b>	<b>(100,909)</b>	3,937,650	15,567	653,330
				668,897
<b>Asset at the beginning of the year</b>	<b>(347,376)</b>	<b>16,665,264</b>	<b>(362,943)</b>	<b>16,011,934</b>
				15,648,991
<b>Asset at the end of the year</b>	<b>(448,285)</b>	<b>20,602,915</b>	<b>(347,376)</b>	<b>16,665,264</b>
				16,317,888

The accompanying notes are an integral part of these financial statements.

**Lic. Ana Cristrina Ruelas Serna**  
Director.


**C.P. María Araceli Rosas Palma**  
General Accountant.

**GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Figures in Mexican pesos)

	For the years ended December 31	
	2019	2018
<b>Operation activities</b>		
Net change in accounting assets	<b>-\$100,909</b>	\$661,065
Items related to investment activities:		
Depreciation and Amortization	\$0	\$20,561
<b>Total:</b>	<b>-\$100,909</b>	<b>\$681,626</b>
<b>Increase in:</b>		
Increase in accounts receivable	<b>-\$10,427</b>	<b>-\$26,990</b>
Other assets	<b>-\$16,031</b>	<b>-\$10,911</b>
Accounts payable	<b>-\$13,478</b>	\$40,316
Miscellaneous and other creditors	\$207,095	<b>-\$16,646</b>
Taxes payable	\$376,142	\$212,062
Other Comprehensive Results	\$97,255	\$120,128
Temporarily Restricted Donations	\$3,937,651	\$0
<b>Resources Generated in Operating Activities</b>	<b>\$4,578,207</b>	<b>\$317,959</b>
Documents receivable	\$0	\$0
Documents payable	\$0	\$0
<b>Resources Generated in Financing Activities</b>	<b>\$0</b>	<b>\$0</b>
Furniture and equipment, Net	\$0	\$2,675
<b>Resources Used in Investment Activities</b>	<b>\$0</b>	<b>\$2,675</b>
<b>Increase in Cash, Banks and Temporary Investments</b>	<b>\$4,477,298</b>	<b>\$1,002,260</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>\$17,571,413</b>	<b>\$16,569,153</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$22,048,711</b>	<b>\$17,571,413</b>
	<b>\$22,048,711</b>	<b>\$17,571,413</b>

The accompanying notes are an integral part of these financial statements.

  
**Lic. Ana Crisrina Ruelas Serna**  
**Director.**

  
**C.P. María Araceli Rosas Palma**  
**General Accountant.**

**GLOBAL CAMPAIGN FOR FREE EXPRESSION A19, A.C.**  
**Notes to Financial Statements**  
**For the years ended December 31, 2019 and 2018**

**1. Consolidated Statements of Activities**

The Association Global Campaign for Free Expression A19, A.C. was established on February 13, 2008, in accordance with Mexican law. It is a nationwide association with its own legal personality and assets. It does not pursue any kind of profit, starting operations in December 2008. Its social purpose is to assist vulnerable groups with legal assistance, support and promotion; to protect the rights of minors or victims of human rights violations; and activities for social development to promote research, analysis, teaching, defense and dissemination of human rights, particularly the rights to freedom of expression, press and access to information. Found to be registered as a non-profit entity for tax purposes.

The financial statements and the notes to the financial statements were authorized by the Regional Director of the Association, Ana Cristina Ruelas Serna, on July 10, 2020, for their issuance and subsequent approval by the General Assembly of Trustees.

**2. Significant accounting policies applied**

a) The accompanying financial statements have been prepared in accordance with Mexican Financial Reporting Standards (NIF by its Spanish acronym).

b) Basis for the preparation of the financial statements

The Association recognizes the guidelines of NIF A-3, "Users' needs and objectives of financial statements", NIF B-16 "Financial statements of entities with non-profit purposes", and NIF E-2 "Income and Contributions received by entities with non-profit purposes, as well as the contributions granted by them". Issued by the Mexican Council for Research and Development of Financial Information Standards (CINIF by its Spanish acronym). These NIF establish the purpose, characteristics and limitations of the financial statements of entities with non-profit purposes.

c) Effects of Inflation on Financial Information

According to the guidelines of NIF B-10 "Effects of Inflation", the Mexican economy is in a non-inflationary environment by maintaining a cumulative inflation of the last three years below 26% (the upper limit for defining an economy as non-inflationary). Therefore, as of January 1, 2008, recognition of the effects of inflation on the financial information was suspended (disconnection of inflationary accounting). Consequently, the figures as of December 31, 2019 and 2018 in the accompanying financial statements are presented in historical pesos and have not been modified by the effects of inflation on the financial information.

