

**A I F O**

**Associazione Italiana Amici di Raoul Follereau**

***STATEMENT OF FINANCIAL POSITION***  
***at***  
***31 DECEMBER 2013***





**STATEMENT OF FINANCIAL POSITION 2013**

**ASSETS AND LIABILITIES**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>	<b>NET ASSETS &amp; LIABILITIES</b>	<b>2013</b>	<b>2012</b>
<b>FIXED ASSETS</b>			<b>NET ASSETS</b>		
<i>Intangible Assets</i>			<i>Unrestricted Net Assets</i>		
Software	62.996	27.295	Available Funds	1.998.277	1.663.337
<b>Total Intangible Assets</b>	<b>62.996</b>	<b>27.295</b>	Revaluation Fund, 185/2008 Law	848.958	848.958
<i>Tangible Assets</i>			Surplus/(Deficit)	-	1.277
Land and Buildings	834.143	863.583	<b>Total Unrestricted Net Assets</b>	<b>2.822.906</b>	<b>2.513.572</b>
Machinery	105.915	22.440	<i>Restricted Net Assets</i>		
Other Goods	7.013	9.622	Designated Project Funds	1.350.285	1.683.948
Construction in progress and down	0	4.056	Fixed Reserve	600.000	600.000
<b>Total Tangible Assets</b>	<b>947.071</b>	<b>899.702</b>	<b>Total Restricted Net Assets</b>	<b>1.950.285</b>	<b>2.283.948</b>
<i>Financial Assets</i>			<b>TOTAL NET ASSETS</b>	<b>4.773.191</b>	<b>4.797.520</b>
Shares	21.997	20.055	<b>RISKS AND COSTS ALLOWANCE</b>		
Bank Titles as Guarantees			Various Allowances	1.422	
<b>Total Financial Assets</b>	<b>21.997</b>	<b>20.055</b>	Project Accounting Risk Allowances	19.566	30.686
<b>TOTAL FIXED ASSETS</b>	<b>1.032.064</b>	<b>947.052</b>	<b>TOTAL RISKS AND COSTS ALLOWANCE</b>	<b>20.988</b>	<b>30.686</b>
<b>CURRENT ASSETS</b>			<b>SEVERANCE PAYMENT FUND (TFR)</b>	<b>528.707</b>	<b>507.861</b>
<b>Inventories</b>	<b>95.605</b>	<b>47.640</b>	<b>DEBTS</b>		
<i>Short-term project financing credits</i>			Suppliers	134.239	72.495
Credits from private associations	195.200	126.700	Other Debts	101.238	106.560
Credits from the Ministry of Foreign Affairs	78.661	120.685	Debts toward Social Security Institutions	59.884	59.722
Credits from international donors	333.921	807.257	Tax Debts	35.279	49.242
Credits from local entities	46.103	38.183	<b>TOTAL DEBTS</b>	<b>330.640</b>	<b>288.019</b>
Credits through groups	61.268	217.069	<b>NEGATIVE ACCRUALS</b>	<b>1.778.823</b>	<b>1.688.730</b>
<b>Total Short-Term Project Financing</b>	<b>715.153,64</b>	<b>1.309.893</b>	<b>TOTAL LIABILITIES</b>	<b>2.659.157</b>	<b>2.515.296</b>
<i>Long-term project financing credits</i>			<b>TOTAL: NET ASSETS AND LIABILITIES</b>	<b>7.432.349</b>	<b>7.312.816</b>
Credits from private associations	223.000	0	<b>INTERIM ACCOUNTS</b>		
Credits from the Ministry of Foreign Affairs	0	0	<b>Funds Committed to Projects</b>		
Credits from international donors	527.701	291.225	Short-term Funds Committed to Projects	318.973	1.476.783
Credits from local entities	0,0	0,0	Long-Term Funds Committed to Projects	882.847	778.747
<b>Total Long-Term Project Financing</b>	<b>750.701</b>	<b>291.225</b>	Dev. Ed. Funds (Short-Term)	-	10.242
<b>Total Project Financing Credits</b>	<b>1.465.855</b>	<b>1.601.119</b>	<b>Total Funds Committed to Projects</b>	<b>1.201.820</b>	<b>2.265.771</b>
<b>Tax Credits</b>	<b>10.305</b>	<b>1.841</b>	<b>Guarantees</b>		
<b>Other Credits</b>	<b>53.778</b>	<b>114.707</b>	Titles as Bank Guarantees	-	-
<i>Bequests and Donations</i>			<b>Total Guarantees</b>	<b>-</b>	<b>-</b>
Bequests and material donations	1.085.752	1.026.945	<b>Guarantees Received</b>		
<b>Total Bequests and Donations</b>	<b>1.085.752</b>	<b>1.026.945</b>	Bank Guarantees Received from Third Parties	-	-
<b>Current Financial Assets</b>	<b>630.000</b>	<b>550.000</b>	<b>Total Guarantees Received</b>	<b>-</b>	<b>-</b>
<i>Liquid Assets</i>			<b>TOTAL CURRENT ASSETS</b>	<b>6.352.274</b>	<b>6.327.911</b>
Cash and Cash Equivalents	8.704	26.147	<b>POSITIVE ACCRUALS</b>	<b>48.010</b>	<b>37.854</b>
Bank and Postal Accounts	3.002.276	2.959.513	<b>TOTAL ASSETS</b>	<b>7.432.349</b>	<b>7.312.816</b>
<b>Total Liquid Assets Available</b>	<b>3.010.980</b>	<b>2.985.659</b>			

