

## 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 statement of financial position as of December 31st, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity for the year then ended, a summary of significant accounting policies and other explanatory notes. Such Financial Statements, although not specifically required by law, has been prepared in accordance with the Italian Civil Code.

### 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 the auditing standards required by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 of December 31st 2015 and of the result of its operations for the year then ended in compliance with Italian regulations governing their preparation.

### Other matters

- a. The financial statements for the year ended December 31st, 2014 were audited by the auditor in charge at the time who expressed an unmodified opinion on those statements on May 4<sup>th</sup>, 2015.
- b. This auditors' report has not been issued for Italian statutory purposes, due to the fact that the Foundation has no legal requirement.

Padova, April 22st, 2016

BDO Italia S.p.A.  
Signed by Stefano Bianchi - Partner

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

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BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v.

Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842

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BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

## Balance Sheet at December 31st, 2015

<b>ASSETS</b>			
(Eur Amounts)	31/12/2015	31/12/2014	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	4.522	9.241	4.719-
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>4.522</b>	<b>9.241</b>	<b>4.719-</b>
<b>II TANGIBLE ASSETS:</b>			
1 Land and buildings	1.934.597	1.882.650	51.947
2 Plant and Machinery	23.986	30.071	6.085-
3 Industrial and Commercial Equipment	17.925	14.306	3.619
4 Other Goods	91.938	103.972	12.034-
5 Construction in progress and advance payments	105.510	0	105.510
* <b>Total Tangible Assets:</b>	<b>2.173.956</b>	<b>2.030.999</b>	<b>142.957</b>
<b>III FINANCIAL ASSETS</b>			
1 Investments	0	0	0
2 Receivables	366	275.637	275.271-
<i>within 12 months</i>	0	0	0
<i>over 12 months</i>	366	275.637	275.271-
3 Other Securities	4.610.574	4.880.897	270.323-
* <b>Total Financial Assets:</b>	<b>4.610.910</b>	<b>5.156.534</b>	<b>545.594-</b>
<b>TOTAL FIXED and FINANCIAL ASSETS:</b>	<b>6.789.418</b>	<b>7.196.774</b>	<b>407.356-</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	1.872	1.170	702
	<i>within 12 months</i>	1.872	1.170	702
	<i>over 12 months</i>	0	0	0
2	Tax Debtor	1.419	1.805	386-
	<i>within 12 months</i>	1.419	1.805	386-
	<i>over 12 months</i>	0	0	0
3	Other Receivables	15.674.164	16.181.081	506.917
	<i>within 12 months</i>	10.035.288	11.530.283	1.494.995-
	<i>over 12 months</i>	5.638.876	4.650.798	988.078
*	<b>Total Receivables:</b>	<b>15.677.455</b>	<b>16.184.056</b>	<b>506.601-</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	9.021.025	6.499.768	2.521.257
2	Cheques	0	0	0
3	Cash on hand	285,449	223.953	61.496
*	<b>Total Cash and Cash Equivalents:</b>	<b>9.306.474</b>	<b>6.723.721</b>	<b>2.582.753</b>
*	<b>TOTAL CURRENT ASSETS</b>	<b>24.983.929</b>	<b>22.907.777</b>	<b>2.076.152</b>
<b>(D) PREPAYMENTS AND ACCRUED INCOMES</b>				
	advanced costs on loans	0	0	0
	Other prepayments and accrued incomes	612.564	63.940	548.624
*	<b>Total Prepayments and Accrued Incomes:</b>	<b>612.564</b>	<b>63.940</b>	<b>548.624</b>
	<b>TOTAL ASSETS</b>	<b>32.385.911</b>	<b>30.168.491</b>	<b>2.217.420</b>

