

BACHELOR'S DEGREE IN FINANCE AND ACCOUNTING



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**ACCOUNT ANALYSIS OF FUNDACIÓN CAJA
CASTELLÓN AFTER THE LOSS OF
SPONSORSHIP REVENUES OF BANCAJA**

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ABSTRACT

The aim of this research is to study and evaluate from the accounting information, how the economical and asset situation of Fundació Caja Castellón has evolved after the financial institution Bancaja disappeared in 2012. Consequently, the foundation was left without the sponsorship revenues.

To do the study, we will use many information sources, but the annual accounts for 2009 to 2015 will be use as a remain source. The new economic situation of the foundation in 2012 is evaluated and quantified on the basis of this information and from a spreadsheets by which different graphics and tables have been obtained.

As a result of all this process, has been made a number of conclusions concerning the economic changes and on the current situation of the foundation, and that is after all, the goal of this study.

ACKNOWLEDGMENT

It has been gratifying to have the opportunity to analyze Fundació Caja Castellón. I believe that this kind of entities allows that many people and other non-profit entities of our city have some minimum resources required for survive. Due to institutions such as Fundació Caja Castellón many people have had the opportunity to reintegrate into society, either through explicitly economic aids or through other organizations that survive thanks to the charity donations.

As a student I would like to thank Fundació Caja Castellón for their contributions of books made to the library of the Universitat Jaume I and the different activities that it carries out every year. Apart from that, I would like to thank too the different activities that the charity carried out for children through which I could learn and enjoy when I was a child.

To my uncle David, who is an employee of Fundació Caja Castellón for 38 years and in many cases he has been part of volunteer activities of the foundation. I wish to thank him for taking the time and his patience to help me and his valuable assistance for gather information.

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1. INTRODUCTION

The aim of this research is to study and evaluate from the accounting information, how the economical and asset situation of Fundació Caja Castellón (hereinafter referred to as foundation) has evolved after financial institution Bancaja disappeared in 2012. Consequently, the foundation was left without the sponsorship revenues. This revenues was the main source of investments for the foundation, for that it had as a result an employment regulation in 30th of September 2012 among other consequences.

To carry out this analysis, it has compared and analyzed the accounting information for the period 2008 to 2015, provided by the foundation, as well as additional information transmitted by employees through interviews and the study of the historical archive of Caja de Ahorros y Monte de Piedad Castellón of 1899.

Once all the information has been collected and examined, the relevant data have been organized and selected, and then it is carry out the figures, data tables and graphics required for the study.

The work shall be arranged in the following way:

First of all to put this situation in context, it is included a brief description of the third sector due to the foundation belongs to this sector. In addition, it will be describe the current situation of this type of entities in our country and their main characteristics.

Then, it also need to take into account in the study a number of basic concepts and accounting regulations which will be analyzed in the section.

The following chapter presents a brief summary of the history and origins of the foundation. It has been emphasized in event of 2012 and then, it is explained the different activities undertake by the foundation in the last few years.

In the next section it is analyzed the balance sheet of the foundation. For that, it has broken-down in the 3 balance sheet item: Assets, Liabilities and Equity, and focusing on the study of the most interesting and useful data to the objective of the study.

In the following paragraph, it is focused on the study of the income statement, especially in the Results from operating activities. For that it has been focused on the data which

present the most significant changes which are the result of the different economic restructuring made by the foundation in order to adapt to the new context of income after the loss of the sponsorship revenues of Bancaja.

Finally, it is analyzed the evolution of the economic resources allocated the development of founding activities. For this last point, it has been considered the period 2012-2015. It is considered the most interesting point of the analysis because in this section it has been reflected in a clearly form the effect that it has had for the city of Castellón, that in 2012 Bancaja leaving without sponsorship revenues the foundation, and since then the foundation confronted a new context of incomes.

After the analysis of the data obtained, it is derived a number of conclusions and a small personal consideration of the analysis. From my point of view, there was a gratifying conclusion.

I would like to say that it has been very interesting and useful for me perform this analysis of the foundation and the third sector, which it belongs. It has been left out of this study many ideas that I thought while I carry out the research and accomplishment of this work. In addition, it has been left out get into the study the analysis of the social return of the foundation activities for the city of Castellón. I want to anticipate that I was surprised by the large amount of assortment of activities that the foundation achieve each year and so far I unknown. Also, I have been checked that many Castellón population also do not know even the existence of this foundation, which in my opinion makes, and as can be verified throughout the work, an essential role for our city.

2. A GLANCE TO THIRD SECTOR

Nowadays we live in an industrialized society within the context of the market economy system, which is structured into three sectors:

- The private market sector
- The public sector
- The third sector or non-profit private sector

On the one hand, the private sector include all economic activity that is not understate control, while on the other hand, the public sector is the economic activities that are under public authorities control and it is composed of the public administrations and public enterprises.

The Third Sector (hereinafter referred to as TS) coexists together with both sectors. According to the *BOE publication num.243 of 10th October 2015*, the third sector is the part of the society that carries out the necessary activities to solve the economic and social structural problems as in the inequality and socially exclusion situations.

The organizations that compose the TS must follow a series of guiding principles. This guiding principles are established by law and it defines the action of the organizations. Some of these principles are the following: To have legal personality; to have private law; to have a non-profit status; transparent management; to promote equal opportunities; non-discrimination; to carry out objectives of general and social interest...

According to the legal form, the TS organizations can be summarized into three large groups: NGOs, associations and foundations. The last one will be the main object of study in this work since they have been one of the main promoters of social change for our country, especially in the last financial and economic crisis, despite having undergone numerous changes, restructurings and in some cases disappearing.

3. BASIC CONCEPTS

According to the Asociación Española de Fundaciones (AEF), a foundation is an organization constituted either by natural or legal persons (private or public), which is characterized by having private legal personality and pursuing purposes of general nonprofit interest.

The assets of the foundations comes from the initial endowment fund (monetary or non-monetary) and whose economic value of about 30.000€.

If the initial endowment fund is monetary, it must be disbursed at least 25% of it and the remaining part will must be paid within the next five years. If the initial founding capital is non-monetary (it can be contribution of assets or economic rights) there is no possibility to make a successive disbursement. In both cases, this endowment can be increased during the life of the foundation.

Association, societies and foundations are similar legal figures in which the founders provide them with their own capital and it cannot be recovered, that is: the capital that they gave, cannot reverse even the foundation disappear.

When the foundation is constituted, it must request to the administration its recognition and inscription in the Registry of Foundations in order to be able to have legal personality. For that, the administration must contemplate a set of concepts like the aims of the entity are of general interest, the statutes are suitable to the essence of the foundation and that the entity has enough initial economic founding capital.

There is a specialized administrative body for this kind of entities, this is the Protectorate. The foundations must present every year in trough it the plan for action and the annual and also they must request the necessary authorizations, and to communicate the possible amendments to the statutes.

The governance body of foundations is the board and it is composed of a minimum of 3 members. They may be either natural or legal persons (public or private).

The condition of becoming a board member depends on the statutes of the foundation and there are several classes:

- Permanent board member: This condition is granted to persons who hold a position outside the Foundation (e.g. Mayor, President of the Deputation ...)

- Elected board member: Condition that is granted during a period of time, with the possibility of renewal
- Life board member: Condition granted for lifetime
- Honorary board member: This condition grants a voice but not a vote

It is essential to talk about the allocation of the revenues from foundations, according to *BOE publication num. 20 of 3th of July* this entities shall use at least the 70% of the revenues to the purposes of the foundation and the rest to provisions and reserves.

It is also interesting to know some of the characteristics of the tax regime of the foundations. It is a complex subject with some differences with respect to the other organizations. The foundations are subject to corporation tax but, instead, they are not subject to wealth tax.

If a foundation is subject to the tax regime of non-profit entities, it will be taxed on income from non-exempt economic activities and the rate applied will be 10% (unlike the 32,5% paid by the companies and 25% of partially exempt entities). Apart from that, in any case they are exempt from the inheritance and donations tax.

On the other hand, the VAT law provides have a few exemptions for foundations, which do not represent always a benefit for them because they delimit the option to deduct this tax on the purchase of goods and services.

Due to the contributions or donations made as an initial endowment to foundations with a special tax regime people have the possibility of tax deductions. Also, the agreements of business collaboration in activities of general interest with the foundations also has fiscally incentive since it allows to be able to deduct as an expense the amounts contributed in this concept.

4. PCG NON-PROFIT ENTITIES

The accounting of the foundations underwent some changes in 2011 since the Spanish General Accounting Plan of 2007 (PGC) was adapted to the nonprofit entities by the *BOE publication num. 283 of 24th October*.

The main differences in the conceptual framework are found in the definitions of some elements of the annual accounts, such as:

- Assets: goods, rights and other resources economically controlled by the entity as a result of past events and from which the entity is expected to obtain profitable returns in its future activity. In particular, this definition will meet those incorporate a service for the users or beneficiaries of the entity.
- The surplus of the account period is the difference between the income and expenses accrued in the period to which the annual accounts refer, unless those that must be accounted for directly in the net asset. It is the result of the entity, it reflects the difference between contributions and decreases of the founding endowment or social fund.

