



**SOLETERRE – STRATEGIE DI PACE ONLUS
MILANO**

AUDITORS' REPORT

**FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED
31 DECEMBER 2013**

*Translation from the Italian original for the convenience of
International readers*



AUDITORS' REPORT

To the management board of
Soletterre Strategie di Pace O.N.L.U.S.

- 1 We have audited the financial report of SOLETERRE STRATEGIE DI PACE O.N.L.U.S as of and for the year ended 31 December 2013. The management board of SOLETERRE STRATEGIE DI PACE O.N.L.U.S is responsible for preparing the financial report in accordance with the laws governing the criteria for its preparation. Our responsibility is to express an opinion on the financial report based on our audit. This report is not issued in accordance with Italian law because SOLETERRE STRATEGIE DI PACE O.N.L.U.S, in the year ended 31 December 2013, was not obliged to assign an audit engagement pursuant to article 2409bis of the Civil Code.

- 2 We conducted our audit in accordance with Italian standards on auditing issued by the Italian accounting profession, Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili, and recommended by the national stock exchange commission, CONSOB. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the financial report is free of material misstatement and, taken as a whole, is presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial report. An audit also includes assessing the accounting principles used and significant estimates made by the management board. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial report of the prior period, which is presented for comparative purposes as required by law, reference is made to our report dated 22 April 2013.

- 3 In our opinion, the financial report of SOLETERRE STRATEGIE DI PACE O.N.L.U.S as of 31 December 2013 complies with the laws governing the criteria for its preparation; accordingly, it gives a true and fair view of the financial position and of the results of operations of the association.

Milan, 17 April 2014

PricewaterhouseCoopers SpA

Luigi Manelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.812.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70124 Via Don Luigi Guanella 17 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Dante 7 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

www.pwc.com/it

SOLETERRE STRATEGIE DI PACE O.N.L.U.S.
Registered office: Milan (MI), Via Stresa, 6 c/o Studio ABR
Fiscal code 97329310151 – VAT Registration No. 04575250966

FINANCIAL REPORT AS OF 31 December 2013

MANAGEMENT BOARD

Damiano Rizzi – President

Luca Capelli – Vice President

Maria Pia Scavone – Treasurer

Alessandro Sergio Baldo – Board member

Paolo Bettinelli – Board member

Cristina Cornelli – Board member

Valentina Valfrè – Board member

Soleterre strategie di pace O.N.L.U.S.
Registered office: Milan (MI), Via Stresa, 6 c/o Studio ABR
Fiscal code 97329310151
Capital: Euro 10,000.00 fully paid in

Statement of financial position as of 31 December 2013

(amounts expressed in Euro)

ASSETS	As of 31 Dec. 2013	As of 31 Dec. 2012
A) UNPAID MEMBERSHIP FEES		
TOTAL UNPAID MEMBERSHIP FEES (A)	0	0
B) FIXED ASSETS		
I INTANGIBLE ASSETS	696	3,169
2) Patent rights	696	3,169
II TANGIBLE ASSETS	46,387	72,074
2) Plant and equipment	46,387	72,074
III FINANCIAL ASSETS	2,157	16,344
1) Equity interests	0	14,075
2) Receivables	2,157	2,269
TOTAL FIXED ASSETS (B)	49,241	91,587
C) CURRENT ASSETS		
I INVENTORY	0	0
II ACCOUNTS RECEIVABLE	2,711,476	2,374,410
1) Trade receivables	0	9,900
- falling due within one year	0	0
- falling due after one year	0	0
2) Other receivables		
- falling due within one year	1,231,598	2,202,880
- falling due after one year	1,479,878	161,631
III SHORT-TERM INVESTMENTS	0	0
2) Other securities	0	0
IV CASH AT BANK AND IN HAND	147,883	143,085
1) Bank and postal deposits	139,980	133,229
<i>Bank current accounts</i>		
3) Cash in hand and cash equivalents	7,902	9,856
<i>Cash holdings</i>		
TOTAL CURRENT ASSETS (C)	2,859,359	2,517,495
D) ACCRUED INCOME AND PREPAID EXPENSES		
Accrued income	0	1,511
Prepaid expenses	13,394	6,911
TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)	13,394	8,422
TOTAL ASSETS (A+B+C+D)	2,921,993	2,617,504