<b>LIABILITIES AND EQUITY</b>				
(Eur Amounts)		<b>31/12/2015</b>	<b>31/12/2014</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	2.693.211	2.722.326	29.115-
	- Extraordinary Reserve	186.482	175.776	10.706
	- Round off Reserve	4	0	4
	- Reserves with specific aim	2.506.725	2.546.550	39.825
V	Surplus (deficit) of previous years	0	0	0
VI	Surplus (deficit) of current year	7.694	10.706	3.012-
	<b>Total Net Equity:</b>	<b>4.374.802</b>	<b>4.406.929</b>	<b>32.127-</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	1.578.303	1.993.511	415.208-
	<b>Total Provisions for Contingencies and Commitments:</b>	<b>1.578.303</b>	<b>1.993.511</b>	<b>415.208-</b>
<b>(C)</b>	<b>STAFF LEAVING INDEMNITY (TFR)</b>	<b>823.833</b>	<b>727.694</b>	<b>93.139</b>
<b>(D)</b>	<b>LIABILITIES</b>			
1	Banks loans and overdraft	1.303	3.310	2.007-
	<i>within 12 months</i>	1.303	3.310	2.007-
	<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	913.378	372.045	541.333
	<i>within 12 months</i>	913.378	372.045	541.333
	<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	115.913	87.308	28.605
	<i>within 12 months</i>	115.913	87.308	28.605
	<i>over 12 months</i>	0	0	0
7	Social Securities Payables	208.574	194.543	14.031
	<i>within 12 months</i>	208.574	194.543	14.031
	<i>over 12 months</i>	0	0	0
8	Other Payables	1.089.482	905.375	184.107
	<i>within 12 months</i>	1.002.157	817.109	184.448
	<i>over 12 months</i>	87.325	87.666	341-
	<b>Total Liabilities:</b>	<b>2.328.650</b>	<b>1.562.581</b>	<b>766.069</b>
<b>(E)</b>	<b>ACCRUED EXPENSES AND DEFERRED INCOMES</b>			
	Agio on loans			
	Other accrued liabilities and deferred incomes	23.280.323	21.477.776	1.802.547
	<b>Total Accrued Expenses and Deferred Incomes</b>	<b>23.280.323</b>	<b>21.477.776</b>	<b>1.802.547</b>
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>32.385.911</b>	<b>30.168.491</b>	<b>2.217.420</b>

## MEMORANDUM ACCOUNTS ON FINANCIAL COMMITMENTS

Eur Amounts)	31/12/2015	31/12/2014	Variance +/-
Guaranties Received	1.472.673	943.844	528.829
Other obligations	46.446.662	36.773.272	9.673.390
<b>TOTAL MEMORANDUM ACCOUNTS ON FINANCIAL COMMITMENTS</b>	<b>47.919.335</b>	<b>37.717.116</b>	<b>10.202.219</b>

**STATEMENT OF COMPREHENSIVE INCOME AT  
DECEMBER, 31<sup>ST</sup> 2015**

(Eur Amounts)		31/12/2015	31/12/2014	Variance +/-
<b>(A)</b>	<b>VALUE PRODUCED</b>			
1	Contributions, Offers, and other activity incomes	21.343.644	15.231.407	6.112.237
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	263.654	686.401	422.747-
*	<b>Total Value Produced</b>	<b>21.607.298</b>	<b>15.917.808</b>	<b>5.689.490</b>
<b>(B)</b>	<b>COSTS</b>			
6	Costs for raw materials, auxiliary materials, spare parts and goods	104.816	97.875	6.941
7	Costs for services	18.858.005	12.750.533	6.107.472
8	Costs for utilization of third parties' assets	75.050	26.255	48.795
9	Personnel Costs	2.273.820	1.998.385	275.435
	(a) <i>Wages and Salaries</i>	1.675.642	1.487.671	187.971
	(b) <i>Social Securities</i>	463.607	385.990	77.617
	(c) <i>Staff Leaving Indemnity</i>	134.571	124.724	9.847
	(d) <i>Other Social Contributions</i>	0	0	0
	(e) <i>Other costs</i>	0	0	0
10	Amortization and Write off on Assets	115.792	393.797	278.005-
	(a) <i>Amortization of intangible assets</i>	4.719	7.898	3.179-
	(b) <i>Amortization of tangible assets</i>	95.833	96.229	396-
	(c) <i>Other write off on Assets</i>	0	0	0
	(d) <i>Write off on Accounts Receivables</i>	215.240	289.670	274.430-
11	Change in inventory of raw materials, auxiliary materials, spare parts and goods	0	0	0
12	Accruals for contingencies	200.000	1.022.343	822.343
13	Other Accruals	40.337	47.057	25.338- 6.720-
14	Other Operating Expenses	369.004	772.568	403.364
*	<b>Total Costs</b>	<b>22.036.824</b>	<b>17.108.813</b>	<b>4.928.011</b>
<b>(A-B)</b>	<b>* Differences between Value Produced and Costs</b>	<b>429.526-</b>	<b>1.191.005-</b>	<b>761.479</b>
<b>(C)</b>	<b>FINANCIAL INCOMES AND EXPENSES</b>			
15	Incomes from Investiments	0	0	0
16	Other financial incomes	72.949	83.545	10.596-