In addition, it has been added a new concept to the valuation criteria: The replacement cost of an asset. It is defined as the amount that would be paid in the case of the acquisition of an asset with the same characteristics as the asset to which it is replaces deducting the accumulated amortization that would correspond to him.

The registration and valuation rules have suffered more significant changes with respect to the PGC of 2007. Some of these changes are:

- The Historical Patrimony assets are part of intangible assets according to *BOE publication num. 155 of 25th June*, not previously contemplated in the PGC of 2007.
- Grants, donations and bequests received are the main sources, and the tax effect will usually be the company tax that is being applied as it is transferred as income.

- Credits and debits of the own activity come from the fees of the sponsors rights and the aids provided by the entities, respectively.
- Property, plant and equipment given by the foundation without payment, in a perpetually way or for a longer period than the useful life of the asset in compliance with the non-profit purposes of the foundation, are accounted for as an expense in the income statement for the account value of the asset gives.

5. THE FOUNDATION SECTOR IN SPAIN

The foundations in our country have a fundamental role, especially during the period of crisis. They have met much of serious needs that the public sector has not been able to cover.

Despite this, the foundations have suffered the effects of the crisis too. In some case, many have disappeared and another have had to make restructurings in order to survive.

As can be seen in the following table, *Table 1: evolution of operating foundations in Spain*, the number of foundations that operate in 2008 increased slightly until 2010. Since then, the number of foundations suffered a significant decline. In only one year 450 foundations disappeared. It was in the following year when the number of foundations returned to grow until in 2014 Spain had a total of 14.120 foundations.

Table 1: Evolution of operating foundations in Spain

	2008	2009	2010	2011	2012	2013 (A)	2014 (A)
Fundaciones activas registradas	13.334	13.731	13.981	13.531	13.797	13.963	14.120
Fundaciones activas efectivas	9.594	9.823	9.545	9.126	8.744	8.767	8.866
Fundaciones activas efectivas con empleo	6.597	6.131	5.698	5.621	5.508	5.523	5.499

Source: Asociación Española de Fundaciones (AEF)

In 2010 in Valencia Community the number of operating foundations was 747 and in 2012, only two years later, it had 623 foundations. Despite this, in 2014 it had 777 operating foundations, which represents an 8,7 percent in the geographical distribution of Spanish foundations, and takes placed in the 4th position of communities with more foundations, behind Andalucia

As regards the areas of activity of the foundations, according to a publication of *El Confidencial*, it is highlight the leisure and culture activity, followed by education and research and the environment, as it can see in the following graphic:

Graphic 1: Areas of activity of Spanish foundations in 2012

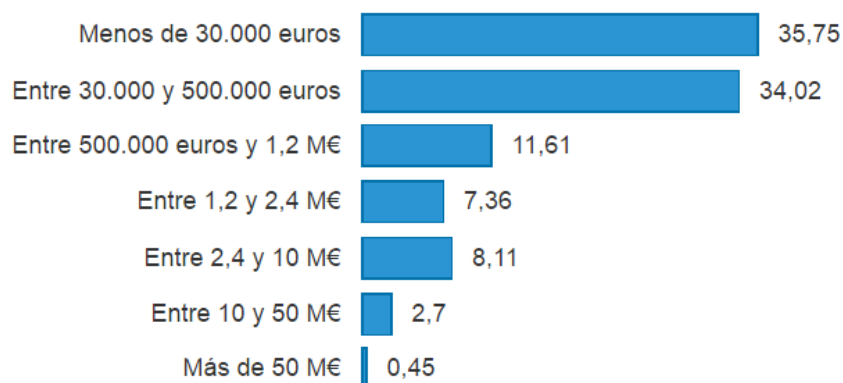


Source: Asociación Española de Fundaciones (AEF)

During the crisis, the foundations that have undergone the most increase are those who realize activities for the education, development and housing and health.

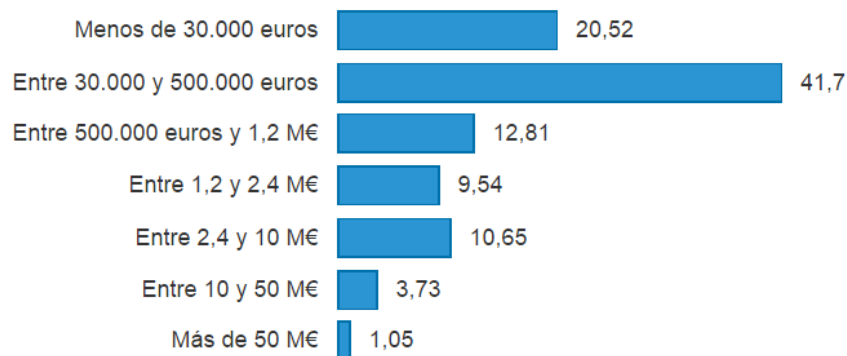
The crisis has led to many micro-foundations (with incomes less than 30.000€) to be dissolved or to merge with other entities. Which has meant that the sector is concentrated around foundations with higher incomes. In 2008 micro-foundations represented a 35,75% and in 2014 they stood at 20,52% as can see in the following *Graphics 2 and 3*:

Graphic 2: Size of Spanish foundations in 2008



Source: Asociación Española de Fundaciones (AEF)

Graphic 3: Size of Spanish foundations in 2014



Source: Asociación Española de Fundaciones (AEF)

Due to the economic crisis, the number of beneficiaries has increased significantly in recent years, reaching in 2011 in more than 30 million beneficiaries.

The community with the largest number of beneficiaries is Catalonia. The Catalan foundations serve 1,58 people per inhabitant, while if we focus on our community, this data stand at 0,27 people per inhabitant.

6. FUNDACIÓN CAJA CASTELLON

6.1 FOUNDATION INTRODUCTION

According to annual accounts of Fundació Caja Castellón, the foundation was classified as a private, cultural service foundation, promotion and funding, in 1991 by the Department of Culture, Education and Science of the Generalitat Valenciana.

The foundation was once erected by the Caja de Ahorros y Monte de Piedad de Castellón, maintaining at present legal personality of a private and non-profit-making nature, whose heritage are permanently affected by the realization of the aims of general interest established in its statutes. This general interests are the realization and promotion of all types of activities of general interest and in particular, research, education, culture, environment, health, including vocational training, job placement or the creation of employment in favor of people with disabilities that allows the creation of jobs for them and, finally, their integration of the labor market. In order to achieve these goals, the foundation carries out activities promoted directly by itself or through participation or collaboration in activities promoted by other entities or legal or physical persons, such as: exhibitions, residences, sports facilities, events, publications, Grants, scholarships, donation of classrooms....

6.2 ORIGIN AND HISTORY

According to the historical archive of Caja de Ahorros Castellón, the city of Castellón due to the change of growth of the hemp to the citrus fruits like the oranges, brought an improvement in the economy of the city and as a result that process brought to the city some people with financial concerns which then led to the development and constitution of saving bank in the city.

As a consequence of the changes in the farms, within the complexity of the orange, the farmers with limited resources needed financing to carry out all those changes. They had to resort to ask the cash to non-financial entities or people who charged them exorbitant interests. This problem was the main objective of the creation of pawnbroking institutions and the saving banks, they try to fight against this swindle.

According to the act of 22th of January 1900, Caja de Ahorros y Monte de Piedad de Castellón is constituted on 24th of November 1899 and the Board of Directors is

appointed. In 1900 was presented to the Municipal Court the Book of Acts for the authorization of its establishment.

In 1991 Caja de Ahorros y Monte de Piedad de Castellón merged with Caja de Ahorros de Valencia. As a result born a new financial institution called Caja de Ahorros de Valencia, Castellón y Alicante, Bancaja.

Both saving banks created a public deed, giving all the properties of their charitable and social work, including furniture and artistic heritage. With all those at the end of this year it was creating the two foundations: Fundación Caja Castellón and Fundación Bancaja with their own governing bodies. In the merger agreements of the two savings banks, it was established that the profits made by the old offices of the respective savings banks were derived directly from the new foundations

In 2010, according to Bankia web, Bancaja with other seven Spanish saving banks, signed an agreement to establish a Contractual Group organized as Institutional Protection Scheme or IPS under Spanish law, and as a result they created the well-known BFA (Banco Financiero y de Ahorros). In 2012 the BFA will be nationalizing and Bancaja and the other saving banks loss its shareholding as the one source of revenues.

Since then Bancaja only engages in the social project, and seted aside 100 million euros for the maintenance this purpose. The permanent commission agreed to give an eighty percent, to Fundación Bancaja and the remaining 20 million euros to Fundación Caja Castellón but this fact was not endorsed by the general assembly of Bancaja. Finally, it was approved in 2014 by the employees of the new Fundación Bancaja and finally Fundación Caja Castellón received only 12,5 million euros. Through this agreement, both foundations were financially and economically independent.