The percentage of inflation for the last 3 years:

Year 2017	6.77 %
Year 2018	4.83 %
Year 2019	<u>2.82 %</u>
Accumulated	14.42 %

d) Temporarily restricted donations

Temporarily restricted donations are those that are earmarked for a specific program or project and recorded in the temporarily restricted assets. When the time restrictions are met, the donations that were subject to these restrictions are released.

e) Cash and temporary investments.

Cash is represented by bank deposits and is expressed at face value. It is mainly used to fulfill its corporate purpose.

f) Fixed Assets

They are recorded at acquisition cost and are basically represented by computer equipment and furniture and equipment.

g) Depreciation

Depreciation is calculated by the straight-line method based on the useful life of the asset.

Rates:

Furniture and Equipment	10 %
Computer Equipment	30 %

h) Foreign Currency Transactions and Exchange Rate Fluctuation

Transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. Assets and liabilities receivable and payable in foreign currency are valued in local currency at the exchange rate in effect on the date of the financial statements. The differences in changes resulting from such valuation are applied in the statement of activities.

i) Recognition of expenditure

Project and administrative expenses are recognized as incurred.

j) Equity

It is classified according to the restrictions that the donors established on the donated assets, according to the signed donation contracts.

#### k) Employee benefits

Seniority premiums covered to personnel are determined based on the provisions of the Federal Labor Law. The aforementioned Law also establishes the obligation to make certain payments to personnel who cease to provide their services in certain circumstances.

Seniority premium and termination benefit expenses are recognized annually based on calculations made by independent actuaries, using financial assumptions in nominal terms. The Association is in the process of adopting NIF D-3 "Labor Obligations".

#### l) New accounting pronouncements

The most relevant of the pronouncements that have recently come into force are commented on below:

##### Year 2019

##### NIF C-1 Cash and cash equivalents

The main change in NIF C-1, Cash and Cash Equivalents, is that highly liquid financial instruments should be evaluated based on the provisions of the financial instrument standards, which came into effect in 2018, in accordance with the business model corresponding to each type of instrument. Prior to this change, they were valued according to the intention to hold such instrument or according to maturity. The adoption of this change is allowed in advance, however, its early application is considered incorrect, because as the document itself indicates: "NIF C-1 and B-2 make reference to the classification of financial instruments that was repealed when the new standards for financial instruments came into force in 2018"; therefore, if the new standards are already in force, the right thing to do is to make the improvement that generates accounting changes mandatory from 2018, obviously with retrospective application from 2017.

##### NIF B-2, Cash flow statement

In connection with NIF B-2 Statement of Cash Flows, "cash flows from operating activities" are amended to "receipts and payments related to negotiable financial instruments or derivative instruments" such as forward pricing contracts, futures, options and swaps, used for trading purposes; or those related to factoring contracts. Previously, reference was made to debt or equity instruments.

Cash flows from investing activities" are also amended to "cash payments or receipts for the acquisition, disposal or performance of debt financial instruments issued by other entities", other than instruments classified as trading; such as the purchase or sale of financial instruments to collect principal and interest that are not related to operating activities (other accounts receivable arising from activities other than the sale of goods and services) as well as the financial instruments to collect or sell. Previously, reference was made to financial instruments available for sale and those held to maturity.

With respect to "Cash flows from financing activities", they are amended to "cash receipts from the issue or generation by the entity of financial instruments payable", if applicable, net of issue expenses; as well as cash receipts from obtaining loans, whether short or long term; eliminating the part corresponding only to "debt instruments".

## NIF B-9 Financial information

With respect to NIF B-9 Interim Financial Reporting, the proposal is that disclosures should be presented whenever they are material and have not been included elsewhere in the condensed financial statements for financial instruments, the fair value disclosures required by NIF C-20, Financial Instruments for Collecting Principal and Interest por la NIF C-19, Financial instruments payable and by NIF B-17, Determination of Fair Value; as well as the breakdown of revenues from customer contracts required by NIF D-1, Revenues from Customer Contracts. Accounting changes, if any, should be recognized prospectively for all financial statements presented on a comparative basis with those of the current period, based on the provisions of NIF B-1, Accounting Changes and Error Corrections.