EQUITY AND LIABILITIES	As of 31 Dec. 2013	As of 31 Dec. 2012
A) EQUITY		
I Endowment fund	3,950	3,950
II Restricted funds	1,900,991	1,413,962
1) Reserves as per the Association's bylaws	25,000	25,000
2) Funds restricted by decision of governance bodies	417,170	538,590
3) Donor-designated restricted funds	1,458,822	850,372
III Unrestricted funds	91,692	76,548
1) Operating surplus for the year	15,144	1,227
2) Retained earnings	76,548	75,321
TOTAL EQUITY (A)	1,996,633	1,494,460
B) PROVISIONS		
TOTAL PROVISIONS (B)	0	0
C) STAFF SEVERANCE INDEMNITY		
TOTAL STAFF SEVERANCE INDEMNITY (C)	126,458	98,459
D) ACCOUNTS PAYABLE		
1) Bank loans and overdrafts - falling due after one year	560,276	761,140
4) Trade payables - falling due within one year	75,359	74,562
<i>Trade payables</i>	58,636	61,125
<i>Invoices to be received</i>	16,723	13,436
- falling due after one year	0	0
5) Tax payables - falling due within one year	17,042	17,549
- falling due after one year	0	0
6) Social security payables - falling due within one year	27,707	25,943
- falling due after one year	0	0
7) Other payables - falling due within one year	117,089	143,556
- falling due after one year	0	0
TOTAL PAYABLES (D)	797,472	1,022,749
E) ACCRUED EXPENSES AND DEFERRED INCOME		
Accrued expenses	1,430	1,835
Deferred income	0	0
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)	1,430	1,835
TOTAL EQUITY AND LIABILITIES (A+B+C+D+E)	2,921,993	2,617,504
MEMORANDUM ACCOUNTS	274,680	217,238

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Statement of financial activities for the year 1 January to 31 December 2013
 (amounts expressed in Euro)

INCOME	FY 2013	FY 2012
1) Income from core activities	3,973,878	3,694,760
1.1) Grants towards projects	3,973,878	3,684,860
1.2) Income from contracts with public sector agencies	0	0
1.3) Income from members and associates	0	0
1.4) Income from individuals who are not members	0	0
1.5) Other	0	9,900
2) Income from fundraising	1,250,433	897,700
2.1) Distance support	49,431	50,818
2.2) Occasional donations	379,100	469,123
2.3) Sms campaign	746,331	377,759
2.4) Other	75,571	0
3) Income from accessory activities	0	0
3.1) Income from accessory or commercial activities	0	0
3.2) Income from contracts with public sector agencies	0	0
3.3) Income from members and associates	0	0
3.4) Income from individuals who are not members	0	0
3.5) Other	0	0
4) Financial income	37,251	15,186
4.1) Income from banks	24	1,491
4.2) Income from other financial investments	155	753
4.3) Income from property	0	0
4.4) Income from other assets	0	0
4.5) Extraordinary income	37,071	12,942
TOTAL INCOME	5,261,562	4,607,647
OPERATING DEFICIT		

EXPENDITURE		FY 2013	FY 2012
1)	Outlays for core activities	4,201,451	3,655,717
1.1)	Goods	2,954,573	2,278,718
1.2)	Services	667,865	817,504
1.3)	Leases and rentals	20,864	27,291
1.4)	Personnel	532,360	495,975
1.5)	Amortisation/depreciation	19,322	24,651
1.6)	Other operating charges	6,466	11,577
2)	Cost of promotional activities and fundraising	499,589	518,853
2.1)	Goods	221,743	280,459
2.2)	Services	226,714	201,768
2.3)	Leases and rentals	3,208	0
2.4)	Personnel	37,289	29,976
2.5)	Amortisation/depreciation	1,966	2,761
2.6)	Other operating charges	8,670	3,890
3)	Cost of accessory activities	0	0
3.1)	Goods	0	0
3.2)	Services	0	0
3.3)	Leases and rentals	0	0
3.4)	Personnel	0	0
3.5)	Amortisation/depreciation	0	0
3.6)	Other operating charges	0	0
4)	Financial charges	26,904	9,833
4.1)	Bank charges	12,754	9,770
4.2)	Borrowing charges	0	0
4.3)	Expenses related to property	0	0
4.4)	Expenses related to other assets	14,151	62
4.5)	Extraordinary charges	0	0
5)	General support	518,473	422,017
5.1)	Goods	268,603	70,119
5.2)	Services	96,463	211,419
5.3)	Leases and rentals	33,618	32,281
5.4)	Personnel	97,234	96,736
5.5)	Amortisation/depreciation	4,880	6,061
5.6)	Other operating charges	17,674	5,401
7)	Other expenses	0	0
TOTAL EXPENDITURE		5,246,418	4,606,419
OPERATING SURPLUS		15,144	1,227