As a consequence of Bancaja and its administrative bodies disappeared, Fundación Caja Castellón was left without the economic contribution that Bancaja provided to it. After that, the foundation is forced to carry out employment regulation order of its 35 employees on 30th September 2012. It is a serious blow to the city of Castellón, since many non-profit entities depended on the contributions that they received from the foundation, either of a monetary subsidies or through the assignment of use of buildings without payment to carry out its activity.

6.3 ACTIVITY

As it mentioned previously, the foundation provides and carries out a large number of different activities and services, from activities to social insertion and support to cultural and environmental activities.

In order to analyze the different activities that the foundation carried out, it has used as the most current information of the foundation. It is the one provided by the annual accounts of 2015 and the activity management and liquidation report of the same year. According to them, the activities that the foundation carried out are discriminate between the own activities and the commercial activities. They are included in several programs, which are the following:

OWN ACTIVITY (Non-profit):

- Program 1: Assistance centers and collaborations
- Program 2: Environmental centers and activities
- Program 3: Cultural centers and activities
- Program 4: Centers ceded to public entities without monetary compensation

COMMERCIAL ACTIVITY (Other activities):

- Program 5: Leased or available centers
- Department of General Services and Financial Operations

Below it is explained the centers and collaborations included in the different programs during 2015, and the foundational activities are developed and detailing in turn the line of action of each one.

PROGRAM 1: It encompasses a line of action of a solidarity character. It is focused on collaborating with social organizations that work for the most disadvantaged groups in society, such as the elderly, disabled and people in social exclusion situations. As can be seen in the following table, this program has 8 centers and has given access to 56,661 physical beneficiaries and 109 legal beneficiaries in 2015.

Table 2: Program 1 - Assistance centers and collaborations

Name	Area
1. Escuela Infantil San Vicente Ferrer	Education
2. Vivienda tutelada Hogar San Vicente Ferrer	Marginalization
3. Maset Proyecto Amigó	Marginalization /Drug addiction
4. Centro Grupo San Agustín	Marginalization
5. Centro Carretera de Alcora Síndrome de Down	Disabled people
6. Centro Vila-Real de Atenciones Sociales	Marginalization
7. Centro Escola de Mar-Irta	Marginalization – health care
8. Colaboraciones y ayudas Monetarias	Immigration and marginalization
9. Centro de Almazora	Social assistance and marginalization

Source: Own elaboration from annual accounts 2015 of Fundació Caja Castellón

In addition, the foundation give aids for food stamps and basic necessities, distributed by Asociación Familiar Castellonense. Thanks to it have been benefited nearly 9.000 families in Castellón without resources.

Furthermore, the foundation collaborated with activities such as the IDEM Association and Proyecto Amigó for the treatment and reinsertion of drug addicts and with the NGO COCEMFE-Castellón among others.

PROGRAM 2: Through this program, the foundation manages spaces of high ecological value and carries out environmental education projects, through specific courses with the objective of developing initiatives for protection, promotion, awareness and conservation of the natural environment. This program has two physical centers and a cost center (non-physical) to which a total of 3,749 physical and nine legal beneficiaries have been granted access.

Table 3: Program 2 - Environmental centers and activities

Name	Area
1. Colonia Seidia de Benassal	Environmental, youth and childhood education
2. Finca forestal del Barranc dels Horts Ares	Environment
3. Actividades de medio ambiente (non-physical)	Environment education

Source: Own elaboration from annual accounts 2015 of Fundació Caja Castellón

PROGRAM 3: The foundation develops cultural and artistic activities in its centers or with other institutions and entities of Castellón. It is done through exhibitions, conferences, prizes ... this program has two physical centers and three cost centers (non-physical) to which 159.501 physical beneficiaries and 77 legal beneficiaries in 2015.

Table 4: Program 3 - Cultural centers and activities

Name	Area
1. Casa Abadía	Culture-library
2. Centro San Miguel	Culture
3. Actividades culturales de programación propia (non-physical)	Culture
4. Colaboraciones y ayudas monetarias culturales (non-physical)	Culture
5. Colaboraciones y ayudas deportivas y juveniles (non-physical)	Culture-sport

Source: Own elaboration from annual accounts 2015 of Fundació Caja Castellón

PROGRAM 4: This program has assigned a total of seven centers ceded to municipalities of the corresponding municipalities where they are located:

Table 5: Program 4 - Centers ceded to public entities without monetary compensation

Name	Area
1. Centro de Alcora	Culture
2. Centro de Morella	Culture
3. Centro de Nules	Culture
4. Centro de La Vall d'Uixó, "Palau de Vivel"	Culture
5. Centro de Villavieja	Culture
6. Centro de Burriana-Museo de la Naranja	Culture
7. Pabellón polideportivo de Villarreal	Culture- sport

Source: Own elaboration from annual accounts 2015 of Fundació Caja Castellón

PROGRAM 5: This program, which forms part of the mercantile activities of the foundation, and not its own activity, like the other programs mentioned above, has ten centers:

Table 6: Program 5 - Leased or available centers

Name	Area
1. Residencias Avda Casalduch	Asistencial-vejez
2. Residencia Salvador Guinot	Asistencial-vejez
3. Piscina cubierta Vinaròs	Cultura-deporte
4. Polideportivo "Mas dels frares" Benicasim	Cultura - deporte
5. Centro de Almazora	Cultura
6. Edificio Hucha	Cultura
7. Centro de Vila-real	Cultura
8. Centro de Atzeneta	Cultura
9. Centro de Onda	Asistencial- voluntariado
10. Centro del Grao de Castellón	Asistencial-vejez

Source: Own elaboration from annual accounts 2015 of Fundació Caja Castellón

7. ANALYSIS AND EVOLUTION OF BALANCE SHEET

7.1 ASSETS

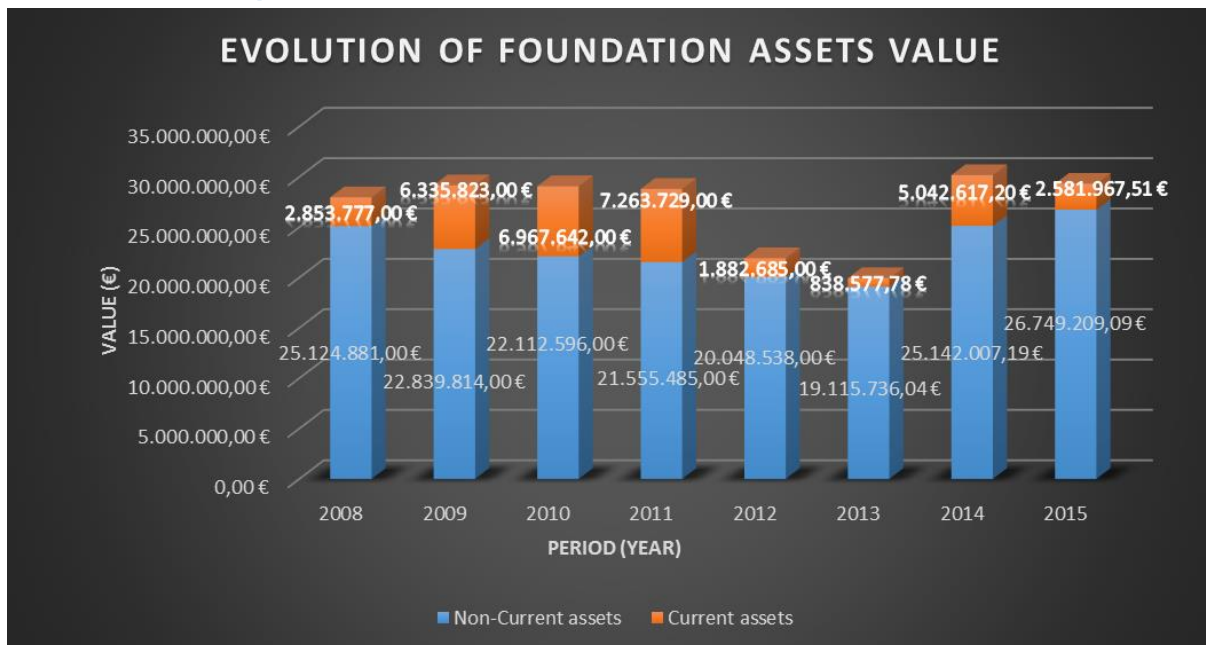
The period analyzed is 2008-2015. It has been considered a main period since it reflects a before and after for the foundation because in 2012, as it has been mentioned above and according to the annual accounts of the foundation, the entity is forced to carry out changes in economic and patrimonial structure, such as the realization of an employment regulation order or the elimination of many items of expenditure.

For the study, it will be used the information of the annual accounts and the memory of the years covered by the analysis period.

The assets of the foundation are mostly Non-Current Assets, they represent around an 85% of the total assets during the period analyze. According to note 5 of the annual accounts 2015, this characteristic is because of the nature and activities of the foundation, which allows the use without payment of certain intangible and tangible assets to third parties. In addition, the tangible fixed assets of the foundation come from the donations made by the Caja de Ahorro y Monte de Piedad de Castellón at the time of the foundation starts to operate and that it appears by the values established in the deed of gratuitous cession of 30th of October of 1991.

To carry out this analysis it used an Excel table that has been created with the accounting data and with this has been made a graphic to study the evolution of the foundation asset value for 2008-2015.