17	Interest and other financial charge	19.983-	11.621-	8.362-
17 bis	Exchange Currency Gains and Losses	418.937	1.055.178	636.241-
*	<b>Net Financial Incomes and (Expenses):</b>	<b>471.903</b>	<b>1.127.102</b>	<b>655.199 -</b>
<b>(D)</b>	<b>ADJUSTEMENTS TO THE VALUE OF FINANCIAL OPERATIONS</b>			
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>(E)</b>	<b>EXTRAORDINARY INCOMES AND EXPENSES</b>			
20	Extraordinary Incomes	139.539	161.549	22.010-
21	Extraordinary Expenses	100.772-	22.224-	78.548
*	<b>Net Extraordinary Incomes and (Expenses)</b>	<b>38.767</b>	<b>139.325</b>	<b>100.558-</b>
	<b>* EARNING BEFORE TAXES</b>	<b>81.144</b>	<b>75.422</b>	<b>5.722</b>
22	Current and Deferred Income Taxes	73.450	65.716	8.734
*	<b>23 Net Income (Loss) of Financial Period:</b>	<b>7.894</b>	<b>10.706</b>	<b>3.012-</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 to 31 December 2015

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.

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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.



## TANGIBLE 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. 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.

It is noted that for some assets included in the categories of "Equipment" and "Other assets" the criteria for the determination of depreciation have been changed in the light of the change in the foreseeable life span, due to a technical assessment carried out during 2008 on the basis of the analysed historical data.

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 December 2015 have not been revalued except for land as previously stated.

## FINANCIAL 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.

## RECEIVABLES 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 exchange rate at the balance sheet date and the differences arising from the adjustment are posted to "Gains" or "Losses" on exchange rates in the Profit and Loss Statement.

## **L** LIQUID ASSETS

Liquid assets are recognized and measured at their nominal value.

Foreign currency liquid assets are converted into Euros at the exchange rate at the reporting date with the differences posted in the account "Gains and losses on exchange rates" in the Profit and Loss Statement. After accurate analysis, for the operations carried out in South Sudan, where the use of the official exchange rate found, if applied, would have given a false representation of reality, the value of the expense operations made in local currency (South Sudan Pound) was directly rectified with relation to the real rate applied at the time of using the related cash resources (1€ = 6.62SSP). This situation, amplified by the high volume of projects implemented in 2015, is due to the political and economic fragility that South Sudan is experiencing and which results, among other things, in a high variability and unforeseeability of the value of the local currency with relation to the US Dollar, the currency of reference used for exchange.

## **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 LEAVING INDEMNITY

The liability for the employee staff leaving indemnity 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** ROVISIONS 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.