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Notes to the financial report as of 31 December 2013

(amounts expressed in Euro)

PRESENTATION AND CONTENTS OF THE FINANCIAL REPORT

This financial report for the year ended 31 December 2013 has been drawn up in accordance with the rules governing non-profit social utility organizations (ONLUS) set out in Legislative Decree No. 460/97 and the recommendations of the formal guideline (“Atto di Indirizzo”) titled ‘Guidelines and layouts for the preparation of financial reports of non-profit organizations’ approved by the Council of the Agency for ONLUS on 11 February 2009.

This financial report comprises a statement of financial position as of 31 December 2013, a statement of financial activities carried out from 1 January to 31 December 2013, and these notes and is accompanied by a mission report (which is an integral part thereof and explains the principles according to which Soleterre ONLUS operates).

Amounts are presented together with the previous year’s comparatives and the main changes between the two years are illustrated in the notes.

Also the 2013 financial report has been prepared using the layouts set out in the Atto di Indirizzo published by the Agency for ONLUS on 11 February 2009.

The statement of financial position presents individual items according to the criterion of increasing liquidity.

The statement of financial activities is presented in side-by-side sections and presents essentially the revenues from fundraising and the expenses incurred in the different areas of operation of the Association.

The section titled ‘Basis of preparation’ summarises the accounting principles and policies applied in the preparation of the financial report.

PRELIMINARY INFORMATION

RECOGNITION AND REGISTRATIONS IN ITALY

The Association is:

1. An ONLUS (a non-profit social utility organization) pursuant to Legislative Decree No. 460 of 4 December 1997 (Reorganization of tax regulations governing non-commercial entities and non-profit social utility organizations, article 10, paragraph 8);
2. An organization authorized by the Region Lombardia, licensed to carry out international cooperation and human development activities (pursuant to Regional Decree No. 718201/2004) with a resolution of the Regional Council of Lombardia dated 16 February 2005.
3. An NGO recognised by the Italian Ministry for Foreign Affairs on 10 February 2009 pursuant to Law No. 49/87, article 28, and subsequent amendments.

In addition:

- The Association has been registered since 2006 under No. 104 of the Register of Associations which carry out anti-discrimination activities (Legislative Decree No. 215 of 9 July 2003, article 6, paragraph 3) maintained at UNAR, the National office against racial discrimination instituted by the President of the Council of Ministers.
- The Association is registered in the Registry of Corporations and Associations carrying out activities in favour of immigrants, Section One, under No. A/582/2008/MI, maintained at the Ministry of Labour, Health and Social Policies, General Directorate of Immigrations – III Division.

RECOGNITION AND REGISTRATIONS IN FOREIGN COUNTRIES

El Salvador

The Association's El Salvador branch has been recognised as an NGO under the laws in force since 17 March 2010.

Below are the key figures related to financial report of the El Salvador Association as of 31 December 2013 compared with 31 December 2012.

These figures are reported in the consolidated financial statements of Soletterre.

	2013	2012
Current assets	€ 76,283	€ 8,273
Fixed assets	€ 6,268	€ 8,373
Current liabilities	€ 76,283	€ 8,273
Shareholder's equity	€ 6,268	€ 8,373

	2013	2012
Income	€ 363,003	€ 148,902
Expenditure	€ 363,003	€ 148,902

TAX EXEMPTIONS ENJOYED BY THE ASSOCIATION

The Association, being an ONLUS pursuant to Legislative Decree No. 460 of 4 December 1997, article 10, enjoys exemptions pursuant to article 12 and ensuing articles, as follows:

- Exemption from taxes on government concessions;
- Exemption from tax on real estate appreciation and relevant substitute tax;
- Exemption from tax on entertaining events taking place from time to time for celebrations, recurrences and promotional campaigns;
- Exemptions from municipal, provincial and regional local taxes.

With specific reference to local taxes, the Association is exempt from IRAP, regional trade income tax, on activities carried out in Lombardy.

Furthermore, the Association carries out activities which have no commercial value, therefore its operations are not liable to income tax.