Graphic 4: Evolution of foundation assets value 2008-2015



Source: Own elaboration from annual account 2008-2015 of Fundació Caja Castellón

The previous *Graphic 4*, shows how the assets of the foundation during the early 4 years of the analysis have an accounting value that ranged over the 28 million euros, but in 2012 and 2013 this value suffered a sharp drop.

In 2013, the value of the total assets fell to 19.954.313,82 €, the lowest value in the period analyzed. Which translates into a 70% decrease beside the value of the total assets in reference to the first year studied, as it can see in *Graphic 4*. Due to this substantive variation agrees with the year in which the foundation was forced to carry out a restructuring cost in order to adjust to the new income situation, it is thought that this is related to it, so it will be analyzed in more detail. Below it is analyzed the items that have been most affected within this change and how it have contributed in a greater degree to the variations of this value.

The total assets value of the foundation in 2012 was 21.931.223€ and it has down in 6.887.991€ from 2011. Analyzing the balance sheet of the annual accounts of 2012, this change was mainly affected by the decrease in the current assets value. Current assets value represent approximately a 24% of total assets during the period 2008-2011 and in

the 2012 only represents a 8,6% its value being 1.882.685 € as it can be seen on *Graphic 4*. Therefore, it will go into more detail with the variation of the value of the items that make up the assets:

- Regarding the non-current assets of the foundation in 2012, the most significant variation is observed in *Graphic 4* in the value of *Investment property* item, which decreases by about 10% in a year, but analyzing the annual accounts of the same year, it shows that this decrease is related to amortization.
- Current assets include the *Current financial investments* item and it shows a greatest decrease in value compared to the previous year. In 2011 it had a book value of 5.010.000 € and one year later its value was only 1.850.000€. In section 7 of the report of 2011, informs about this item. It stating that the foundation had a fixed-term deposit in Bankia S.A and in the annual accounts of the year 2012, only talks about to deposits in guarantee of leases that the foundation maintains with third parties. From this information, it is deduced that the foundation allocated much of this fixed term to the payment of the employment regulation order made on September 2012 by the amount of 1.983.000 € and to the payment of other debts that had the foundation since as discussed below, the value of its current liabilities also falls significantly for this period.

In 2013 the the total assets value of the foundation shows again a sharp decrease as it can be seen on *Graphic 4*, and it reaching the lowest value of the period analyzed. On the one hand, in this year the current assets represent only a 4,20% of total assets. It translates into a decrease in value of 6.425.151,22 € and on the other, the value of non-current assets decreases to 19.115.736,04 €.

- In this case, the decrease in non-current assets value, is due to the annual amortization of *Investment property*. In addition, it has been observed that the value of *property, plant and equipment* item decreases while the value of *investments property* increase. This fact is due, and according to note 5b of annual accounts of report of 2013, that the foundation classifies during this year in the last item mentioned 3 new buildings that previously it had classified as *Property, plant and equipment*, since they were used to carry out the foundational activity and instead now its function is to obtain income. These buildings are Edificio Hucha, the Casa Abadía in Castellón de la Plana and a

building in Vilarreal. Although for the account value of the asset this fact does not imply any significant change, it shows a before and after for the foundation since it is a change motivated by the new context of income, and through which the foundation seeks to obtain revenue to self-finance and to carry out its activity.

- The decrease in the value of current assets compared to the previous year is due to the decrease in the value of the *Current financial investments*. It is deduced that this change is due to the same reason that in 2012, since in 2013 the foundation still had to pay the severance payment of the employment regulation order realized in 2012.

In 2014 it can observe that the assets value changes of trend and after two years of declines increases by 51,7 %. *Non-current investments* had a value of 22.700 € since 2008 and in 2014 this value increases to reach 6.548.737,14 €. This significant change, explained in note 6 of the annual accounts 2014, is due that in this year the foundation classified a asset instruments and issuing debt securities at 652.8737,14 €. Since the objective of the portfolio of financial investments is to obtain income to allocate to other purposes of the foundation it is deduce that this change value is a result of the restructuring foundation with the objective of to be self-financing through the lease of real estate.

Finally, the item *Trade and other receivables* reflects the most important change for the asset value in 2014: An increase of 3.5 million euros due to the agreement between our foundation and Fundación Bancaja. In this agreement it was agree to pay to Fundación Caja Castellón 12,5 million euros and this year only was paid 6 milion euros, so it still has to receive part of the contribution as endowment.

7.2 LIABILITIES

Unlike commercial entities, which have financial debt as the main funding source, foundations are entities that need an equity able to provide an enough income to carry out their activity. This is due to the fact that the foundations have certain characteristics such as non-profitability and their organizational size, which makes difficult for them to obtain financial sources through financial intermediaries. From this, it can be deduced that the foundations are not very indebted entities, in other words, to develop their activities they have sufficient resources without having financial debts.

According to the article “Fuentes de financiación de las organizaciones no lucrativas” published by the University of La Rioja, most of the debt that non-profit organisations have, mainly those of small size, is in the short term. And this is the case of our foundation as it can be seen in the following paragraphs.

As can be seen in the following table, long-term debt does not show significant changes during the years of the analysis and in addition, its percentage with respect to net equity and total liabilities is insignificant, since during the 8 years of the analysis almost represents 1%.

Table 7: Non-current liabilities value and its percentage

YEAR	NON-CURRENT LIABILITIES	%
2008	22.700,00	0,08%
2009	22.700,00	0,08%
2010	22.700,00	0,08%
2011	22.700,00	0,08%
2012	22.700,00	0,10%
2013	22.700,00	0,11%
2014	20.000,00	0,07%
2015	20.000,00	0,07%

Source: Own elaboration from annual accounts 2008-2015 of Fundació Caja Castellón

On the other hand, short-term debt represents a higher percentage of total assets and liabilities, also showing some variations during the period analyzed, in fact, the value has gradually declined during the years analyzed. The entity had a short-term debt in 2015 that barely represents 1,16% of total net assets as it can be seen on the next table:

Table 8: current liabilities variation

YEAR	CURRENT LIABILITIES	%
2008	2.634.218,00	9,42%
2009	2.571.397,00	8,81%
2010	1.962.365,00	6,75%
2011	1.819.986,00	6,32%
2012	922.182,00	4,20%
2013	638.677,14	3,20%
2014	274.013,22	0,91%
2015	339.004,67	1,16%

Source: Own elaboration from annual accounts 2008-2015 of Fundació Caja Castellón

The most interesting data in this table corresponds to the year 2012, since in this year the foundation reduces its current debt to a greater extent compared to the previous year

and also it match with the event in which the foundation losse the sponsorship revenue of Bancaja. Despite this, it is in 2015, when the foundation presents the lowest short-term debt of the period.

Thus, studing the different items that compose the foundational liabilities in the annual accounts 2012, it can see that the *Beneficiaries and creditors* value item had suffered the most important change with respect to the previous year. This item, reflects the outstanding amount of disbursement of aid and collaborations, and therefore it is believed that the decrease in this item is related to the loss of sponsorship revenues of Bancaja to the foundation. This situation has forced the entity, among other things, to eliminate a number of aid and collaborations, thus reducing the debt with the number of beneficiaries of the foundation.

In general, the external debt of the foundation represents a very small percentage, its debt ratio (Liabilities / Net equity + Liabilities) during the years analyzed is as follows:

Table 9: Debt ratio

RATIO ENDEUDAMIENTO	
2008	9,50%
2009	8,89%
2010	6,83%
2011	6,39%
2012	4,31%
2013	3,31%
2014	0,97%
2015	1,22%

Source: Own elaboration from annual accounts 2008-2015 of Fundaci3n Caja Castell3n

As it can seen on the previous table, the level of borrowing is smaller due to the debt in the short term has been gradually decreasing during the last years. Appart from that as it will be analyze in the following section, the foundation has each year more equity value.

After this analysis it is deduced the foundation since 2012 is doing different changes in its economic and equity structure in order to increase its self-financing and for carrying out its activity after the loss of the sponsorship revenues.

