

## INDEPENDENT AUDITORS' REPORT

To the Chairman of the Board of  
Fondazione "Opera San Francesco Saverio" - C.U.A.M.M.

### Report of the financial statements

We have audited the accompanying financial statements of Foundation "Opera San Francesco Saverio" - C.U.A.M.M., which comprise the balance sheet as of December 31, 2016, the statement of income and related explanatory notes. Such Financial Statements, although not specifically required by law, has been prepared in accordance with the Italian Civil Code, except for non disclosing the cash flow statement.

### *Directors' responsibility for the financial statements*

The directors are responsible for the preparation of financial statements that give a true and fair view in compliance with Italian accounting Standards.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to art. 11 of Legislative Decree NO. 39/2010. 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 misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Fondazione "Opera San Francesco Saverio" - C.U.A.M.M. as at December 31, 2016, of the result of its operations for the year then ended in accordance with



the Italian regulations and accounting principles governing financial statements excepted for cash flow statement.

*Other matters*

This auditors' report has not been issued for Italian statutory purposes, due to the fact that the Foundation has no legal requirement.

Padova, May 10st, 2017

BDO Italia S.p.A.

Signed by  
Partner

*This report has been translated into english from the italian original solely for the convenience of international readers*

## Balance Sheet at December 31st, 2016

<b>ASSETS</b>			
(Eur Amounts)	31/12/2016	31/12/2015	Variance +/-
<b>(A) SHARE CAPITAL ISSUED AND NOT YET PAID</b>			
<i>Payments already required</i>	0	0	0
* <b>Total Share capital issued and not yet paid:</b>			
<b>(B) FIXED ASSETS:</b>			
<b>I INTANGIBLE ASSETS</b>			
1 Installation and expansion costs	0	0	0
2 Research, development and advertising costs	0	0	0
3 Industrial and other Patent Rights	0	0	0
4 Concessions, licenses, trademarks and similar rights	116	4.522	4.406-
5 Goodwill	0	0	0
6 Assets under construction and advance payments	0	0	0
7 Other intangible assets	0	0	0
* <b>Total Intangible Assets:</b>	<b>116</b>	<b>4.522</b>	<b>4.406-</b>
<b>II TANGIBLE ASSETS:</b>			
1 Land and buildings	2.942.691	1.934.597	1.008.094
2 Plant and Machinery	17.901	23.986	6.085-
3 Industrial and Commercial Equipment	14.586	17.925	3.339-
4 Other Goods	86.595	91.938	5.343-
5 Construction in progress and advance payments	0	105.510	105.510-
* <b>Total Tangible Assets:</b>	<b>3.061.773</b>	<b>2.173.956</b>	<b>887.817</b>
<b>III FINANCIAL ASSETS</b>			
1 Investments	0	0	0
2 Receivables	366	366	0
<i>within 12 months</i>	0	0	0
<i>over 12 months</i>	366	366	0
3 Other Securities	4.310.574	4.610.574	300.000-
* <b>Total Financial Assets:</b>	<b>4.310.940</b>	<b>4.610.940</b>	<b>300.000-</b>
<b>TOTAL FIXED and FINANCIAL ASSETS:</b>	<b>7.372.829</b>	<b>6.789.418</b>	<b>583.411</b>
<b>(C) CURRENT ASSETS</b>			
<b>I Inventories</b>			
4 Merchandise	0	0	0
5 Advance Payments	0	0	0

*	<b>Total Inventories:</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>II Accounts Receivables</b>				
	1 Trade Accounts Receivables	7.334	1.872	5.462
	<i>within 12 months</i>	7.334	1.872	5.462
	<i>over 12 months</i>	0	0	0
	2 Tax Debtor	6.398	1.419	4.979
	<i>within 12 months</i>	6.398	1.419	4.979-
	<i>over 12 months</i>	0	0	0
	3 Other Receivables	35.243.360	15.944.164	19.299.196
	<i>within 12 months</i>	21.250.067	10.135.288	11.114.779
	<i>over 12 months</i>	13.993.293	5.808.876	8.184.417
*	<b>Total Receivables:</b>	<b>35.257.092</b>	<b>15.947.455</b>	<b>19.309.637</b>
<b>III Short-term investment</b>				
	1 Investments	0	0	0
	2 Other Securities	0	0	0
*	<b>Total Short Term Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>IV Cash and Cash Equivalents</b>				
	1 Banks and Postal Deposits	7.714.635	8.751.025	1.036.390-
	2 Cheques	0	0	0
	3 Cash on hand	253.071	285.449	32.378-
*	<b>Total Cash and Cash Equivalents:</b>	<b>7.967.706</b>	<b>9.036.474</b>	<b>1.068.768-</b>
*	<b>TOTAL CURRENT ASSETS</b>	<b>43.224.798</b>	<b>24.983.929</b>	<b>18.240.869</b>
(D)	<b>PREPAYMENTS AND ACCRUED INCOMES</b>			
	advanced costs on loans	0	0	0
	Other prepayments and accrued incomes	224.217	612.564	388.347-
*	<b>Total Prepayments and Accrued Incomes:</b>	<b>224.217</b>	<b>612.564</b>	<b>388.347-</b>
	<b>TOTAL ASSETS</b>	<b>50.821.844</b>	<b>32.385.911</b>	<b>18.435.933</b>