**2013 STATEMENT OF FINANCIAL POSITION**

**STATEMENT OF ACTIVITIES ACCOUNT**

<b>REVENUES</b>	<b>2013 Statement</b>	<b>2012 Statement</b>	<b>diff. %</b>
<b>REVENUES</b>			
Donations	2.414.695	2.386.862	1%
Revenues from the 5/1000 tax	117.073	124.538	-6%
Contributions from private associations	296.805	495.721	-40%
Contributions from Ministry of Foreign Affairs	222.639	39.559	463%
Contributions from International Donors	646.177	773.611	-16%
Contributions from Local Entities and Regions	78.053	35.307	121%
Contributions from Local Entities and Regions through Groups	37.645	98.872	-62%
Revenues from Bequests	583.056	655.394	-11%
Variations in Residual Funds	47.965	25.987	85%
<b>TOTAL REVENUES</b>	<b>4.444.107</b>	<b>4.635.851</b>	<b>-4%</b>
<b>EXPENSES</b>			
Campaigns	439.680	515.723	-15%
Publications	196.433	203.301	-3%
Bequests	61.078	134.262	-55%
Institutional Activities	97.228	116.634	-17%
Cooperation Projects	2.479.538	2.716.615	-9%
Development Education Projects	38.087	20.141	89%
Structural Expenses	1.058.137	1.134.699	-7%
<b>TOTAL ORDINARY MANAGEMENT EXPENSES</b>	<b>4.370.181</b>	<b>4.841.374</b>	<b>-10%</b>
<b>OPERATING INCOME</b>	<b>73.926</b>	<b>-205.524</b>	
<b>FINANCIAL MANAGEMENT</b>			
Interest Receivable on Bank and Postal Accounts	12.374	18.223	
Bank and Postal Account Expenses	-8.370	-6.528	
<b>Result, management of bank and postal accounts</b>	<b>4.004</b>	<b>11.695</b>	
Income from Investment Funds and Securities	13.311	22.951	
Investment Funds and Securities Expenditures	-1.323	-11	
<b>Result, management of Investment Funds and Securities</b>	<b>11.988</b>	<b>22.940</b>	
Charges on Bank Guarantees	0	0	
<b>RESULT: FINANCIAL MANAGEMENT</b>	<b>15.992</b>	<b>34.635</b>	
<b>ALLOWANCES AND RELEASED ALLOWANCES</b>			
Allowances	-85.439	-44.585	
Released Allowances	21.887	36.476	
<b>ALLOWANCES AT NET OF RELEASED ALLOWANCES</b>	<b>-63.552</b>	<b>-8.110</b>	
<b>EXCEPTIONAL REVENUES AND EXPENSES</b>			
Exceptional Revenues	6.573	244.997	
Exceptional Expenses	-24.471	-18.266	
<b>TOTAL EXCEPTIONAL REVENUES AND EXPENSES</b>	<b>-17.899</b>	<b>226.731</b>	
<b>RESULTS FOR THE FISCAL YEAR BEFORE TAXES</b>	<b>8.468</b>	<b>47.733</b>	
<b>TAXES</b>	<b>-32.797</b>	<b>-46.457</b>	
<b>RESULTS FOR THE FISCAL YEAR</b>	<b>-24.329</b>	<b>1.277</b>	

# ADDITIONAL NOTES TO THE 2013 STATEMENT OF FINANCIAL POSITION

## 1. INTRODUCTORY INFORMATION

The Associazione Italiana Amici di Raoul Follereau – AIFO, an Organization for International Health and Sanitation Cooperation, is formed according to art. 12 and following in the Civil Code, and recognized as a legal entity under Decree n. 561, issued by the President of the Republic on 3 July 1979. It is a Non-governmental Organization (NGO), officially licensed to work in developing countries through cooperation programs, according to law 49/87, with legislative orders ratified by the Italian Minister of Foreign Affairs (2 February 1978, n.196/0039 and 14 September 1988 n.1988/128/4178/OD). AIFO is a non-commercial entity, considered a non-profit organization of social utility by right- *ONLUS*, under article 10 paragraph 8 of legislative decree 460/97, and is officially recognized by the World Health Organization (WHO).