TAX RELIEF FOR DONORS AS OF 31 DECEMBER 2013

For the purpose of IRPEF, personal income tax, the tax benefits are:

- Tax deduction of 24% of amounts donated up to a maximum donation of Euro 2,065.83 (article 15, paragraph 1, letter i-bis, of DPR 917/86);
- Deduction of up to 10% of total income reported, not exceeding Euro 70,000 per annum (article 14, paragraph 1, of Decree-Law No. 35/05 converted into Law No. 80 of 14 May 2005);

For corporations, the tax benefits are:

- Tax deduction of amounts donated by corporations up to Euro 2,065.83 or 2% of taxable income (article 65, paragraph 2, letter c-sexies of DPR 917/86);
- Deduction from income of up to 10% of income reported but not exceeding Euro 70,000 (article 14, paragraph 1 of Decree-Law No. 35/05 converted into Law No. 80 of 14 May 2005);
- Deduction of up to 5% of the total amount of the labour cost of employees incurred for services rendered to an ONLUS (article 13 of Legislative Decree No. 460/97);
- Foodstuffs and pharmaceuticals given free to an ONLUS instead of disposal, and goods manufactured by corporations and given free to an ONLUS, for a maximum specific cost of Euro 1,032.61, are not considered as used for purposes not connected with the business (article 13 of Legislative Decree No. 460/97).

BASIS OF PREPARATION OF THE FINANCIAL REPORT

The financial report has been prepared in accordance with the regulations mentioned above and the accounting principles issued specifically for non-profit social utility organizations by Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri, the national associations of chartered accountants, and the guidelines provided by Agenzia delle Onlus, the government agency overseeing non-profit social utility organizations.

The financial report as of 31 December 2013 presents the financial position and result of operations and cashflows of the Association and corresponds to the accounting records, which have been kept properly.

The financial report and the documents enclosed herewith are expressed in units of Euro.

The financial report has also been prepared in compliance with the following guidelines issued by the non-profit organizations committee of Consiglio Nazionale dei Dottori Commercialisti:

- ✓ Framework for the preparation and presentation of the financial reports of non-profit organizations
- ✓ Recommendation 1 'Presentation of a system for reporting the overall results of non-profit organizations'
- ✓ Recommendation 2 'Valuation and reporting of donations in the financial reports of non-profit organizations'
- ✓ Recommendation 3 'Notes to the financial report and mission report'
- ✓ Recommendation 4 'Statement of changes in net equity'
- ✓ Recommendation 6: 'Fixed assets'.

Moreover, the financial report has also been prepared in compliance with the guideline issued by the non-profit organizations taskforce of Consiglio Nazionale dei Ragionieri Commercialisti ed Economisti d'Impresa:

- ✓ Recommendation 'Recognition, measurement and presentation of donations, bequests and other gifts to non-profit organizations'.

Also the formal guideline ("Atto di Indirizzo") issued by the Agenzia delle Onlus titled 'Guidelines and layouts for the preparation of financial reports of non-profit organizations' has been followed in the preparation of the financial report as of 31 December 2013.

The documents mentioned above are specifically referred to below where the indications they give concern the matter at hand.

The layout adopted, in accordance with statutory regulations, corresponds to the one recommended in the final version of Recommendation 1 'Presentation of a system for reporting the overall results

of non-profit organizations' and in the aforementioned Atto di Indirizzo issued by Agenzia delle Onlus.

The basis of preparation of the financial report has not changed substantially compared with that adopted in the previous year.

The financial report has been drawn up using the same principles and policies as in the previous year.

The accounting principles and policies adopted for the most important items are illustrated below.

Intangible assets

Intangible assets are recorded at cost, inclusive of accessory charges and VAT (VAT is not deductible because of the nature of the activity carried out by the organization), less amortisation. They comprise software and licenses that are amortised at 20%.

Tangible assets

Tangible assets are recorded at cost, inclusive of accessory charges and VAT, less accumulated depreciation.

Tangible assets are systematically depreciated with reference to their remaining economic life.

Tangible assets received as donations are accounted for consistently with the values reported by the donor.

Financial assets

Financial assets, comprising guarantee deposits, are reported at nominal value, which is considered to reflect the estimated realisable value .

Accounts receivable

Receivables are reported at estimated realisable value.

Short-term investments

Short-term investments are reported at cost.

Cash at bank and in hand

Cash and bank items are reported at nominal value.

Accounts payable

Payables are reported at nominal value, which is considered to reflect the estimated settlement amount. Trade payables include the value of invoices received and to be received for services rendered and orders delivered up to 31 December 2013.