Management agrees that the additions and improvements to the previously discussed NIF have no effect on the presentation of the Association's financial statements.

**3.- The balance of cash and cash equivalents for the years ended December 31, 2019 and 201,** is integrated as follows:

Cash and equivalents	2019	2018
Unrestricted cash	\$ 1,379,193	\$ 185,463
Temporally restricted staff	\$ 20,602,915	\$ 17,385,950
Petty cash	\$ 66,603	\$ 0
<b>Total</b>	<b>\$ 22,048,711</b>	<b>\$ 17,571,413</b>

## 4- Furniture and Equipment, net

The integration for the years ended Decemeber 31, 2019 and 2008 respectively:

	2019	2018
Computer Equipment	260,258	260,258
Office Furniture and Equipment	66,211	66,211
<b>Total Assets</b>	<b>326,469</b>	<b>326,469</b>
Less:		
Accumulated Depreciation	(326,468)	(326,468)
<b>Total net furniture and equipment</b>	<b>1</b>	<b>1</b>

## 5.- Contributions payable:

For the years ended December 31, 2019 and 2018, the balance of this item is made up as follows:

	<u>2019</u>	<u>2018</u>
SRI in charge of the Association	\$ 312,720	\$ 45,883
SRI withheld from wages	\$ 387,766	\$ 322,426
SRI withheld similar fees	\$ 1,827	\$ 23,345
SRI withheld for professional services	\$ 42,283	\$ 45,591
SRI withheld by lease	\$ 3,829	\$ 3,661
SRI withheld for payments abroad	\$ 12,026	\$ 0
Own VAT	\$ 807	\$ 1,260
VAT withheld	\$ 49,185	\$ 48,390
IMSS Fees	\$ 167,146	\$ 150,361
Infonavit	\$ 119,921	\$ 92,779
Sar	\$ 37,782	\$ 33,321
Payroll taxes	\$ 57,784	\$ 49,917
<b>Total</b>	<b>\$1,193,076</b>	<b>\$ 816,934</b>

## 6.- Assets

The assets represent the following:

- Unrestricted equity has no limitation on its use by the entity, i.e. those resulting from income, expenses, gains and losses that are not changes in temporarily restricted equity. Those coming from reclassifications from or to temporarily restricted assets, according to specific projects.
- The temporarily restricted assets are made up of donations whose use by the Association is limited to the implementation of specific projects.

The Association's assets are used for its corporate purpose, so no benefits can be granted on the increases of this.

The donations that make up the temporarily restricted assets correspond to specific programs or projects stipulated in the contracts.

Next, the temporarily restricted assets are detailed, indicating the project and the amount pending to be released:

Donor	Project destination	Name of the project	New Donations Received In 2019	Partially Restricted Asset at the end of 2019	Partially Restricted Asset at the end of 2018
The Ford Foundation	Digital rights for your organization and for institutional strengthening.	Ford Foundation Build	0	0	190,425
Foundation to Promote Open Society (FPOS)	To support work on the documentation of serious crimes through your Memory and Truth data	OSF- Right to the Truth 3	0	(0)	359,706
Open Society Institute Budapest Foundation (OSI)	To improve conditions in the empowerment of citizen rights and freedom in the context of social protest and demonstration in Mexico City; project in conjunction with Front for Freedom of Expression	OSF-LAP FLEPS2	1,271,600	0	550,202
Article 19	For support in activities related to Freedom of Expression	US DOS VAW Online	372,010	(703,397)	(85,444)
Pan American Development Foundation	To finance the project to defend Internet freedom in Latin America	US DOS PDAF	0	830,658	1,164,685
The William and Flora Hewlett Foundation	For the development of the Open Society Action Plan with the Government of Mexico	HF-OGP2	0	(0)	1,420,352
The Ford Foundation	General support to the association for the strengthening of its activities	Ford Foundation México	0	551,206	2,728,893
John D. and Catherine T. MacArthur Foundation	For institutional capacity building and basic support in digital platform	MA 3	0	(0)	1,910,306
The Ford Foundation	Digital rights for your organization and for institutional strengthening.	Ford Foundation BUILD 2	0	170,420	1,771,224
Article 19 INC	To support the network break the fear, strengthening vulnerable groups in risk coverage	Overbrook	0	(0)	34,356
Article 19	For activities aimed at defending and promoting freedom of expression and protecting journalists	Sida 2018	505,652	0	(287,072)
The William and Flora Hewlett Foundation	To create a context of accountability for the functioning of the RTI bodies and promote the right of access to information as a tool for the exercise of other rights	HF7	6,372,828	5,698,281	5,149,951