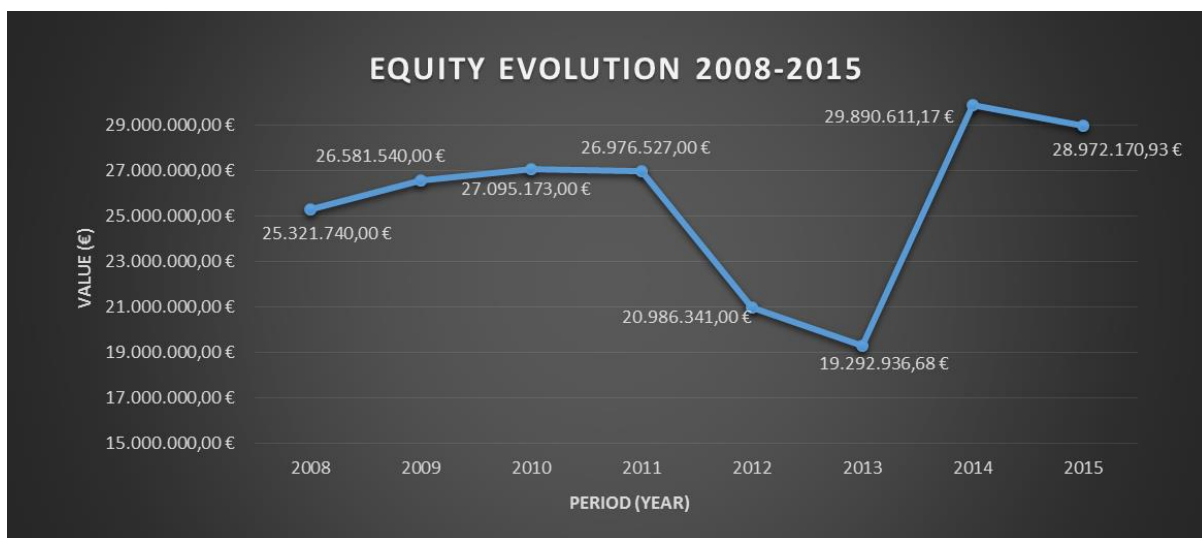
7.3 EQUITY

The analysis of the foundation equity is complex since a foundation is by definition: "A non-profit organization that has a lasting impact on its heritage to the realization of general interest purposes" Asociación Española de Fundaciones. Cuestiones generales [online] Available at: [http:// www.fundaciones.org/sector-fundacional/preguntas-frecuentes](http://www.fundaciones.org/sector-fundacional/preguntas-frecuentes) [2017].

In addition, according to an article published by The economist: "In the analysis of solvency and sustainability in this type of entities, the fundamental parameter does not have to be the last line of the income statement, but the equity evolution ..." Sallán, D. (2015) *¿Qué hacer con los excedentes en entidades sin ánimos de lucro?* [online] Available at: <http://gmauditors.com/wp-content/uploads/2016/11/David-Sall%C3%A1n-Mata-art%C3%ADculo-economista.pdf> [2017]. Therefore, it is an essential element in this type of entities.

First, it is analyzed the evolution of equity value during the period 2008-2015 in a general way, and then it will be analyze the equity items that have been affecting in a more significant way the general evolution of this estate.

Graphic 5: Equity evolution 2008-2015



Source: Own elaboration from annual accounts 2008-2015 of Fundación Caja Castellón

As shown *Graphic 5*, the equity during the first 4 years has a value close to 26 million euros, but in 2012-2013 this value is significantly reduced. It can not recover until two years later, when it peaks to 29.890.611,17 €. Therefore, it will focus on the analysis of

the equity value of this period. For that the equity will be disaggregating in items and it will be analyzed its value to know the reason for the variations.

In the same way, the variations of the equity for 2014 will be analyzed since it presents an important change of trend as it can be seen on *Graphic 5*. In fact the equity value in this year is the highest value of the period analyzed.

The foundation's equity are composed of 2 large blocks:

- *Own funds*
- *Grants, donations and legacies*

Although according to a web site: "Own funds are more important because they really guarantee the operating of the foundation." Asociación Española de Fundaciones. Cuestiones generales [online] Available at: [http:// www.fundaciones.org/sector-fundacional/preguntas-frecuentes](http://www.fundaciones.org/sector-fundacional/preguntas-frecuentes) [2017].

On the one hand, during 2012, as can be seen in *Figure 1*, the account value of the headings that compose *own funds* varies as follows:

Figure 1: Composition and variation of the Own funds value in 2012

Ejercicio 2012				
Cuenta	Saldo 01.01.12	Distribución		Saldo a 31.12.12
		excedente 2011	Excedente 2012	
Dotación fundacional	26.490.611	-	-	26.490.611
Excedente de ejercicios anteriores	(1.394.458)	(71.099)	-	(1.465.557)
Excedente del ejercicio	(71.099)	71.099	(5.942.522)	(5.942.522)
Total	25.025.054	-	(5.942.522)	19.082.532

Ejercicio 2011				
Cuenta	Saldo 01.01.11	Distribución		Saldo al 31.12.11
		excedente 2010	Excedente 2011	
Dotación fundacional	26.490.611	-	-	26.490.611
Excedente de ejercicios anteriores	(1.960.921)	566.463	-	(1.394.458)
Excedente del ejercicio	566.463	(566.463)	(71.099)	(71.099)
Total	25.096.153	-	(71.099)	25.025.054

Source: Annual account 2012 of Fundación Caja Castellón

According to the annual accounts 2012, the item *endowment fund* includes, on the one hand, the initial monetary contribution that was given when the foundation was constituted and on the other hand, the value of the non-monetary transfer of assets, that was carried out by Caja de Ahorros y Monte de Piedad de Castellón, in favor of the foundation. Therefore, it can be seen on *Figure 1* that their value has not changed from the previous year. On the other hand, the item *Prior periods' profit and loss*, includes surpluses from previous years and in accordance with article BOE 4th August RD 215/1993, it may be

maintained to carry out new future activities, or for the maintenance of existing ones in the event that future surpluses do not allow it.

In this case, it can see in previous *Figure 1*, this item suffers a changes in respect to previous year due to the loss of sponsorship reveues of Bancaja. It was included in the budged 2012 for a value of 4,600 thousand euros. As a result, the negative surplus for the year 2012 has increased to 5.942.522€ of which 71.099 € is derived from the negative surplus of the previous year. For this reason, the foundation had to carry out in this year, among others, a restructuring of staf structure , which has required to pay indemnities in the amount of 1,983 thousand euros This expense has been reflected in the income statement 2012, which is analyzed below.

On the other hand, *Grants, donations and bequests received*, shows de account value of capital grants that Caja de Ahorros y Monte de Piedad de Castellón gave to the foundation after its creaction (1991-1995) and the value are the following:

Figure 2: Composition and variation of Grant, donations and bequests received value in 2012

	<u>Ejercicio 2012</u>	<u>Ejercicio 2011</u>
Saldo al inicio del ejercicio	1.951.473	1.999.019
Traspaso al excedente del ejercicio	(47.664)	(47.546)
Saldo al final del ejercicio	<u>1.903.809</u>	<u>1.951.473</u>

Source: annual accounts 2012 of Fundació Caja Castellón

This item has not been significantly affected compared to previous years and therefore it has not contributed much to changes in the account value of the foundation's equity.

Regarding to 2013, and according to *Graphic 5*, it can be seen that the account value of the equity show in this fiscal year, the lowest value in the analysis.

Figure 3: Composition and variation of Own Funds value in 2013

Cuenta	Ejercicio 2013			
	Saldo 01.01.13	Distribución excedente 2012	Excedente 2013	Saldo a 31.12.13
Dotación fundacional	26.490.610,74	-	-	26.490.610,74
Excedente de ejercicios anteriores	(1.465.556,47)	(5.942.521,81)	-	(7.408.078,28)
Excedente del ejercicio	(5.942.521,81)	5.942.521,81	(1.645.842,33)	(1.645.842,33)
Total	19.082.532,46	-	(1.645.842,33)	17.436.690,13

Cuenta	Ejercicio 2012			
	Saldo 01.01.12	Distribución excedente 2011	Excedente 2012	Saldo a 31.12.12
Dotación fundacional	26.490.610,74	-	-	26.490.610,74
Excedente de ejercicios anteriores	(1.394.457,95)	(71.098,52)	-	(1.465.556,47)
Excedente del ejercicio	(71.098,52)	71.098,52	(5.942.521,81)	(5.942.521,81)
Total	25.025.054,27	-	(5.942.521,81)	19.082.532,46

Source: annual account 2013 of Fundació Caja Castellón

Again, the negative surplus of the year, as shown in *Figure 3*, shows variations with respect to the previous year, but this time in a positive way for the foundation, since when its negative value decreases increase the equity value, and according to annual accounts 2013, this change is a consequence of the reduction of some items of development activity expenditure. It is another restructuring change that the foundation has carried out for adapt to the foundation's budgets to the current context of income.

With regard to the endowment fund, this does not show any variation with respect to the previous year as it can be observed in the *Figure 3*.

Figure 4: Composition and variation of Grant, donations and bequests received value in 2013

	Ejercicio 2013	Ejercicio 2012
Saldo al inicio del ejercicio	1.903.809,37	1.951.473,09
Traspaso al excedente del ejercicio	(47.562,82)	(47.663,72)
Saldo al final del ejercicio	1.856.246,55	1.903.809,37

Source: Annual account 2013 of Fundació Caja Castellón

As regards the Grants, donations and bequests received in 2013, it is considered that there are no significant variations with special importance for the analysis. As in other years, the foundation accuses the excess of the negative surplus and that have been registered in the account of results for the year.

It is important to say that, according to annual accounts 2013, the foundation received a subsidy for rural activities worth 2.278,40 € and it has been recorded under this balance

sheet item. To conclude with the analysis of the evolution of the equity value of the foundation, it will analyze what happened during the 2014. In this year the account value of the foundation increase to 10.597.674, 49 € with respect to the previous year, and as it can be seen on *Figure 5*, it becomes the highest peak of the analyzed period.