Tax payables comprise taxes withheld, and not yet paid, on employees' salaries and freelancers' income.

Other payables comprise amounts due to employees for December 2013 salaries, as well as other amounts that are not included, due to their nature, in the preceding items.

Prepayments, accruals and deferrals

These items are calculated in accordance with the accrual basis of accounting and the general principle of matching income and costs of the period.

Staff severance indemnity

This provision reflects the total amount payable to employees, calculated in accordance with the law and collective labour agreements in force

Income and donations

Income is reported in accordance with the accrual basis of accounting.

Grants received from public-sector entities are reported on the basis of the formal resolution of disbursement and of the duration of the project or commitment funded.

When disbursements are received, movements are recorded in 'Cash at bank and in hand' and in 'Income from core activities'.

Funds received by the Association and designated for specific purposes are reported as movements in specific equity reserves (restricted funds by destination), changes in which are shown in the schedule of changes in funds.

The use of undesignated donations and other funds received by the Association is decided by the board of management of the Association.

A more detailed analysis is provided in the mission report.

Costs

Costs comprise the funds sent to foreign offices and used for activities in Italy, as well as the cost of services and operating charges, including VAT.

They are reported in accordance with the accrual basis of accounting.

**CONTENTS OF AND CHANGES IN THE MOST SIGNIFICANT ITEMS OF THE
STATEMENT OF FINANCIAL POSITION**

(Amounts are expressed in Euro)

INTANGIBLE ASSETS

An analysis and movements of **Intangible assets** are shown below:

Description	Historical cost 2012	Additions 2013	Disposals 2013	Historical cost 2013	Accumulated amortisation 2012	Reversals 2013	Amortisation charge 2013	Accumulated amortisation 2013	Net book value 2012	Net book value 2013
Software	18,350	-	-	18,350	13,667	-	1,793	18,001	2,143	349
Software licences	24,028	-	-	24,028	22,012	-	679	23,681	1,026	347
TOTAL	42,378	-	-	42,378	35,679	-	3,529	41,681	3,169	696

TANGIBLE ASSETS

An analysis and movements of **Tangible assets** are shown below:

Description	Historical cost 2012	Additions 2013	Disposals 2013	Historical cost 2013	Accumulated depreciation 2012	Reversals 2013	Depreciation charge 2013	Accumulated depreciation 2013	Net book value 2012	Net book value 2013
Generic equipment	1,834	-	-	1,834	1,653	-	158	1,812	181	23
Furniture and fixtures	34,649	1,989	-	36,638	16,432	-	4,593	21,025	18,217	15,613
Electronic office machines	81,356	-	1,020	80,336	60,228	510	10,023	69,741	21,128	10,595
Cars	79,358	-	-	79,358	55,746	-	9,715	65,461	23,612	13,896
Mobile phones	14,609	-	-	14,609	7,405	-	2,132	9,537	7,204	5,072
Electrical equipment	3,041	-	-	3,041	1,308	-	545	1,853	1,733	1,188
Other assets	124	-	-	124	124	-	-	124	-	-
TOTAL	214,971	1,989	1,020	215,940	142,896	510	27,167	169,553	72,075	46,387

Additions to tangible assets relate to the purchase of office machines and equipment for Euro 1,989 at the El Salvador branch.

All these assets were purchased in order to provide appropriate equipment to employees and freelancers/project workers, operating both at the Association's headquarters in Milan and at the centres where the main projects of Soletterre are carried out.

The depreciation rates applied, reduced to 50% in the year of purchase, are the following:

- Office equipment: 20%
- Furniture and fixtures 12%
- General equipment: 15%
- Specific equipment: 20%
- Cars: 25%
- Other assets: 20%
- Mobile phones: 20%.

FINANCIAL ASSETS

Below are details of **Financial assets**:

<i>Description</i>	<i>Historical cost 2012</i>	<i>Additions</i>	<i>Disposals</i>	<i>Net book value 2013</i>	<i>Change</i>
Stakes held in other entities	14,075	-	14,075	-	(14,075)
Guarantee deposits on contracts	2,269	788	900	2,157	(112)
Total	16,344	788	14,975	2,157	(14,187)

The decrease relates to the disposal of stakes in Cooperativa Equò – Società Cooperativa Sociale, Fiscal code 02166700183, which was put into liquidation in the course of 2013.