Tides Foundation	To support the network "rompe el miedo", strengthening vulnerable groups in risk coverage	Angélica Rompe el Miedo 4	0	(0)	187,997
Irish Embassy	Support to the network "rompe el miedo" 2018/2019 in Mexico	Irish Embassy 3	0	(0)	163,365
United States Agency for International Development	To provide support for improving respect for freedom of expression in Mexico by putting pressure on the GOM to prevent and respond more effectively to attacks on journalists, while addressing the wider shortcomings in Mexican democracy that facilitate or exacerbate censorship or self-censorship	USAID 2	9,544,030	346,204	(562,181)
Royal Netherlands Embassy	Building a national network of journalists to protect freedom of expression during the government's transition period (2018/2019)	Netherlands Embassy	1,144,059	274,961	1,156,888
Embassy of the Federal Republic of Germany	To increase the ability of journalists to protect themselves	German Embassy	97,817	(12,109)	940
National Endowment For Democracy	To promote and defend freedom of expression in Cuba and Central America	NED	1,180,042	(0)	464,716
Open Society Institute	To organize a seminar of investigative journalists on crimes against humanity	OSI	28,496	0	(17,572)
Embassy of Canada	Contributing to a more effective public policy of justice in case of attacks against journalists and freedom of expression in Mexico, through a journalistic investigation	Canadian Embassy	19,469	0	99,584
Article 19	To promote and defend freedom of expression	Core A19	306,322	0	(182,471)
Article 19	To promote and defend freedom of expression	Article 19-London	314,029	(0)	(265,289)
European Parliament	For air travel to Belgium for presentation of the initiative: "De la Mano, Parlamento Europeo con el periodismo mexicano" (Hand in Hand, European Parliament with Mexican Journalists)	Refundable Donations	294,720	(0)	(294,720)
Article 19	Para promover y defender la libertad de expresión	Core 2019	595,858	(1,109,010)	0
The Center for Research Libraries	Donation: Production of topical analysis and metadata for 10,000 COMVERDAD, MIDAS documents and related files	Research Libraries	133,595	0	0
Miscellaneous Donations	To promote and defend freedom of expression	Generic Donations Expenses	192,767	925,826	586,893

United States Agency for International Development	To provide support for improving respect for freedom of expression in Mexico by putting pressure on the GOM to prevent and respond more effectively to attacks on journalists, while addressing the wider shortcomings in Mexican democracy that facilitate or exacerbate censorship or self-censorship	USAID	89,894	0	(23,853)
The William and Flora Hewlett Foundation	To create an accountability context for the functioning of the RTI bodies and promote the right of access to information as a tool for the exercise of other rights	HF6	0	0	24,000
European Union Delegation	Strengthening the safety and protection of human rights defenders and journalists in Mexico	European Union	460,567	0	419,385
Article 19	To promote and defend freedom of expression	UK Refunds	852,801	(289,042)	0
The Ford Foundation	Digital rights for your organization and for institutional strengthening.	Ford Foundation BUILD 2 año 2	672,616	390,539	0
Foundation to Promote Open Society (FPOS)	To continue the work of beneficiaries of the right to the truth and civic space in Mexico and to provide information to the public based on documentation of serious crimes	OSF	2,164,444	864,125	0
Pan American Development Foundation	To finance the project that defends Internet freedom in Latin America	US DOS PADF 2019	511,779	(165,803)	0
Article 19 INC	Para apoyo a la red rompe el miedo, fortaleciendo a grupos vulnerables en coberturas de riesgo	Article19 INC- Overbrook 2	570,138	379,165	0
The Center for Research Libraries	Donation: Production of topical analysis and metadata for 10,000 COMVERDAD, MIDAS documents and related files	Research Libraries 2019	587,514	86,368	0
Avina Americas INC	Defending Freedom of Expression on the Internet: transparency and due process of online censorship through content removal	Avina-Indela	570,921	404,519	0
Tides Foundation	To support the network "rompe miedo", strengthening vulnerable groups in risk coverage	Angélica Rompe El Miedo 5	478,068	283,340	0
Witness Inc	For support in activities related to freedom of expression	Witness Inc	85,476	85,035	0