<b>LIABILITIES AND EQUITY</b>				
(Eur Amounts)		<b>31/12/2016</b>	<b>31/12/2015</b>	<b>Variance +/-</b>
<b>(A)</b>	<b>EQUITY</b>			
I	Capital / Accumulated Fund	282.760	282.760	0
II	Revaluation Reserve	1.391.137	1.391.137	0
III	Statutory Reserves	0	0	0
IV	Other Reserves	3.756.025	2.693.211	1.062.814
	- Extraordinary Reserve	194.176	186.482	7.694
	- Round off Reserve	4	0	4
	- Reserves with specific aim	3.561.848	2.506.725	1.055.123
V	Surplus (deficit) of previous years	0	0	0
VI	Surplus (deficit) of current year	11.848	7.694	4.154
	<b>Total Net Equity:</b>	<b>5.441.770</b>	<b>4.374.802</b>	<b>1.066.968</b>
<b>(B)</b>	<b>PROVISIONS FOR CONTINGENCIES AND COMMITMENTS</b>			
1	Provision for Severance Indemnities and similar commitments	0	0	0
2	Provision for Deferred Taxes	0	0	0
3	Other Provisions	1.929.094	1.578.303	350.791
	<b>Total Provisions for Contingencies and Commitments:</b>	<b>1.929.094</b>	<b>1.578.303</b>	<b>350.791</b>
<b>(C)</b>	<b>STAFF LEAVING INDEMNITY (TFR)</b>	<b>933.426</b>	<b>823.833</b>	<b>109.593</b>
<b>(D)</b>	<b>LIABILITIES</b>			
1	Banks loans and overdraft	48.474	1.303	47.171
	<i>within 12 months</i>	48.474	1.303	47.171
	<i>over 12 months</i>	0	0	0
2	Other Financial Payables	0	0	0
	<i>within 12 months</i>	0	0	0
	<i>over 12 months</i>	0	0	0
3	Advances Payments Received	0	0	0
	<i>within 12 months</i>	0	0	0
	<i>over 12 months</i>	0	0	0
4	Trade Accounts Payables	756.482	913.378	156.896-
	<i>within 12 months</i>	756.482	913.378	156.896-
	<i>over 12 months</i>	0	0	0

5	Note Payables	0	0	0
	<i>within 12 months</i>	0	0	0
	<i>over 12 months</i>	0	0	0
6	Taxes Payables	103.763	115.913	12.150-
	<i>within 12 months</i>	103.763	115.913	12.150-
	<i>over 12 months</i>	0	0	0
7	Social Securities Payables	229.952	208.574	21.378
	<i>within 12 months</i>	229.952	208.574	21.378
	<i>over 12 months</i>	0	0	0
8	Other Payables	914.838	1.089.482	174.644-
	<i>within 12 months</i>	827.806	1.002.157	174.351-
	<i>over 12 months</i>	87.032	87.325	293-
	<b>Total Liabilities:</b>	<b>2.053.509</b>	<b>2.328.650</b>	<b>275.141-</b>
<b>(E)</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOMES</b>			
	Agio on loans			
	Other accrued liabilities and deferred incomes	40.464.045	23.280.323	17.183.722
	<b>Total Accrued Expenses and Deferred Incomes</b>	<b>40.464.045</b>	<b>23.280.323</b>	<b>17.183.722</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>50.821.844</b>	<b>32.385.911</b>	<b>18.435.933</b>