ACCOUNTS RECEIVABLE

The **Accounts receivable** balance shown on the balance sheet is analysed below:

<i>Description</i>	<i>31/12/2013</i>	<i>31/12/2012</i>	<i>Change</i>
Trade receivables falling due within one year	0	9,900	(9,900)
Other receivables falling due within one year	1,231,598	2,202,880	(971,282)
Other receivables falling due after one year	1,479,878	161,631	1,318,247
Total receivables	2,711,476	2,374,411	337,065

Below are details of accounts receivable, with a breakdown and a comparison with the values of the previous year.

In detail, with reference to receivables falling due after one year, the breakdown shows amounts relating to projects that are settled on completion or for which collection is not foreseen before the end of the financial year.

<i>Description</i>	<i>31/12/2013</i>	<i>31/12/2012</i>	<i>Change</i>
- falling due within one year	1,231,598	2,212,780	(981,182)
Trade receivables	-	9,900	(9,900)
Receivables from workers and/or partners or transfer account	64,583	242,617	(178,034)
Receivables from public-sector agencies	772,317	1,354,139	(581,822)
Receivables from private individuals	388,357	604,623	(216,266)
Receivables from the Treasury	345	-	345
Advances to suppliers	5,996	1,501	4,495
- falling due after one year	1,479,878	161,631	1,318,247
Receivables from workers and/or partners or transfer account	12,631	11,631	1,000
Receivables from public-sector agencies	1,220,247	0	1,220,247
Receivables from private individuals	247,000	150,000	97,000

Additional information about the projects the above receivables refer to is reported in the mission report attached to the financial report.

At the closing date there were no receivables falling due after 5 years.

CASH AT BANK AND IN HAND

Below is an analysis of **Cash at bank and in hand**.

	31/12/2013	31/12/2012	Change
CASH AT BANK AND IN HAND	147,882	143,085	4,797
1) Bank and postal accounts	139,980	133,229	6,752
<i>Bank current accounts</i>			
BPM c/c 13880	8,368	20,697	(12,329)
BPM c/c 40	40,439	64,464	(24,025)
Banca Sella	-	3,798	(3,798)
Banco Posta c/c 00665588	17,038	12,071	4,967
Credit du Maroc	1,739	5,323	(3,584)
Poste Italiane special c/a	85	85	0
Pay Pal	291	2,968	(2,677)
Banca Congo	-	186	(186)
Banca El Salvador – Istituzionale	67,774	6,453	61,321
Banca Prossima	-	12,846	(12,846)
Banca Etica	4,056	4,337	(281)
Ubi -B.Ca Pop Bergamo	190	-	190
3) Cash in hand and cash equivalents	7,902	9,856	(1,925)
<i>Cash holdings</i>			
Morocco office treasury	220	418	(198)
Ivory coast office treasury	82	666	(584)
Rome office treasury	337	665	(328)
Central America office treasury - Guatemalan Quetzal	2,755	2,755	0
Guatemala office treasury – Quetzal	36	36	(0)
Guatemala office treasury – US Dollar	1,018	1,018	0
Ukraine office treasury – Hryvnia	581	174	407
Bazzini office treasury	-	104	(104)
El Salvador office treasury	385	93	292
Congo office treasury – Euro	-	7	(7)
Congo office treasury - CFA	-	25	(25)
Italian treasury - US Dollar	-	199	(199)
Italian treasury - Euro	1,891	1,659	232
Milan office treasury	131	-	131
Italian treasury – Ukrainian Hryvnia	64	1	63
Italian treasury - Moroccan Dirham	114	115	(1)
Veneto office treasury	229	229	0
India office treasury	-	99	(99)
RCA office treasury	-	1,495	(1,495)
Italian treasury - Nicaraguan Cordoba	48	53	(5)
Italian treasury - Honduran Lempira	10	11	(1)
Italian treasury - Guatemalan Quetzal	-	5	(5)
Italian treasury – Mexican Peso	-	30	(30)

Changes in current accounts relate mainly to funds for projects financed by the European Union that have not been collected.

ACCRUED INCOME AND PREPAID EXPENSES

Below is an analysis of **Prepaid expenses** as of 31 December.

Deferred income and prepaid expenses	31/12/2013	31/12/2012	Change
Accrued income	-	1,511	(1,511)
Prepaid expenses	13,394	6,911	6,483
Total	13,394	8,422	4,972

Prepaid expenses comprise insurance coverage of assets and personal accident insurance for staff in Italy and abroad relating to the next financial year.

RESTRICTED FUNDS

Below is an analysis of **Restricted funds** together with a reclassification by type of restriction.