## **C** 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.

## **I**NCOME 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).

## **G**UARANTEES AND OTHER MEMORANDUM ACCOUNTS

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

## **A**CCOUNTS 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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## **A**NALYSIS OF THE HEADINGS

### **ASSETS AND LIABILITIES STATEMENT**

#### **F**IXED ASSETS

This section points out the intangible fixed assets, the tangible fixed assets and financial fixed assets for a total amount of €6.789.418, a decrease on the previous year of € 407.356-.

#### **I**NTANGIBLE FIXED ASSETS

The intangible assets at 31 December 2015 amounted to € 4,522, with a fall on the previous year of € 4,719- and are composed as follows

	31/12/2015	31/12/2014
Concessions, licenses, brands and similar rights	4.522	9.241
<b>Total</b>	<b>4.522</b>	<b>9.241</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 4,719 Euros was recorded.

## TANGIBLE FIXED ASSETS

The tangible fixed assets amounted to € 2,173,956 at 31 December 2015, with a fall from the previous year of € 142,957- and are composed as follows:

	31/12/2015	31/12/2014
Land and buildings	1.934.597	1.882.650
Plant and machinery	23.986	30.071
Industrial and commercial equipment	17.925	14.306
Other assets	91.938	103.972
Current fixed assets and advance payments	105.510	0
<b>Total</b>	<b>2.173.956</b>	<b>2.030.999</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 the legacy of a property in Padua, received during the year after the death of a collaborator of the Institution, and to the accounts paid for the restructuring of the underground store room in the property where the Institution is located, now in progress.

Depreciation amounted to € 95,833.

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

## FINANCIAL ASSETS

The financial fixed assets amounted to € 4,610,940, at 31 December 2015 with an increase on the previous year of € 545,594- and are composed as follows:

	31/12/2015	31/12/2014
Receivables	366	275.637
Bonds	4.610.574	4.880.897
<b>Total</b>	<b>4.610.940</b>	<b>5.156.534</b>

### RECEIVABLES

Receivables no longer include the value of a legacy amounting to €275,272 for which there was an ongoing lawsuit with the heirs, since the suit was settled with a decision of the Court of Lecce that recognized the Institution as the sole heir; the respective risk provision was to which an equal value had been posted as a precautionary measure, in case of losing the dispute.

### BONDS

The Institution has a bond portfolio for a total €4,610,574 divided in the following categories:

	Posted value	Nominal or repayment value	Maturity
BMPS convertible bonds 13/16	300.000	300.000	2016
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 e M&G Optimal	342.373	342.373	on demand
Erset equity management	2.234.357	2.234.357	on demand
<b>Total</b>	<b>4.610.574</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	300.000	1.733.844	0
Investment funds	2.576.730	0	0
<b>Total</b>	<b>2.876.730</b>	<b>1.733.844</b>	<b>0</b>

The securities that the Board owns were purchased in part (nominal €2,360,584 ) 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, funds referring to Ersel asset management were disinvested, amounting to nominal €250,005.

Following rumours linked to the affairs of the bank Monte dei Paschi di Siena, when closing this financial statement a sum of €200,000 was allocated to an appropriate risk provision as a precaution, considering the amount of the bonds in our possession issued by that bank.

## CURRENT ASSETS

This item includes receivables and cash for a total amount of €24,983,929, a variation on the previous year of € 2,076,152.

## RECEIVABLES

The receivables included in the balance sheet amounted at 31 December 2015 to € 15,677,455, with a change over the previous year of € 506,601- as follows:

	31/12/2015	31/12/2014
Trade receivables	1.872	1.170
Tax receivables	1.419	1.805
Other receivables	15.674.164	16.181.081
<b>Total</b>	<b>15.677.455</b>	<b>16.184.056</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.