This is a relevant fact and therefore it is very interesting to analyze what is due, since as mentioned above, the equity is for the foundations a fundamental parameter of solvency and sustainability.

Figure 5: Composition and variation of the Own Funds value in 2014

Cuenta	Ejercicio 2014				
	Saldo 01.01.14	Distribución excedente 2013	Aportación recibida	Excedente 2014	Saldo a 31.12.14
Dotación fundacional	26.490.610,74	-	12.500.000,00	-	38.990.610,74
Excedente de ejercicios anteriores	(7.408.078,28)	(1.645.842,33)	-	-	(9.053.920,61)
Excedente del ejercicio	(1.645.842,33)	1.645.842,33	-	(1.854.752,65)	(1.854.752,65)
Total	17.436.690,13	-	12.500.000,00	(1.854.752,65)	28.081.937,48

Cuenta	Ejercicio 2013				
	Saldo 01.01.13	Distribución excedente 2012	Aportación recibida	Excedente 2013	Saldo a 31.12.13
Dotación fundacional	26.490.610,74	-	-	-	26.490.610,74
Excedente de ejercicios anteriores	(1.465.556,47)	(5.942.521,81)	-	-	(7.408.078,28)
Excedente del ejercicio	(5.942.521,81)	5.942.521,81	-	(1.645.842,33)	(1.645.842,33)
Total	19.082.532,46	-	-	(1.645.842,33)	17.436.690,13

Source: Annual account 2014 of Fundación Caja Castellón

Unlike the previous years, during 2014 the endowment fund increases by 12.500.000 € to stand at a total value of 38.990.610, 74€. According to annual accounts 2014, this increase comes from the agreement between the Fundación Bancaja and our foundation, made on April 2014. This fact, as can be observed, is a positive aspect for our foundation, as it is treated as a parameter of solvency and sustainability of the same, so it seems an improvement in the patrimonial situation of our foundation. It has considered as a fact of special importance in the economic and financial aspect.

Figure 6: Composition and variation of Grant, donations and bequests received value in 2014

	<u>Ejercicio 2014</u>	<u>Ejercicio 2013</u>
Saldo al inicio del ejercicio	1.856.246,55	1.903.809,37
Traspaso al excedente del ejercicio	<u>(47.572,86)</u>	<u>(47.562,82)</u>
Saldo al final del ejercicio	<u><u>1.808.673,69</u></u>	<u><u>1.856.246,55</u></u>

Source: Annual account 2014 of Fundació Caja Castellón

Finally, the item *Grant, donations and bequests received* in 2014 still do not present any relevant variation for the analysis or for the evolution of the equity of the foundation. It should be noted that, as in the previous year, the foundation received a grant for rural activities for 1.139,20 € and 2.278,40 € and it has been recorded in this balance sheet item.

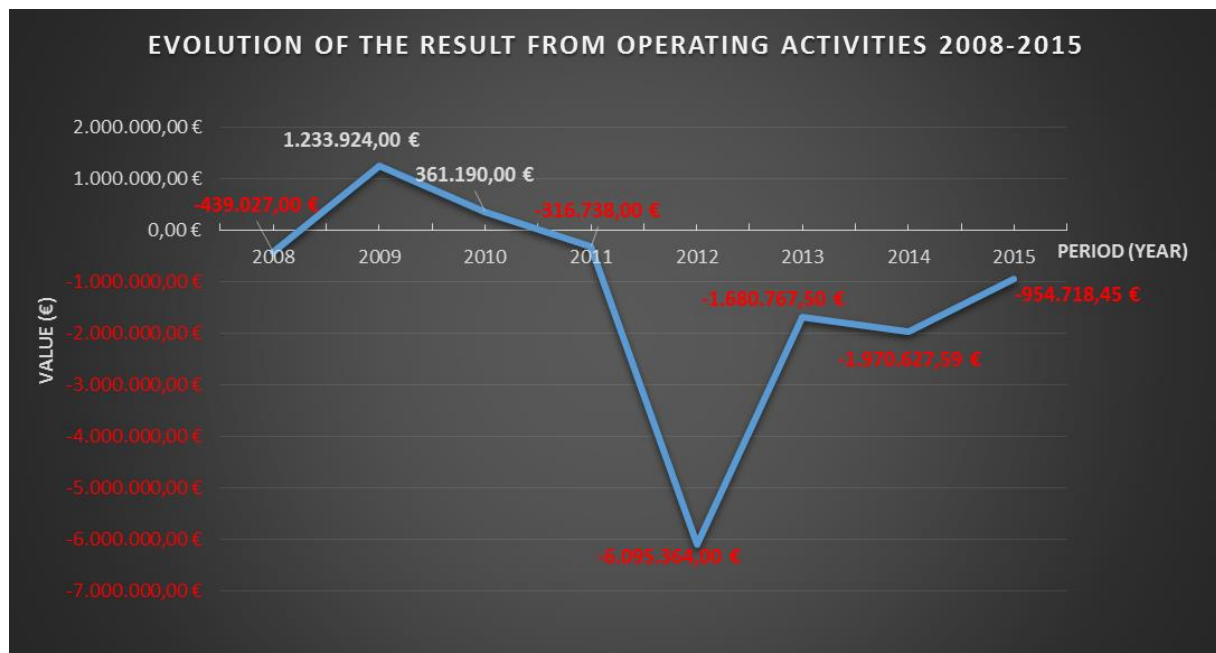
8. EVOLUTION OF THE RESULT FROM OPERATING ACTIVITIES

Unlike profitable entities, and according to Arnau. A (2002) *La contabilidad de las entidades sin finalidad lucrativa: Especial referencia a las fundaciones*, it is desirable that the operating result in this entities be slightly above zero. A high result could be mean an inefficient supply of available services, although on the other hand, in both entities a high losses lead to bankruptcy.

Thus, this section will analyze the evolution of the operating result of the foundation during the period 2008-2015, to know how the different measures that the foundation have had to carry out in 2012 after the loss of sponsorship revenues, have affected.

The following graphic has been made based on the annual accounts of the years that covers the period 2008-2015 to observe how changes the operating result of the foundation:

Graphic 6: Evolution of the result from operating activities 2008-2015



Source: Own elaboration from annual accounts 2008-2015 of Fundación Caja Castellón

As shown in *Graphic 6* the operating result since the first year of the analysis already presents a negative result from operating activities, although, in 2009 and 2010 this data increases positively. It is deduced that this result is due to the following: because this result coincides with the worst years of economic and financial crisis in Spain, the

foundation decided to reserve a certain amount of economic resources obtained in anticipation of what could happen in the coming years.

In 2011 the result from operating activities declines again and it was a losses of 316.738€ but what is really interesting on *Graphic 6*, is the negative value that presents in 2012. As it can be seen in *Graphic 6* the result of operating was situated in the negative data of - 6,095,364€. It is very worrying figure and that coincides once again, with the most critical accounting exercise of the foundation. It will be analyzed then.

Figure 7: Result from operating activities 2012

FUNDACIÓN CAJA CASTELLÓN, FUNDACIÓN DE LA COMUNITAT VALENCIANA
Cuenta de Resultados abreviada del ejercicio anual terminado
el 31 de diciembre de 2012 (expresada en euros)

	Notas de la Memoria	(Debe) Haber	
		2012	2011
EXCEDENTE DEL EJERCICIO			
Ingresos de la actividad propia		309.096	5.278.002
Aportaciones de usuarios	15 a), 20	178.156	206.202
Ingresos de promociones, patrocinadores y colaboradores	4, 14 c)	--	5.063.000
Reintegro de ayudas y asignaciones	14 a), 15 a)	130.940	8.800
Gastos por ayudas y otros		(2.396.582)	(2.648.134)
Ayudas monetarias	14 a), 15 a), 20	(1.025.701)	(2.231.089)
Ayudas no monetarias	4, 6, 14 b), 15 a), 15 b), 20	(1.110.430)	--
Gastos por colaboraciones y del órgano de gobierno	15 a), 20	(260.451)	(417.045)
Aprovisionamientos	14 c), 15 a), 20	(422.906)	(593.646)
Otros ingresos de la actividad	6, 15 a), 20	356.179	350.508
Gastos de personal	15 a), 20	(3.065.964)	(1.428.627)
Otros gastos de la actividad	15 a), 20	(508.742)	(718.033)
Amortización del inmovilizado	6, 15 a), 15 b), 20	(414.109)	(618.247)
Subvenciones, donaciones y legados de capital traspasados al excedente del ejercicio	12, 15 a), 15 b)	47.664	47.546
Deterioro y resultado por enajenaciones del inmovilizado		--	13.893
EXCEDENTE DE LA ACTIVIDAD		(6.095.364)	(316.738)

Source: Own elaboration from annual accounts 2012 of Fundación Caja Castellón

In spite of the first item, *user contributions*, decreased to the previous year of 28.046€, and according to note 15 of the annual accounts 2012, the foundation had foreseen obtaining income of 196.930€, has no further information on this figure value and therefore has not been considered relevant or related to the purpose of the analysis.