Restricted funds by destination	Balance as of 31/12/12	Provisions 2013	Utilisations 2013	Change in restriction terms	Balance as of 31/12/2013
Funds designated for projects in Sub Saharan Africa	14,160	42,927	229,781	196,762	24,069
Funds designated for projects in Asia and Eastern Europe	16,732	759,266	649,906	0	126,091
Funds designated for joint development projects in Italy	18,882	311,873	229,252	0	101,503
Funds designated for general projects	470,784	458,608	332,629	(210,837)	385,925
Funds designated for projects in Morocco	9,376	154,242	33,285	0	130,333
Funds designated for Latin America	858,744	1,226,985	817,663	(159,927)	1,108,069
Reserves as per the Association's bylaws	25,000	-	-	0	25,000
Total	1,413,678	2,953,901	2,292,517	(174,002)	1,900,991

Reclassification of restricted funds	Funds restricted by Association	Funds restricted by third parties	Total restricted funds
Restricted funds for projects in Sub Saharan Africa	24,069	-	24,069
Restricted funds for projects in Asia and Eastern Europe	-	126,091	126,091
Restricted funds for joint development projects in Italy	-	101,503	101,503
Restricted funds for general projects	385,925	-	385,925
Restricted funds for Latin America	7,175	1,100,895	1,108,070
Restricted funds for projects in Morocco	-	130,333	130,333
Reserves as per the Association's bylaws	25,000	-	25,000
Total	442,170	1,458,822	1,900,991

For additional details about the projects to which restricted funds relate, please refer to the mission report.

EQUITY

NON-RESTRICTED FUNDS

Non-restricted funds comprise the operating surplus for the year and the surpluses generated in previous financial years.

	31/12/2013	31/12/2012	Change
Operating surplus for the year	15,144	1,227	13,917
Operating surpluses for previous years	76,548	75,321	1,227
Total non-restricted funds	91,692	76,548	15,144

During the financial year a surplus of Euro 15,144 was generated.

STAFF SEVERANCE INDEMNITY

The staff severance indemnity provision is analysed as follows:

Balance as of 31/12/2012	Increase 2013	Decrease 2013	Balance as of 31/12/2012
98,459	27,999	-	126,458

The balance did not decrease during the year.

ACCOUNTS PAYABLE

Details of movements in **Accounts payable** are as follows:

	31/12/2013	31/12/2012	Change
ACCOUNTS PAYABLE	794,472	1,022,749	(228,277)
1) Bank loans and overdrafts			
- falling due within one year			
- falling due after one year	560,276	761,140	(200,864)
4) Trade payables			
- falling due within one year	75,359	74,562	797
- falling due after one year			
5) Tax payables			
- falling due within one year	17,042	17,549	507
- falling due after one year			
6) Social security payables			
- falling due within one year	27,707	25,943	1,764
- falling due after one year			
7) Other payables			
- falling due within one year	117,089	143,556	26,467

In 2012 a credit facility was opened with Banca Prossima for a total of Euro 1,000,000, whereof a total of Euro 560,254 had been drawn down as of 31 December 2013 at an effective interest rate of 2.22% per annum.

Other payables relates to amounts owed to employees and freelancers for the month of December and other accrued compensation as of 31 December 2013.

At the closing date there were no payables outstanding falling due after 5 years and no payables secured by assets owned by Soletterre.

ACCRUED INCOME AND DEFERRED LIABILITIES

Please find below details of **Accrued income** as of 31 December 2013:

ACCRUED INCOME	31/12/2013	31/12/2012	Change
Accrued income	1,430	1,835	(405)
Total accrued income and deferred liabilities	1,430	1,835	(405)

MEMORANDUM ACCOUNTS

Bank guarantees have been issued securing funds to be advanced in relation to projects, for a total of Euro 274,680, detailed as follows: Euro 41,823 from the Ministry of Health, Labour and Social Solidarity, Euro 12,000 from members, Euro 91,363 from the Ministry of the Interior, Euro 14,461 from the Region Sardegna, and Euro 115,033 from the Ministry of Foreign Affairs.