**STATEMENT OF COMPREHENSIVE INCOME AT  
DECEMBER, 31<sup>ST</sup> 2016**

(Eur Amounts)		31/12/2016	31/12/2015	Variance +/-
<b>(A)</b>	<b>VALUE PRODUCED</b>			
1	Contributions, Offers, and other activity incomes	23.996.291	21.343.762	2.652.529
2	Change in merchandises	0	0	0
3	Increase of works in progress	0	0	0
4	Increase in internal construction capitalized	0	0	0
5	Other revenues	393.532	403.193	9.661-
*	<b>Total Value Produced</b>	<b>24.389.823</b>	<b>21.746.955</b>	<b>2.642.868</b>
<b>(B)</b>	<b>COSTS</b>			
6	Costs for raw materials, auxiliary materials, spare parts and goods	101.028	104.816	3.788-
7	Costs for services	20.482.056	18.858.124	1.623.932
8	Costs for utilization of third parties' assets	94.342	75.050	19.292
9	Personnel Costs	2.371.724	2.273.820	97.904
	(a) <i>Wages and Salaries</i>	1.736.369	1.675.642	60.727
	(b) <i>Social Securities</i>	491.914	463.607	28.307
	(c) <i>Staff Leaving Indemnity</i>	143.075	134.571	8.504
	(d) <i>Other Social Contributions</i>	0	0	0
	(e) <i>Other costs</i>	366	0	366
10	Amortization and Write off on Assets	566.764	115.792	450.972
	(a) <i>Amortization of intangible assets</i>	4.406	4.719	313-
	(b) <i>Amortization of tangible assets</i>	111.859	95.833	16.026
	(c) <i>Other write off on Assets</i>	0	0	0
	(d) <i>Write off on Accounts Receivables</i>	450.499	15.240	435.259
11	Change in inventory of raw materials, auxiliary materials, spare parts and goods	0	0	0
12	Accruals for contingencies	0	200.000	200.000-
13	Other Accruals	39.310	40.377	1.027-
14	Other Operating Expenses	164.718	469.775	305.057-
*	<b>Total Costs</b>	<b>23.819.942</b>	<b>22.137.714</b>	<b>1.682.228</b>
(A-B)	<b>* Differences between Value Produced and Costs</b>	<b>569.881</b>	<b>390.759-</b>	<b>960.640</b>
<b>(C)</b>	<b>FINANCIAL INCOMES AND EXPENSES</b>			
15	Incomes from Investiments	0	0	0
16	Other financial incomes	61.388	72.949	11.561-
17	Interest and other financial charge	97-	19.983-	19.886

17 bis	Exchange Currency Gains and Losses	547.261-	418.937	966.198-
*	<b>Net Financial Incomes and (Expenses):</b>	<b>485.970-</b>	<b>471.903</b>	<b>655.873 -</b>
(D)				
18	Revaluations:	0	0	0
19	Write down:	0	0	0
	<b>Net Adjustments to the value of financial operations</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>* EARNING BEFORE TAXES</b>	<b>83.911</b>	<b>81.144</b>	<b>2.767</b>
22	Current and Deferred Income Taxes	72.063	73.450	1.387-
*	<b>23 Net Income (Loss) of Financial Period:</b>	<b>11.848</b>	<b>7.694</b>	<b>4.154</b>

The present Financial Statement is compliant to the accounting records regularly kept by Organization.

**The President of Board of Governors**

Mons. Onello Paolo Doni



## **S**upplementary Notes to the Financial Statement at 31 December 2016

This Supplement provides information and additional details useful for a more complete description of the Financial Statement and the accounting policies adopted for the recognition of individual balance sheet items

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### **P**RINCIPLES OF DRAFTING

Regarding the principles of drafting, it is stated that:

- Evaluation of individual items was carried out with prudence and on a going concern basis.
- The accrual basis is considered regardless of the payment or the occurrence of the related collection.
- The risks and losses were taken into account for the year, even if known after the close of the same.
- We have not changed the evaluation criteria compared to the previous year.

As from this financial year, implementing the provisions of legislative decree 139/2015, the extraordinary components are no longer shown in the financial statement with specially dedicated items, but are suitably reclassified in the items to which they refer. To allow a comparison between the two financial years concerned, the financial year 2015 has therefore been reclassified in this sense.

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### **A**CCOUNTING POLICIES AND EVALUATION CRITERIA

The accounting policies adopted are consistent with those recommended by the National Board of Accountants and Auditors, suitably interpreted and, where necessary, adapted according to the particular situation of the Institution.

The evaluation criteria adopted in the preparation of the annual accounts comply with the provisions of Article 2426 of the Civil Code.

### **I**NTANGIBLE FIXED ASSETS

Intangible assets are recorded as assets at purchase or production cost including directly attributable ancillary costs, net of amortisation. The initial capitalization and maintained posting is justified by the potential for economic benefits in the future. Intangible assets are amortised on a straight-line basis in view of their residual useful life.

If the value of the asset at the balance sheet date is permanently lower than the book value, it is recorded at the lower value.

This will not be maintained in subsequent years if the reasons for the adjustment should fail.

*Concessions, licenses, trademarks and similar rights* are valued at acquisition cost and are amortized over the period of use or, if not determined, over a period of five years. It is believed this procedure is appropriate to represent the residual useful life of the rights in question.

## **T**ANGIBLE FIXED ASSETS

Tangible assets are stated at cost, net of accumulated depreciation, including all costs and any directly related expenses with the exception of land which is revalued pursuant to art. 7 of Law no. 448 of 28/12/2001 as specified in the notes. In the case of inherited property, the assets are entered at O.M.I. value (Osservatorio Mercato Immobiliare - Observatory on the Real Estate Market – managed by the Internal Revenue Service) for the period concerned. The assets are depreciated every year on a straight-line basis using economic and technical rates determined in relation to the remaining useful life of the assets in the management process.