	Within 12 months	Beyond 12 months	Beyond 5 years
Trade receivables (students and guests)	1.872	0	0
Tax receivables	1.419	0	0
Other receivables	10.035.288	5.638.876	0
<b>Total</b>	<b>10.038.579</b>	<b>5.638.876</b>	<b>0</b>

**INTRADE 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 2015 to € 1,419, an increase on the previous year of € 386 and is composed of:

	31/12/2015	31/12/2014
Tax retainer a/c (NPO)	446	446
Substitute tax a/c (NPO)	0	561
Substitute tax a/c (College)	973	0
IRES tax a/c (College)	0	70
IRAP tax a/c IRAP (College)	0	728
<b>Total</b>	<b>1.419</b>	<b>1.805</b>

Advances for taxes paid in 2015 for IRES and IRAP totalling €64,483 are shown net of current taxes recorded for the year and amounted to €73,450 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 2015 to €15,674,164, an increase on the previous year of € 506,917:-

	31/12/2015	31/12/2014
Receivables for current or completed projects	15.144.255	15.353.713
Receivables from the State Treasury (for 5x1000 donations)	300.000	700.000
Other minor receivables	229.909	127.368
<b>Total</b>	<b>15.674.164</b>	<b>16.181.081</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 €9,306,474, a variation on the previous year of €2,582,753, and includes the balances of bank and postal current accounts open at 31 December 2015, 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 2015 to €612,564, with a variation on the previous year of €548.624. The shares of revenues and costs are listed here not related with their cash collection.

**S** SHAREHOLDERS' EQUITY

The shareholders equity of the institution and amounts to €4,374,802, with a decrease over the previous year of €32,127 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 €2,693,211 at 31 December 2015 and includes:

- Extraordinary reserve for €186,482 formed for the provision of the surpluses of previous years;
- Assigned assets and reserves (S. Luca fund) for €2,506,725.

**SURPLUS (DEFICIT) FOR THE YEAR**

This is the net result for the year and amounts to € 7,694.

**P** 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, for a



total amount of €1,578,303, an increase on the previous year of €415,208. The chart below shows the details of the movements in the Provision for risks and charges:

	<i>Reserve at 31/12/2014</i>	<i>Allocations</i>	<i>Uses</i>	<i>Reserve at 31/12/2015</i>
<b>Provisions for Risks and Charges</b>	<b>1.993.511</b>	<b>215.240</b>	<b>630.448</b>	<b>1.578.303</b>
- for credit on bequeathal lascito in controversy	275.272	0	275.272	0
- for credit risks	677.896	15.240	337.176	355.960
- for bond risks	0	200.000	0	200.000
- for charges to pay	18.000	0	18.000	0
- for risks and charges on project assets and activities	1.022.343	0	0	1.022.343

## STAFF LEAVING INDEMNITY

At 31 December 2015 the liability for the staff leaving indemnities amounted to €823,833, with a variation on the previous year of €96.139 and is formed as follows:

	<i>Payable at 31/12/2014</i>	<i>Allocations</i>	<i>Uses</i>	<i>Payable at 31/12/2015</i>
<b>Staff Leaving Indemnity</b>	<b>727.694</b>	<b>134.571</b>	<b>38.432</b>	<b>823.833</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 € 2,328,650 at 31 December 2015, with an increase on the previous year of € 766,069 as follows:

	<b>31/12/2015</b>	<b>31/12/2014</b>
Payables to banks and credit institutes	1.303	3.310
Trade payables	913.378	372.045
Tax payables	115.913	87.308
Payables to social security and welfare institutes	208.574	194.543
Other payables	1.089.482	905.375

<b>Total</b>	<b>2.328.650</b>	<b>1.562.581</b>
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The above payables are given divided according to duration and, in particular:

	<b>Within 12 months</b>	<b>Beyond 12 months</b>	<b>Beyond 5 years</b>
Payables to banks and credit institutes	1.303	0	0
Trade payables	913.378	0	0
Tax payables	115.913	0	0
Payables to social security and welfare institutes	208.574	0	0
Other payables	1.002.157	87.325	0
<b>Total</b>	<b>2.241.325</b>	<b>87.325</b>	<b>0</b>

#### **PAYABLES TO BANKS AND CREDIT INSTITUTES**

Payables to credit institutes amount to €1,303, with a decrease over the previous year of €2,007 and exclusively involve the credit card debt to be paid.