However, it is the variation in the *Revenue from promotions, sponsors and collaborators* that focuses our attention. It is evident the origin of the numerous restructuring changes

that the foundation has had to carry out. Therefore it is one of the most interesting points of the analysis, and that marks a before and after for the foundation. This item value reflects the annual contribution made by the foundation's sponsoring entity Bancaja.

As reported in notes 4 and 14 e) of the memory account 2012, while the sponsorship income received by the foundation in 2011 was 5.063.000€, in 2012 before the absence of these, the foundation had to carry out a restructuring of the personnel staff which has led, among other things, to face indemnities in the amount of 1.983.000€, which requires an increase in the expenditures.

In addition, as a consequence, the foundation has been forced to reduce essential expenditure items for the development of its activity, such as expenses for monetary aid, expenses for collaborations, among others, and it has affected the pursuit of its general interest objectives.

As it can be observed during the study, this fact has had several collateral damages for the account of results of the foundation and for the accomplishment of the activities.

The items of *monetary aid and collaboration expenses*, both included in *Expenditures for aid and others*, as a result were reduced by 1.205.388€ and 156.594€ respectively in respect of 2011.

The expenditure on *non-monetary aid* has increased, according to note 4 of the annual accounts 2012, to the application of the new law of registration and valuation of *property, plant and equipment*, related to assets transferred by the foundation to third parties without consideration. It entails the recording in the income statement of the expenses of this type of operations under this item.

Following the analysis of the *Personnel expenses* item which has also been affected by the suppression of the sponsorship contribution. This item shows the variation due to the amount of 1,983 thousand euros of indemnities as a result of the regulation employment order.

The remaining items have not been significantly affected.

As can be seen in *Graphic 6*, the foundation remains losses for the following years, although these are lower than those of year 2012.

It should be noted that in 2013, according to note 3 of the report of that year, the foundation has again reduced significant expenditure items such as *Non-Monetary Aid, Collaboration Expenditures and the Governing Body*, Supplies and other activity expenses. Overall, they decreased by 1.202.817, 11€ compared to the previous year.

The reason for this reduction of expenditure is again the adjustment to the budgets to the current situation of income. In addition, the item of *personnel expenses* also varies in a very relevant way in 2013. In 2012 it involved an expense of a 3.065.963, 92 € and in 2013 it was 323.380,60 €. It means that has decreased by 2.742.582, 30 € and it is due to the employment regulation order that the foundation made to extinguish 35 work contracts in order to adapt its structure to the context. That at that time meant to face compensation, it contributes to improve its result of the income statement.

During 2014, the entity presents a Personnel Expenses value of 1.187.841, 90€. According to note 3 of the annual account, this item reflects € 920,782.15 corresponding to the employment regulation compensations and in addition the pay of a complementary liquidation that was agreed to carry out that depended on the agreement reached in 2014 with the Fundació Bancaja.

As it can seen in this section, the loss of the sponsorship revenues of Bancaja has meant that the result from operating activities has in 2012, a higher amount of expenses than income. It has as a result a reduction of expenditure items for subsequent years, although it continues to present important negative result until 2015, the last analyzed year.

9. EVOLUTION OF ECONOMIC RESOURCES USED IN FOUNDATION'S ACTIVITIES

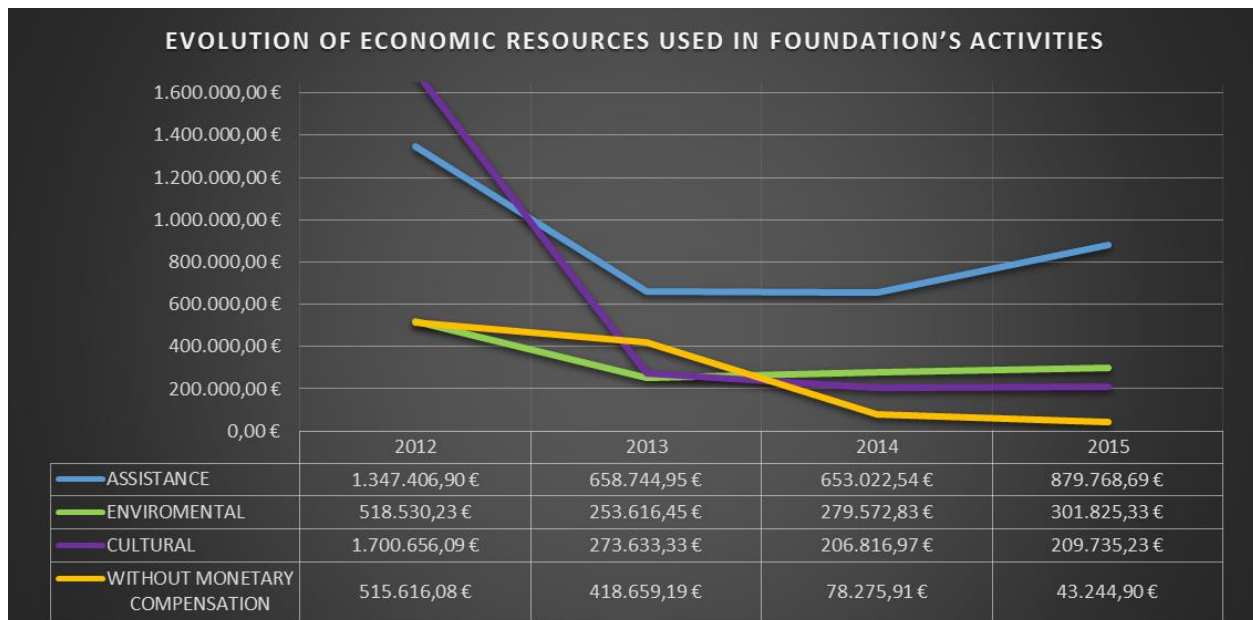
Finally, and in order to end this study, it will focus on the analysis of the evolution of the economic resources destined to the development of foundational activities by which many basic needs that are beyond the reach of the public sector of Castellón are covered.

Trought this activities the foundation pursues the foundational purposes and which are blished in the states they are, among others, the realization and promotion of activities of general interest such as research, education, culture, environment, health ...

For this section, the period analyzed is smaller than in the previous ones because the necessary information is not available for the years 2008 to 2011. Despite this, and as it will be seen below, the information is relevant and of special interest for the analysis. So the period under study is 2012-2015, and during this one can observe how the expenditure allocated to its activities has changed significantly.

The activity is organized in 5 programs, but as mentioned at the beginning of the study, only 4 are classified as own activity and the rest is classified as business activity, so we will focus on the programs of the own activity. For that it has been made a graphic of the evolution of the economic resources used by the foundation, broken down by each of the programs that make up its activity.

Graphic 7: Evolution of economic resources used in foundation's activities



Source: Own elaboration from annual accounts of Fundació Caja Castellón

At a glance, it can be observed in the *Graphic 7*, that the economic resources used in the different programs of activities show a negative trend since 2012, but there are some programs that shows a greater decline than others. The evolution of the same is detailed below. Then the programs being broken down by activity centers. For that purpose, it has been created a excel tables with the data provided in the annual accounts of the years of the respective exercises.

PROGRAM 1: Assistance centers and collaborations

The financial resources allocated in 2012 for this program represented a total of 1.347.406,90 € and on the other hand, only a year later this data decreases to 658.744,95€. It means a reduction of 51,47 % of the economic resources used in comparison with the previous year.

Table 10: Economic resources used in Program 1

Source: Own elaboration from annual accounts 2012-2015 of Fundació Caja Castellón

PROGRAM 1										
	ESCOLA S.VTE	HOGAR S.VTE	AMIGÓ	S. AGUSTIN	S. DOWN	VILA-REAL A.S	AYUDAS ASIST.	IRTA	ALMAZORA	TOTAL
2012	396.085,07	200.279,46	17.656,47	27.259,20	2.003,67	10.178,76	693.943,56	-	-	1.347.406,19
2013	266.810,26	153.345,66	0,01	1.473,57	1.157,33	6.953,62	229.004,50	-	-	658.744,95
2014	233.691,66	158.915,26	18.750,34	6.403,51	1.152,56	6.434,72	205.068,32	22.606,17	-	653.022,54
2015	197.791,64	154.764,31	75.745,34	6.555,71	2.746,59	10.843,14	194.864,62	226.771,28	9.686,06	879.768,69

As can be seen in *Table 10*, the economic resources used in Proyecto Amigó were reduced in a greater measure, especially in 2012. The 17.656,47 € that it can be shown in this table in 2012, corresponded to a property that the foundation give without payment to another non-profit entity for the treatment of young drug addicts. However, in 2013 does not contain any assistance on the part of the foundation to this center.

Another relevant fact is the reduction of expenditure in the Centro Grupo San Agustín. The foundation went from allocating 22.259,30 € in 2012 to 1.157, 33€ in 2013. The share of this expenditure corresponds to personnel expenses in 2012 and in 2013 this item went to assume no expense.

Assistance aids also been significantly and progressively reduced during the years of analysis, mainly from 2012 to 2013, from 693.943,56 € to 229.004,50 €. In this case, it is not a physical center, but monetary aid mainly for the immigration and social marginalization sector.