The following economic-technical depreciation rates are applied, as considered representative of actual depreciation:

Buildings	3%
Plant and machinery	7.50% - 15%
Equipment	15%
Other assets	12% - 25%

For goods that entered into the management cycle in the year, the depreciation rates were reduced to their half.

The maintenance and repair costs of an ordinary nature to fixed assets have been recorded in the Profit and Loss Statement. Costs for improvements, modernization, transformation and extraordinary maintenance are capitalized and increase the value of the related assets.

If the value of the asset at the balance sheet date is permanently lower than the book value, it is recorded at the lower value.

This will not be maintained in subsequent years if the reasons for the adjustment should fail.

The assets recorded in the Financial Statement at 31.12.16 have not been revalued except for land as previously stated.

## **F**INANCIAL FIXED ASSETS

The financial assets were recognized at the value relative to the cost incurred or to the value noted in the documents held by company if they relate to donations. If the value of the financial asset at the balance sheet date is permanently lower than the book value, it is recorded at the lower value. This will not be maintained in subsequent years if the reasons for the adjustment should fail.

## **R**ECEIVABLES AND PAYABLES

Receivables are stated at their estimated redemption value.

Payables are stated at nominal value.

The non-capitalised receivables and payables in foreign currency are converted into euro at the Inforeuro exchange rates for the month of December shown in the table below and the differences arising from the adjustment are posted to "Gains" or "Losses" on exchange rates in the Profit and Loss Statement.

COUNTRY	EXCHANGE RATE
Angola	185,3745
Ethiopia	23,8943
Mozambique	77,8000
Sierra Leone	7.627,4324
South Sudan	77,3611
Tanzania	2.300,0255
Uganda	3.844,2600
USD	1,0576

## **L** LIQUID ASSETS

Liquid assets are recognized and measured at their nominal value.

Foreign currency liquid assets are also converted into Euros at the Inforeuro exchange rates for the month of December shown in the table, with the differences posted in the account "Gains and losses on exchange rates" in the Profit and Loss Statement.

## **A** ACCRUED EXPENSES AND DEFERRED INCOME

These are calculated using the criterion of accrual pursuant to the principle of correlation between costs and revenues for the year and include costs and income common to two or more years.

## **S** STAFF SEVERANCE FUND

The liability for the employee staff severance fund is adequate to the amounts accrued at year-end in accordance with legal and contractual provisions in force, net of advances paid to employees.

## **P** PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges involve determined losses or liabilities, either certain or probable for which, at the balance sheet date, the exact amount or the date of the event are uncertain. The provisions reflect the best estimate based on the information available.

## **COSTS AND REVENUES**

These are recorded in the Financial Statements on an accrual basis.

Revenues from funds received from religious and secular institutions, or from individuals are accounted for on the basis of the reasonable certainty of their disbursement coinciding with the time of actual collection. Contributions received in relation to specific projects are recorded on an accrual basis, correlating them with the advancement of the related costs attributable to the project for the portion of the definitively approved funding coverage.

Non-monetary donations without restraint, consisting of assets intended for a multiyear use, are subject to the ordinary depreciation calculated according to the remaining useful life of the asset.

The costs are accounted for on an accrual basis with the recognition of accruals and deferrals.

## **INCOME TAX – TAX REGIME**

The Institution's activities are not subject to tax on the possible surplus, determined based on the accounting records. The fees are subjected to tax that are paid to employees and collaborators if earned in Italy (IRAP), the land income related to buildings owned and any other "different" or "capital" income received (IRES) and the receipt of income from the accessory activity of University College (IRES and IRAP).

## **GUARANTEES AND OTHER MEMORANDUM ACCOUNTS**

Financial commitments for projects in progress are posted at the nominal value of the project in question.

## **ACCOUNTS HEADINGS**

The following are comments on the main items in the balance sheet, and provides the most relevant information about the Profit and Loss Statement.

The figures are shown in euro.

Some tables are also attached to these notes to illustrate some of the more significant entries in the Financial Statements.

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## **ANALYSIS OF THE HEADINGS**

### **ASSETS AND LIABILITIES STATEMENT**

## FIXED ASSETS

This section points out the intangible fixed assets, the tangible fixed assets and financial fixed assets for a total amount of €7.372.829, a variation on the previous year of € 583.411.

## INTANGIBLE FIXED ASSETS

The intangible assets at 31 December 2016 amounted to € 116, with a fall on the previous year of € 4,406- and are composed as follows:

	31/12/2016	31/12/2015
Concessions, licenses, brands and similar rights	116	4.522
<b>Total</b>	<b>116</b>	<b>4.522</b>

These assets refer to application software used for the institution's operational, administrative and accounting management. The above assets are amortized according to an amortization plan established in accordance with their remaining useful life. In the Profit and Loss Statement amortization totalling 4,406 Euros was recorded.