CONTENTS OF AND CHANGES IN THE MOST SIGNIFICANT ITEMS OF THE STATEMENT OF FINANCIAL ACTIVITIES

(Amounts are expressed in Euro)

INCOME FROM CORE ACTIVITIES

Income from core activities is analysed as follows:

	FY 2013	FY 2012	Change
Income from core activities	3,973,878	3,694,760	279,118
1.1) Grants towards projects	3,973,878	3,684,860	289,018
- Donations from public-sector agencies	1,579,951	736,828	843,123
- Income for projects from other donors	191,055	235,157	(44,102)
- Use of funds for projects	2,202,871	2,712,875	(510,004)
1.5) Other income	0	9,900	(9,900)

For additional details about the breakdown of income from core activities please refer to the mission report.

INCOME FROM FUNDRAISING

Income from fundraising is broken down as follows:

	FY 2013	FY 2012	Change
2.1) Distance support	49,431	50,818	(1,387)
2.2) Occasional donations	379,100	469,123	(90,023)
2.3) Sms campaign	746,331	377,759	368,572
2.4) Other	75,571	-	75,571
Total	1,250,433	897,700	352,733

OTHER INCOME

Financial and Extraordinary income comprises interest income on bank and postal accounts, income from securities and exchange gains, details of which are shown below:

	FY 2013	FY 2012	Change
Financial and Extraordinary income	23,176	15,186	7,990
4.1) Income from banks	24	1,491	(1,467)
<i>Interest income</i>	24	1,491	(1,467)
4.2) Income from other financial investments	155	753	598
<i>Income from short-term investments</i>	155	753	598
4.5) Extraordinary income	37,071	12,942	24,129
<i>Gifts from suppliers</i>	7,776	8,914	(1,138)
<i>Non-recurring income</i>	29,219	3,576	25,643
<i>Rounding off</i>	76	452	(376)

The main changes relate to non-recurring income from extra receipts from the Sms campaign.

PROJECT SUMMARY

In order to provide more exhaustive information about income and expenses, the tables below break down projects in progress by geographical area.

	Latin America	Communication	Congo	Ivory Coast	India	Italy	Morocco	Piop	RCA	Uganda	General	Total*
Total costs	1,888,340	175,367	34,714	77,954	31,347	468,262	196,179	993,542	11,993	79,502	245,085	4,202,286
Provisions	1,226,985	10	8,001	0	-	311,873	154,242	759,266	5	34,921	18	2,495,321
Net outflow	661,355	175,358	26,713	77,954	31,347	156,389	41,937	234,276	11,988	44,581	245,066	1,706,965

	Latin America	Communication	Congo	Ivory Coast	India	Italy	Morocco	Sierra Leone	Piop	RCA	Uganda	General	Total**
Total proceeds	2,043,284	257,068	74,400	97,308	38	541,125	188,128	535	1,510,192	19,372	112,699	274	4,844,423
Use of funds	440,585	257,058	40,115	91,863	8	229,252	33,285	110	649,899	22,594	75,098	0	1,839,868
Net inflow	1,602,698	10	34,285	5,445	30	311,873	154,842	425	860,293	-3,221	37,601	274	3,004,555

* 'Total costs' balances the cost of core activities;

** 'Total proceeds' refers to projects carried out in the specific areas of intervention; therefore it does not include donations received as general support and the finance share of general overheads.

For additional details about activities carried out please refer to the mission report.

**SIGNIFICANT EVENTS
TAKING PLACE AFTER THE CLOSE OF THE FINANCIAL YEAR**

No significant events have taken place which may affect the valuation and classification of the items in the financial report as of 31 December 2013.

DIRECTORS' REMUNERATION

During the financial year, the Association's board members received remuneration for a gross total of Euro 90,413, plus Euro 12,375 in social charges paid to INPS (national social security) and Euro 185 in charges paid to INAIL (national industrial accident insurance).

TRANSACTIONS WITH RELATED PARTIES

As of 31 December 2013 Soletterre ONLUS had 11 members. Four of them, excluding managers, worked during 2013 as project workers or as employees of the Association, and received total pay of Euro 123,870.

Their salaries are paid on the same terms as those applied to other staff.

AUDITORS' FEES

The financial report has been audited by the external auditors PricewaterhouseCoopers S.p.A., which will receive fees of Euro 2,100 plus VAT.

INFORMATION ON EMPLOYEES, FREELANCERS AND VOLUNTEERS

With regard to employments contracts made in Italy, as of 31 December 2013 the Association had 14 employees, 9 project workers, including 3 working on projects abroad, and 2 freelance workers employed on a continuous basis (contracts known as "co.co.co.").

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This financial report, comprising the statement of financial position, statement of financial activities, notes and mission report, gives a true and fair view of the Association's financial position and result of operations and corresponds to the accounting records.