#### **TRADE PAYABLES**

Trade payables represent the summary entry of debts for supplies to the year-end and amounted to € 913,378. 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 €541,333, is to be considered physiological due to increased activity during the year.

#### **TAX PAYABLES**

The account in question shows the Institution's tax liabilities for income taxes and other taxes for €115,913, a decrease on the previous year of €28,605 and it is composed as follows:

	<b>31/12/2015</b>	<b>31/12/2014</b>
IRES tax a/c (Foundation)	1.086	1.169
Substitute tax a/c (Foundation)	0	1.319
IRAP tax a/c (NPO)	4.487	1.458
Employee retainer tax a/c (NPO)	64.248	51.368
Development workers' retainer tax a/c (NPO)	40.067	26.803
Self-employed workers' retainer tax a/c (NPO)	2.524	2.953
Consultants' retainer tax a/c (NPO)	446	0
Substitute tax a/c on Severance (NPO)	341	0
VAT a/c (College)	0	1.912
Employee retainer tax a/c (College)	326	326
Substitute tax a/c on Severance (NPO)	36	0

Substitute tax a/c on Severance (NPO)	422	0
Substitute tax a/c on Severance (NPO)	1.931	0
<b>Total</b>	<b>115.913</b>	<b>87.308</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 €208,574, an increase on the previous year of €14,031 and includes the following payables:

	31/12/2015	31/12/2014
I.N.P.S.	205.693	182.592
I.N.A.I.L.	80	8.148
E.N.P.A.P.I.	2.801	3.803
<b>Total</b>	<b>208.574</b>	<b>194.543</b>

#### **OTHER PAYABLES**

This item at 31 December 2015 amounted to €1,089,482, with an increase of €184.107 on the previous year, and includes:

	31/12/2015	31/12/2014
Payables to employees	255.196	226.972
Payables to development workers	475.997	435.238
Other payables for current project	150.183	60.766
Other payables (insurance, deposits received, miscellaneous, etc.)	208.106	182.399
<b>Total</b>	<b>1.089.482</b>	<b>905.375</b>

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

The item amounts at 31 December 2015 to €23,280,323, with a variation on the previous year of €1,802,547. This item includes mainly deferred income relating to revenue and income that had been collected in 2015 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 2015 the Memorandum Accounts amount to €47,919,335 and include:

- Commitments due to issuing 8 bank guarantees by Banca Antonveneta for €1,472,673 relative to advances received for six projects financed in UNOPS and M.A.E. in Ethiopia, South Sudan, Sierra Leone and Mozambique;
- The commitments the Institution has taken for projects to implement for €46,446,662. 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 €21,343,644. As from this financial year, the value of the contribution related to the five per thousand part, determined up until now by pertinence based on a historical estimate, will now be recorded in the financial statement with the same principle used for donations, that is recorded among the income of the year in which it is received or of the year in which the legally defensible right to receive it is acquired, that is in the year in which the Internal Revenue Service publishes the lists of receiving subjects with the respective amount to be received. This variation in the method of recording is implemented on the basis of the now complete uniformity of interpretation of the ruling which now classifies this item as a donation, following a specific decision of the Constitutional Court no. 202 of 18/6/2008 stating that the incomes derived from the five per thousand part do not fall within the category of public contributions, since the donor is not the State but the individual tax-payer of his own free will.

### **O**THER REVENUES

The other revenues amount to €263,654 and include benevolent work for €2,750, capital gains for €221,566, of which €201,057 for adjustments to project contributions that were concluded during the year and other minor sums for €39,338.

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

This item mainly includes the College canteen supplies for €77,450 and fuel and consumables bought to conduct the normal activities for €27,366.