## TANGIBLE FIXED ASSETS

The tangible fixed assets amounted to € 3,061,773 at 31 December 2016, with a variation on the previous year of € 887,817 and are composed as follows:

	31/12/2016	31/12/2015
Land and Buildings	2.942.691	1.934.597
Plant and machinery	17.901	23.986
Equipment	14.586	17.925
Other tangible assets	86.595	91.938
Current fixed assets and advance payments	0	105.510
<b>Total</b>	<b>3.061.773</b>	<b>2.173.956</b>

They consist of the institution's real estate and other capital goods necessary to carry out the activities. They include the residual value of land which was revalued pursuant to the law in 2004.

The owned buildings are used to conduct the institution's activities or inserted in the housing market to recover natural resources through land rents to be allocated to the assets.

The above assets are depreciated according to a depreciation plan established in accordance with their remaining useful life. The depreciation rate is highlighted in the introduction on the accounting principles and the valuation criteria.

The increase in value is due substantially to legacies of a property received during the year. On this point it is noted that, with a special resolution of the Board of Directors, making exceptions to the principles contemplated for the accounting of donations, the property received in this manner will be posted to tangible fixed assets in a special account named “Inherited property” and destined directly to constitute a capital endowment named “Inherited property reserve”, to be used in the event of emergencies or unforeseen events that the Institution may have to cope with.

Depreciation amounted to € 111,859.

Annex no. 1 to these notes summarises the Institution’s assets by category.

## **F** INANCIAL FIXED ASSETS

The financial fixed assets amounted to € 4,310,940, at 31 December 2016, with a decrease over the previous year of € 300,000- and are composed as follows:

	31/12/2016	31/12/2015
Receivables	366	366
Bonds	4.310.574	4.610.574
<b>Total</b>	<b>4.310.940</b>	<b>4.610.940</b>

### **BONDS**

The Institution has a bond portfolio for a total €4,310,574 divided in the following categories:

	Posted value	Nominal or repayment value	Maturity
BMPS convertible bonds 13/17	359.044	350.000	2017
BMPS convertible bonds 08/18	1.374.800	1.400.000	2018
Investment in Sicav Invesco and M&G Optimal	342.373	342.373	on demand
Ersel equity management	2.234.357	2.234.357	on demand
<b>Totale</b>	<b>4.310.574</b>	<b>4.626.730</b>	

Concerning the allocation of the bonds the table below shows the amount divided according to maturity.

	Within 12 months	Beyond 12 months	Beyond 5 years
Convertible bonds	359.044	1.374.800	0
Investment funds	2.576.730	0	0

<b>Total</b>	<b>2.935.774</b>	<b>1.374.800</b>	<b>0</b>
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The securities that the Board owns were purchased in part (€2,076,217) as an investment in the commitment to the management of the "S. Luca Fund", set up in order to cover the costs incurred for the management of the Hospital Wolisso in Ethiopia, and partly (nominal €2,234,357) in order to obtain financial resources to support projects directly funded by the Institution.

During the year, BMPS convertible bonds were reimbursed amounting to nominal €300,000.

Following rumours linked to the affairs of the bank Monte dei Paschi di Siena, considering the amount of the bonds in our possession issued by that bank, when closing this financial statement the risk provision created in the previous year was increased, for an amount of €584,000, by adjusting the provisions for risks and charges referred to the projects, considering that the latter is substantially unused.

## CURRENT ASSETS

This item includes receivables and cash for a total amount of €43,224,798, a variation on the previous year of € 18,240,869.

## RECEIVABLES

The receivables included in the balance sheet amounted at 31 December 2016 to € 35,257,092, with a change over the previous year of € 19,309,637 as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
Trade receivables	7.334	1.872
Tax receivables	6.398	1.419
Other receivables	35.243.360	15.674.164
<b>Total</b>	<b>35.257.092</b>	<b>15.677.455</b>

This item includes activities that in relation to their nature and function can be monetized in a short period. The change compared to the previous year is mainly due to the time lag between the time of collection of outstanding receivables and the time to budgeting of any claims relating to new approved projects, a situation that can, as appropriate, increase or decrease by even substantial amounts between one year and another.

The previously described claims are given divided according to their duration and, in particular.

	<b>Within 12 months</b>	<b>Beyond 12 months</b>	<b>Beyond 5 years</b>

Trade receivables (students and guests)	7.334	0	0
Tax receivables	6.398	0	0
Other receivables	21.250.067	13.993.293	0
<b>Total</b>	<b>21.263.799</b>	<b>13.993.293</b>	<b>0</b>

### TRADE RECEIVABLES

Trade receivables (students and guests) represent invoices issued and not yet collected at the yearend date relative to the College's activities. The value at yearend must be considered appropriate in relation to the natural time lag between the issuance of the document and the receipt of the payment.