Fundación Heinrich Boll	Project focused on disinformation and immigration: situation analysis of hostility faced by journalists and human rights defenders who work covering the migration phenomenon and the effect of disinformation	Fundación Heinrich Boll	123,200	(30,800)	0
Foundation Open Society Institute (FOSI)	To support the international press freedom mission in Mexico to coincide with the international day to end impunity	OSF International Mission	671,818	240,967	0
National Endowment For Democracy	To promote and defend freedom of expression in Cuba and Central America	NED 2	842,872	472,181	0
Internews Network INC	To provide useful information for non-expert audiences for the implementation of digital security best practices	Internews Network	23,951	23,498	0
Royal Netherlands Embassy	Launch of documentary "Interrupted Message"	Royal Netherlands Embassy CC118	152,747	152,747	0
John D. and Catherine T. MacArthur Foundation	To contribute to greater accountability in the crime investigations against journalists by Mexico's national prosecutor's office	MA 4	1,917,850	1,574,635	0
The Ford Foundation	For general support and basic support for institutional strengthening	Ford MX-Buid	1,186,333	1,171,614	0
Irish Embassy	To promote the network "rompe miedo", strengthening democracy and protecting journalists in Mexico and Central America.	Ireland CA	215,700	205,870	0
Tides Foundation	For support in activities related to Freedom of Expression	Google-Tides	485,570	485,119	0
The Ford Foundation	For general support and institutional strengthening	Ford MX-Build Digital CC125	1,380,020	1,380,020	0
The Ford Foundation	For general support and institutional strengthening	Ford MX-Build Prode	1,186,333	1,186,333	0
The Ford Foundation	For general support and institutional strengthening	Ford MX-Build DI	1,186,333	1,186,333	0
The Ford Foundation	For general support and institutional strengthening	Ford Mx-Build Core	2,324,244	2,293,967	0
The Ford Foundation	For general support and institutional strengthening	Ford Build 2 año 3	1,249,144	1,249,144	0
		<b>Totales</b>	<b>42,363,626</b>	<b>20,602,915</b>	<b>16,665,265</b>

## 7.- Employee Benefits

The Association includes in its financial statements the quantification of liabilities for post-employment benefit obligations:

- Seniority bonus
- Legal compensation for dismissal before retirement age
- Statutory retirement substitute compensation

The determination is made under the actuarial valuation report of the financing plan of the contingent labor obligations under the guidelines of the Financial Reporting Standard D-3 (NIF D-3).

CONCEPT	NET LIABILITIES 2019	NET LIABILITIES 2018
Seniority bonus	\$ 38,186	\$ 18,781
Legal Indemnification	\$ 442,749	\$ 415,348
Legal Indemnification for pension substitution	\$ 148,945	\$ 98,496
Total	\$ 629,880	\$ 532,625

## 8.- Tax Regimen

### a) Income tax regime

For the fiscal year 2019, the Association has its authorization to receive donations, deductible in Mexico and abroad.

In accordance with the current provisions of the Income Tax Act, legal entities authorized to receive deductible donations are not subject to income tax.

However, the above will have the obligation to pay income tax, under certain circumstances which is assimilated to distributed surplus and is perfected by:

- Income Omission
- Improperly recorded and not made acquisitions
- Non-deductible expenses
- Loans made to members

Applying the 35% rate on the aforementioned outlays and considering the result as definitive income tax, which shall be paid in the month of February of the year following the outlay.

As described above for fiscal year 2019, the Association paid \$ 311,413 in Income Tax.

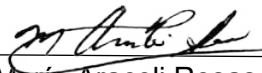
The Association is jointly and severally liable with the tax authorities for any withholdings it may make.

## **b) Employee profit sharing**

In accordance with the provisions of the Federal Labor Law, the Association is a non-profit institution, and has no obligation to share profits with its workers.

## **9.- Contingency**

Federal and local taxes are subject to review by the tax authorities for a period of five years. The Association is responsible for possible tax differences determined by the Authorities, plus fines and surcharges.

  
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Lic. Ana Cristina Ruelas Serna.  
Director.  
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C.P. María Araceli Rosas Palma.  
General accountant.