## **C**OSTS FOR SERVICES

This item includes the project costs for €18,587,064, structure and College management for €242,153 and the various maintenance costs for the institution for €28,788.

## **C**OSTS 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.

## **P**ERSONNEL COSTS

Personnel costs amount to €2,273,820 of which €160,059 for the College. They include:

	31/12/2015	31/12/2014	Difference
Wages and salaries	1.675.642	1.487.671	187.971
Social security costs	463.607	385.990	77.617
Staff severance fund	134.571	124.724	9.847
<i>Total</i>	<b>2.273.820</b>	<b>1.998.385</b>	<b>275.435</b>

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

## **D**EPRECIATION, 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:

	31/12/2015	31/12/2014	Difference
Software	3.210	5.610	2.400-
Concessions, licences, brands and similar right	1.509	2.288	779-
<b>Total</b>	<b>4.719</b>	<b>7.898</b>	<b>3.179-</b>

It includes the following depreciation to tangible fixed assets:

	31/12/2015	31/12/2014	Difference
Buildings	62.637	62.261	376
Plant and machinery	6.085	6.085	0
Equipment and kitchen ware	2.741	2.145	596
Other tangible assets	24.370	25.738	1.368-
<b>Total</b>	<b>95.833</b>	<b>96.229</b>	<b>396-</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 €15,240 compared to an estimated 'country risk' always present in countries where we do business.

## **P**ROVISIONS FOR RISKS

As mentioned in the comments on the bonds owned by the Institution, it was decided to set aside in a special fund the amount of €200,000 to cover the presumed risks linked to the affairs of the bank Monte dei Paschi di Siena, since our portfolio contains bonds issued by said bank.

## **O**THER 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 €40,337, produced from investments in securities purchased with the amounts made available to the institution

## **O**THER OPERATING COSTS

The other operating expenses amounting to €369,004 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 loss of €429,526 substantially attributable to a necessary increase in personnel costs because of the further increase of the activity during the year and to the different way of recording the five per thousand contribution, that has consequently reduced the value of the income for this year. Analysing other items in the Profit and Loss Statement can instead reveal the careful and prudent management as ever in the operational choices, tending to cost containment and proper use of available resources.

## **O**THER FINANCIAL INCOME

This item primarily includes financial income from interest from the S. Luca Fund for a total of €61,259 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 €11,690.

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

This item substantially includes the capital losses recorded for the disinvestment of part of the funds subject to Ersel asset management.

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

## **G**AINS 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, also with reference to the indications in the paragraph Liquid Assets on page 3 of these notes.

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.

The income net of financial expenses, including the exchange gains and losses commented below, amounts to € 471,903.

## **E**XTRAORDINARY INCOME AND CHARGES

The item includes the financial results of the extraordinary transactions, outside normal operations, but that affect the net result.

The Income includes substantially the value of the property received as a legacy, already dealt with during the comments on fixed assets, and extraordinary capital gains for the registration of the credit entries not relative to this year. The Extraordinary Charges give the amount € 100,772- substantially related to the extraordinary contingent liabilities not attributable to the current year and in particular to the tax for solid waste disposal that was not received from 2010 until 2014 and was paid during this year, amounting to about €52,000.

## **I**NCOME TAX FOR THE YEAR

The allocation for the year of €73,450 is given by providing for IRES and IRAP tax relative to the year:

	31/12/2015	31/12/2014	Difference
IRES (Foundation)	9.843	8.014	1.829
IRES (College)	487	0	487
IRAP (NPO)	61.189	54.999	6.190
IRAP (College)	1.931	1.703	228
<b>Total tax for the year</b>	<b>73.450</b>	<b>64.716</b>	<b>8.734</b>

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 2015 and the result obtained. The overall result for 2015 shows an operating surplus of €7,694.

Dear Board Members,

For all the above we ask you to approve the Financial Statements at 31 December 2015 as they are proposed, and we state the posted data complies with the accounts as correctly kept by the institution, and therefore to allocate the operating surplus of €7,694 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