### TAX RECEIVABLES

The item "Tax receivables" amounts at 31 December 2016 to € 6,398, an increase on the previous year of € 4,979 and is composed of:

	31/12/2016	31/12/2015
IRES tax a/c (Foundation)	4.433	0
Substitute tax a/c (NPO)	446	446
VAT tax a/c (College)	1.507	973
IRES tax a/c (College)	12	0
<b>Total</b>	<b>6.398</b>	<b>1.419</b>

Advances for taxes paid in 2016 for IRES and IRAP totalling €72,408 are shown net of current taxes recorded for the year and amounted to €72,063 therefore are listed below, broken down by sector of activity, where there is a surplus over the taxes due.

### OTHER RECEIVABLES

The item "Other receivables" amounts as of 31 December 2016 to €35,243,360, an increase on the previous year of € 19,299,196:

	31/12/2016	31/12/2015
Receivables for current or completed projects	34.966.146	15.144.255
Receivables from the State Treasury (for 5x1000 donations)	0	300.000
Other minor receivables	277.214	229.909
<b>Total</b>	<b>35.243.360</b>	<b>15.674.164</b>



Receivables for projects in progress represent the contributions formally approved by the respective financial institutions (Ministry of Foreign Affairs, European Commission, etc.) for projects that have been submitted and pending collection that will occur according to the progress of the project implementation. Annex 2 to these notes summarizes the projects with the relevant credit reference values.

## **L** LIQUID ASSETS

The item amounts to a total of €7,967,706, a variation on the previous year of €1,068,768-, and includes the balances of bank and postal current accounts open at 31 December 2016, as well as cheques received and subsequently cashed, the money and the existing securities on hand at year end.

## **A** ACCRUED EXPENSES AND DEFERRED INCOME

The item amounts at 31 December 2016 to €224,217, with a variation on the previous year of €388.347. The shares of revenues and costs are listed here not related with their cash collection.

## **S** SHAREHOLDERS' EQUITY

The shareholders' equity of the institution amounts to €5,441,770, with a variation over the previous year of €1,066,968 and is formed as follows:

### **ENDOWMENT FUND**

At year-end the endowment fund amounted to €282,760.

### **REVALUATION RESERVE**

This heading includes the appraised value of the land, net of the related substitute tax, already mentioned in the comments on tangible assets and at year-end amounted to €1,391,137.

### **OTHER RESERVES**

The item amounts to €3,756,025 at 31 December 2016 and includes:

- Extraordinary reserve for €194,176 formed for the provision of the surpluses of previous years;
- Assigned assets and reserves:
  - S. Luca fund for €2,505,034;
  - Inherited property reserve for €1,056,815.

## SURPLUS (DEFICIT) FOR THE YEAR

This is the net result for the year and amounts to € 11,848.

## PROVISIONS FOR RISKS AND CHARGES

In this item the reserves created against specific charges are given that can have actual cash payment in the future and to cover risks linked to the performance of the activities in countries with a high degree of political and social instability, as well as the receivables for projects financed by donors with whom new relationships are being established, for a total amount of €1,929,094, a variation on the previous year of €350,791. The chart below shows the details of the movements in the Provision for risks and charges:

	Reserve at 31/12/2015	Allocations	Uses	Reserve at 31/12/2016
<b>Provisions for risks and charges</b>	<b>1.578.303</b>	<b>1.034.403</b>	<b>683.612</b>	<b>1.929.094</b>
- for credit risks	355.960	450.403	0	806.363
- for bond risks	200.000	584.000	0	784.000
- for risks and charges on project assets and activities	1.022.343	0	683.612	338.731

## STAFF LEAVING INDEMNITY

At 31 December 2016 the liability for the severance indemnities amounted to €933,426, with a variation on the previous year of €109,593 and is formed as follows:

	Payable at 31/12/2015	Allocations	Uses	Payable at 31/12/2016
<b>Staff Leaving Indemnity</b>	<b>823.833</b>	<b>137.673</b>	<b>28.080</b>	<b>933.426</b>

The Complementary Pension Reform implemented from 1 January 2007 with the Finance Bill and related implementation decrees, introduced significant changes in norms regarding staff severance funds, including the choice of workers as to the destination of their fund.

In particular, the new flows in the staff severance fund can be allocated to pension funds or kept within the company.

For these reasons the staff severance fund is shown net of sums sent to supplementary pension funds as a result of the choice of employees as to the destination of their termination benefits.

## PAYABLES

The payables posted to the Financial Statement amounted to € 2,053,509 at 31 December 2016, with a variation on the previous year of € 275,141- as follows:

	31/12/2016	31/12/2015
Payables to banks and credit institutes	48.474	1.303
Trade payables	756.482	913.378
Tax payables	103.763	115.913
Payables to social security and welfare institutes	229.952	208.574
Other payables	914.838	1.089.482
<b>Total</b>	<b>2.053.509</b>	<b>2.328.650</b>

The above payables are given divided according to duration and, in particular:

	Within 12 months	Beyond 12 months	Beyond 5 years
Payables to banks and credit institutes	48.474	0	0
Trade payables	756.482	0	0
Tax payables	103.763	0	0
Payables to social security and welfare institutes	229.952	0	0
Other payables	827.806	87.032	0
<b>Total</b>	<b>1.966.477</b>	<b>87.032</b>	<b>0</b>

#### PAYABLES TO BANKS AND CREDIT INSTITUTES

Payables to credit institutes amount to €48,474, with a variation on the previous year of €47,171 and consist of the credit card debt to be paid and of current account overdrafts at the end of the year.