All this has a result a decrease of the economic resources destined for this program of 34% since 2012.

Table 11: Economic resources used in Program 2

PROGRAM 2					
	SEIDIA	BARRANC	ESCOLA DE LA MAR	ACTIV. MED. A	TOTAL
2012	272.767,19	26.480,40	155.339,64	63.943,00	518.530,23
2013	185.571,75	25.156,22	-	42.888,49	253.616,46
2014	199.541,31	20.342,00	-	59.689,47	279.572,78
2015	216.201,95	18.671,86	-	66.951,52	301.825,33

Source: Own elaboration from annual accounts 2012-2015 of Fundació Caja Castellón

In this program, as can be seen in *Table 11*, the foundation has not give economic resources in Escola De La Mar, destined to the environmental education. Therefore, the main reduction of the economic resources used in this program comes from this center of activities, but in 2013 this center become a part of the program 5 with a comercial

character in order to be able to be financed the foundation activity after the loss of the sponsorship revenues.

On the other hand, according to annual accounts 2013, the economic resources destined to Colonia Seidia de Benassal have also been reduced due to the reduction of the personal expense, although as can be seen in the *Table 11*, in the following years the resources destined to this center increases again.

Regarding to the resources destined to Barranc dels Horts de Ares, it have been gradually decreasing, reaching in the year 2015 an expenditure of economic resources of 18.671,86€, which is close to 29,5% less than in the year 2012.

In total, the foundation has reduced the economic resources used for this type of activities by 41,79% since 2012.

Table 12: Economic resources used in Program 3

	PROGRAM 3								
	C. ABADIA	SAN MIGUEL	ACT. CULT. PROPIAS	C. ALMAZORA	ED. HUCHA	CENTRO DE VILA-RE	AYUDAS CULT.	AYUDAS DEP.	TOTAL
2012	165.871,45	105.254,17	125.428,11	82.503,17	467.373,88	82.025,83	605.486,03	66.713,44	1.700.656,08
2013	126.424,67	44.894,19	77.284,19	-	-	-	23.030,28	2.000,00	273.633,33
2014	72.420,28	32.155,84	77.632,27	-	-	-	19.608,48	5.000,00	206.816,87
2015	66.717,73	34.484,29	74.666,84	-	-	-	28.866,37	5.000,00	209.735,23

Source: Own elaboration from annual accounts 2012-2015 of Fundació Caja Castellón

As shown in *Graphic 7*, programe 3 is where more economic resources are no longer used, in fact, since 2012 it has been reduced by 88% and in agreement with the previous table, it has stopped allocating money to 3 of the 8 centers that owned the foundation in the beginning of the year 2012.

This part is of special interest for the study, as it can be observed in *Table 12* there is 3 centers that the foundation no longer classifies within this program, and they are classified from 2013 on the mercantil program (program 5). Therefore, what has actually happened is that the purpose of these centers that until now were used to carry out activities of interest culture, has changed. Since then and at today, the function of these properties is to finance the activity of the foundation by means of its lease to be able to continue developing the foundational activity after the suppression of Bancaja's sponsorship.

According to The Action Plan of the foundation for the year 2013, a greater part of the the Edificio Hucha, as already mentioned above, is rented in 2013 to the City Mayor of Castellón with a term of 5 years, saving the 1st, 2nd and 5th floors for the foundation.

The entity has reduced the economic resources allocated to cultural aids in a significantly way during 2012 to 2013 as can be seen in *Table 12*, from allocating 605.486,30 € in 2012 to 23.030,28 € in 2013.

In 2013 the entity only allocated 2.000€ to sports aid and 77.284, 19€ to cultural activities of its own. As well as, the reduction of the resources allocated to Casa Abadía in 2012 due to the reduction of personnel expenses, which amounted to a total of 106.268,40 € and in 2013 it was 34,249.56€. This is directly related change with the employment regulation order carried out in September 2012.

Table 13: Economic resources used in Program 4

	PROGRAM 4									
	ALCORA	GRAO	MORELLA	NULES	ONDA	VALL D'UIXO	VILLAVIEJA	BURRIANA	POLI D. VILA-REAL	TOTAL
2012	13.425,22	5.030,15	7.071,65	6.559,25	13.296,20	22.950,79	1.904,46	405.584,54	39.793,82	515.616,08
2013	13.705,55	9.394,01	15.220,39	13.115,84	(2.156,58)	108,65	2.647,69	-	366.623,63	418.659,18
2014	13.615,83	9.183,37	(1,12)	13.249,49	10.367,19	28.019,05	3.782,11	60,00	-	78.275,92
2015	13.640,32	-	14.460,43	13.504,26	-	124,41	1.515,49	-	-	43.244,91

Source: Own elaboration from annual accounts 2012-2015 of Fundació Caja Castellón

During 2012-2013, the foundation stopped to spending about 98.000€ of this activities program, but the difference of economic resources spend in this program is more significant in 2014. In that year, as it can see on *Table 13*, the total economic resources employed represent 81% less than in the previous year.

The centers of this program to which the foundation has ceased to allocate economic resources has become part of the program 5: Leased or available centers.

Therewith, the total reduction in economic resources allocated to this program since 2012 has decreased by 91%.

As can be observed, the foundation has stopped allocating many economic resources to foundational activities because of the new income since 2012, but on the other hand it has been shown that it has prioritized by activities, because of that it has more resources in some activities than in others. The program most affected, and as shown in *Figure 7*, are centers ceded to public entities without monetary compensation and the program to cultural activities. The curve that represents the economic resource used in this kind of activities, specially culture activities suffers a sharp fall, in fact, as it has

mentioned previously, the economic resources for this both programs was reduced 88% during the period 2012-2015. On the other hand, the activities aimed at the integration of vulnerable and socially disadvantaged groups, included in the program of centers and assistance collaborations, are the ones that continue to receive more economic resources, since this program covers the basic needs as health and food of different groups in society of the city. In 2015, this centers had access to a total of 54.661 physical and 10 legal beneficiaries.

Altogether and in spite of the crisis that the foundation suffered in 2012, during 2015 the entity had a total of 272.277 physical and 236 legal beneficiaries.

10. CONCLUSIONS

ASSETS

The value of the foundation's assets decreases during 2012-2013 as a result of the decrease in current financial investments. From this it has been deduced that the foundation has used these investments to pay for some of the consequences that have been derived from the new income context, such as the employment regulation file.

Because the foundation has been forced to look for alternatives to be able to finance itself, many properties that until 2012 were classified as *Property, plant and equipment*, such as the Edificio Hucha and Casa Abadía, are now part of the *Investment property*. Although for the valuation of the asset this does not reflect any significant change, if it is a relevant fact for the foundation because since 2012 depends on incomes received through this properties to be able to continue carrying out its activity.

In addition, after the agreement with Fundació Bancaja in 2014 the account value of the assets is increased thanks to the contribution made by Fundació Bancaja as an endowment.

LIABILITIES

Although this balance sheet item does not represent an important part for the foundation, its value has been deduced due to the reduction of the number of beneficiaries and therefore the decrease of the number of aids and activities it has had as a result a gradual reduction of the debt in the last few years.

EQUITY

In 2013 the value of the equity reaches the lowest value of the period analyzed, and this is due to the negative surplus that presented for previous years and especially for 2012. In fiscal year 2014, thanks to the agreement with Fundació Bancaja, the foundation reflects in its equity as an endowment an amount of 12,5 million €. That fact has a positive effect for the economic situation, as it has been verified.

RESULT FROM OPERATING ACTIVITIES

The loss of the sponsorship revenue has effect in this item of the income statements too. The foundation has presented unfavorable results for most of the exercises, although during the years 2009-2010 the operating result has been positive. In 2012, this value

suffers the largest decrease in the period analyzed due to it and therefore for in this year the expenses represent a percentage much higher than the income.

EVOLUTION OF ECONOMIC RESOURCES USED IN FOUNDATIONAL ACTIVITIES

All the consequences analyzed due to the loss of the sponsorship revenues translate into the reduction of the economic resources destined to carry out the activities of foundational aims. The foundation has reduced above all economic resources destined to the cultural activities and has destined many of the centers where it carried out this type of activities, to obtain rents to be able to continue operating. Despite this, the foundation has prioritized the activities of a charitable nature whereby the basic needs have satisfied, reducing by a smaller amount the resources used in this program.

And this reduction of the economic resources together with the employment regulation order are the clearest consequence of the loss of the sponsorship revenues for the foundation. It shows a new different situation for the foundation and consequently for the city of Castellón.

Nevertheless, Fundación Caja Castellón still has today a large amount of beneficiaries and carry out lots of activities.

11. REFLECTIONS

I hardly believe that Fundación Caja Castellón has carried out and continues doing it an extraordinary work, despite having lived in 2012 the worst year since its creation.

The operation of this foundation, for its effort to continue its activity and to continue providing certain services and support to people and associations of our city, should be a reference in the set of both private and public institutions of our city.

After this study, I have been able to observe that many Castellon people do not know the existence of it and the many services it provides every year despite of their small size, for that the promotion of the activities carried out by the foundation should be supported and promoted to a greater extent by the public entities.

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