#### TRADE PAYABLES

Trade payables represent the summary entry of debts for supplies to the year-end and amounted to € 756,482. Their amount is consistent with the volume of purchases and investments and with the ordinary terms of payment; the change compared to the previous year, amounting to €156,896-, is to be considered physiological due to the volumes of operations being carried out.

#### TAX PAYABLES

The account in question shows the Institution's tax liabilities for income taxes and other taxes for €103,763, a variation on the previous year of €12,150- and it is composed as follows:

	31/12/2016	31/12/2015
IRES tax a/c (Foundation)	0	1.086
IRAP tax a/c (NPO)	3.046	4.487
Employee retainer tax a/c (NPO)	64.515	64.248
Development workers' retainer tax a/c (NPO)	31.665	40.067

Self-employed workers' retainer tax a/c (NPO)	1.760	2.524
Consultants' retainer tax a/c (NPO)	564	446
Substitute tax a/c on Severance (NPO)	766	341
Employee retainer tax a/c (College)	326	326
Substitute tax a/c on Severance (College)	79	36
IRES tax a/c (College)	0	422
IRAP tax a/c (College)	1.042	1.931
<b>Total</b>	<b>103.763</b>	<b>115.913</b>

The payables for the individual taxes were recorded net of advances, withholding taxes and tax credits, compensation is permitted.

#### PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTES

The account at the balance sheet date amounted to €229,952, a variation on the previous year of €21,378 and includes the following payables:

	31/12/2016	31/12/2015
I.N.P.S.	217.111	205.693
I.N.A.I.L.	820	80
E.N.P.A.P.I.	2.303	2.801
I.N.P.D.A.P	9.720	0
<b>Total</b>	<b>229.952</b>	<b>208.574</b>

#### OTHER PAYABLES

This item at 31 December 2016 amounted to €914,838, with a variation of €174.644- on the previous year, and includes:

	31/12/2016	31/12/2015
Payables to employees	284.441	255.196
Payables to development workers	398.406	475.997
Other payables for current projects	0	150.183
Other payables (insurance, deposits received, miscellaneous, etc.)	231.991	208.106
<b>Total</b>	<b>914.838</b>	<b>1.089.482</b>

#### ACCRUED EXPENSES AND DEFERRED INCOME

The item amounts at 31 December 2016 to €40,464,045, with a variation on the previous year of €17,183,722. This item includes mainly deferred income relating to revenue and income that had been collected in 2016 and whose economic effect

is related to future periods that correspond to portions of grants whose related costs will begin to be incurred in the year or in subsequent years. Annex 3 to these notes summarizes the determination of deferred income related to grants received.

## **M**EMORANDUM ACCOUNTS

To 31 December 2016 the Memorandum Accounts amount to €66,011,367 and include:

- Commitments due to issuing 15 bank guarantees by Banca Monte dei Paschi di Siena S.p.A. for €2,771,745.59 relative to advances received for projects financed in Ethiopia, Mozambique, Sierra Leone and South Sudan.
- The commitments the Institution has taken for projects to implement for €63,239,622. The attached schedule no., 4 shows the amount determined for each project and the amount of contributions committed to by the financiers.

## **P**ROFIT AND LOSS STATEMENT

### **O**PERATING INCOME

The income from the Institution's typical activities are from contributions, offers and College fees and amount to €23,996,291

### **O**THER REVENUES

The other revenues amount to €393,532 and include benevolent work for €15,000, capital gains for €344,281, of which €76,652 for adjustments to project contributions that were concluded during the year, €250,000 from the greater amount received from 5x1000 donations in the year 2014, and other minor sums for €34,253.

### **C**OSTS FOR RAW MATERIALS, ANCILLARIES, CONSUMABLES AND GOODS

This item mainly includes the College canteen supplies for €77,228 and fuel and consumables bought to conduct the normal activities for €23,799.

## COSTS FOR SERVICES

This item includes the project costs for €20,211,831, structure and College management for €233,405 and the various maintenance costs for the institution for €36,820.

## COSTS FOR LEASES AND RENTALS

Leases and rentals refer to the yearly instalments for software licences and rental costs incurred during the year for photocopying machines and for the new boiler.

## PERSONNEL COSTS

Personnel costs amount to €2,371,724 of which €164,644 for the College. They include:

	31/12/2016	31/12/2015	Difference
Wages and salaries	1.736.369	1.675.642	60.727
Social security costs	491.914	463.607	28.307
Staff severance fund	143.075	134.571	8.504
Other personnel costs	366	0	366
<i>Total</i>	<b>2.371.724</b>	<b>2.273.820</b>	<b>97.904</b>

Annex 5 to these notes summarises the situation of personnel employed by the institution.

## DEPRECIATION, AMORTISATION AND WRITE-DOWNS

This item includes depreciation and amortisation of fixed assets and normal write-downs to property posted to the assets. It includes amortisation to intangible fixed assets as follows:

	31/12/2016	31/12/2015	Difference
Software	2.974	3.210	236-
Concessions, licences, brands and similar rights	1.432	1.509	77-
<b>Total</b>	<b>4.406</b>	<b>4.719</b>	<b>313-</b>

It includes the following depreciation to tangible fixed assets:

	31/12/2016	31/12/2015	Difference
Buildings	80.640	62.637	18.003
Plant and machinery	6.085	6.085	0

Equipment and kitchen ware	3.197	2.741	456
Other tangible assets	21.937	24.370	2.433-
<b>Total</b>	<b>111.859</b>	<b>95.833</b>	<b>16.026</b>

The depreciation of tangible assets was performed, as described elsewhere in this note, in relation to the residual useful life of the assets owned by the institution.

In accordance with the principle of prudence, a provision was made for doubtful receivables of €450,403 compared to an estimated 'country risk' always present in countries where we do business.

### **OTHER PROVISIONS**

To give effect to the provisions for the management of the S. Luca Fund an allocation of the profits was made to a specific fund for €39,310, produced from investments in securities purchased with the amounts made available to the institution

### **OTHER OPERATING COSTS**

The other operating expenses amounting to €164,718 include all the various taxes and non-state taxes and the cost of stationery and other administrative costs and contingent liabilities recognized in the year for management control.

The institution's ordinary activities have an operating gain of €569,881, a satisfactory result obtained thanks also to the always careful and prudent management in the operational choices, tending to cost containment and proper use of available resources. This situation mitigates the negative impact determined by the evaluation of the assets and liabilities held in foreign currency at the end of the year.

### **OTHER FINANCIAL INCOME**

This item primarily includes financial income from interest from the S. Luca Fund for a total of €56,874 which, remember, are then charged, net of related expenses and taxes, to its dedicated assets and accrued interest on the institution's current accounts totalling €4,513.

### **INTEREST AND OTHER FINANCIAL CHARGES**

This item includes only the interest connected to the quarterly payments of VAT.

It is noted that no financial charges were applied to the values recorded in assets.

## GAINS AND LOSSES ON EXCHANGE RATES

The item includes the value of exchange differences during the year for foreign currency transactions and the differences resulting from the valuation of receivables and payables in foreign currencies in the balance sheet at year-end.

Please remember that current assets in foreign currencies have been valued at the exchange rate at the balance sheet date and the resulting gains or losses are recognized in the Profit and Loss Statement.

## INCOME TAX FOR THE YEAR

The allocation for the year of €72,063 is given by providing for IRES and IRAP tax relative to the year:

	31/12/2016	31/12/2015	Difference
IRES (Foundation)	4.855	9.843	4.988-
IRES (College)	0	487	487-
IRAP (NPO)	66.166	61.189	4.977
IRAP (College)	1.042	1.931	889-
<b>Total tax for the year</b>	<b>72.063</b>	<b>73.450</b>	<b>1.387-</b>

## INFORMATION ON NGO FUND RAISING AND THE USE OF FUNDS

The following table shows the results of the activity of communication and fund raising carried out by the Institution during the year and the use of these resources:

REVENUE	31/12/2016	31/12/2015	Difference
Private citizens	4.188.235	4.448.245	-260.010
Groups	439.118	631.298	-192.180
Foundations	5.185.509	4.237.426	948.083
Companies	1.142.926	415.144	727.782
5x100	549.988	0	549.988
<b>Total funds collected from private citizens</b>	<b>11.505.776</b>	<b>9.732.113</b>	<b>1.773.663</b>
COSTS (services + personnel)	31/12/2016	31/12/2015	Difference
Fund Raising Sector and Relations with the Territory	666.768	647.308	19.460
Communication Sector	39.179	27.388	11.791
Education and Public Awareness Sector	976.844	539.406	437.438



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<b>Total Costs</b>	<b>1.682.791</b>	<b>1.214.102</b>	<b>468.689</b>
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Annexes 6, 7 and 8 to these Supplementary Notes give a summary divided by sector (NPO, College and Foundation) of the income and costs from operating management for 2016 and the result obtained. The overall result for 2016 shows an operating surplus of €11,848.

Dear Board Members,

For all the above we ask you to approve the Financial Statements at 31 December 2016 as they are proposed, and we state the posted data comply with the accounts as correctly kept by the institution, and therefore to allocate the operating surplus of €11,848 to increase the institution's extraordinary reserve, the use of which will be subject to prior deliberation by the Board of Directors.

The Chairman of the Board of Directors

Mons. Onello Paolo Doni