AIFO's annual statement of financial position, **closed on 31 December 2013**, is made up of the following sections:

- Annual Management Report drafted by the Board of Trustees;
- Statement of Financial Position;
- Statement of Activities;
- Additional Notes on the Statement of Activities.

In order to provide detailed information on activities carried out throughout the year, Informational Charts have been attached to the statement; these are not, however, an integral part of the final statement per se in a technical sense. Following usual procedure, the Annual Report will later substitute the Annual Management Report.

Statement of Financial Position Accounts and Statement of Activities Accounts are presented in Euros; data given is directly comparable to the previous financial year. Budget Items in the Accounts are subdivided by category based on their relative administrative sector. Consequently, and in compliance with the postulate of comparability regarding statements under art. 2423-ter paragraph 5 of the Civil Code, budget items presented conform to those reported in the previous financial year.

All of AIFO's activities are carried out coherently with the stated Purpose of this entity. Projects are subject to account inspection and budget monitoring on a monthly basis.

Institutional donors receive financial statements according to the schemes and timetables they request, while private donors receive timely reports on the use of provided funds.

## 2. ACCOUNTING PRINCIPLES APPLIED

The statement was drafted in conformity with the protocol stipulated by the Italian National Council of Practicing Accountants (*Consiglio Nazionale dei Dottori Commercialisti*) relative to statement of financial position drafting for non-profit entities where necessary, and integrated by the accounting principles published by the Financial Accounting Standard Board (F.A.S.B. n. 116 and 117) specifically for Non-profit organizations, in compliance with related laws and in observance of a general principle of prudence.

Amounts were registered on an accrual basis, notwithstanding the effective date of receipt or payment.

No variation has been made to the accounting principles applied in the previous fiscal year.

## 3. EVALUATION CRITERIA

**Tangible, Intangible, and Financial Assets**



Items listed as tangible and intangible assets have been presented net of depreciations and registered at purchase price value, including directly related costs, with the exception of real estate in the “Land and Buildings” category, legally reassessed from 31/12/2008, on the basis of Legislative Decree 185/2008. The value of items listed in this category therefore corresponds to their cost value (as the result of estimated appraisals drafted to this purpose) assessed during the first months of 2009, and integrated by any directly related costs.

Depreciations were carried out using a constant depreciation charge, depending on the possibility of future use of the specific assets.

The financial assets category is subdivided into “Shares” and “Bank Titles as Guarantee.” When an amount is registered corresponding to the last item, it represents restricted AIFO bank titles serving as guarantees for bonds released to donors by banks on behalf of AIFO. For the fiscal year reported on in this document no such item is present.

### **Inventories**

This item represents the value of promotional and awareness materials stored at the national headquarters at the date of final statement closure and as registered as the specific cost incurred.

### **Short and Long-Term Project Financing Credits**

Some of the projects attributed to the Association are carried out with partial or total contributions made by national and international public or private entities. For these projects, on the basis of the values assigned in conventions on approved projects or from deliberations of the entities themselves, the Association records as credit the value of the contribution agreed upon toward project financing.

These contributions have been depreciated to their presumed fulfillment value, assuming this is inferior to the initially registered amount.

Items are subdivided on the basis of the nature of the financing entity and mainly include credit received from private associations, the Italian Ministry of Foreign Affairs (hereafter MAAEE), International Donors such as the European Union (hereafter EU) and local entities (hereafter EE.LL.). “Credits through groups” refers to financing approved by local entities not directly destined to AIFO but to one or more of its affiliated groups throughout national territory.

### **Credits on taxes**

This item reports credits on down payments relative to the IRAP tax (regional income tax) and to the substitute tax on gains deriving from severance pay revaluations.

### **Other credits**

The budget item entitled ‘other credits’ is made up of “Donations”, “5/1000 tax”, prepaid expenses, and other various forms of credit.

“Donations” reports donations received at the beginning of the current year which in fact pertain to the fiscal year being reported. “5/1000 tax” refers to the relative amount destined to AIFO, which has been published by the Internal Revenue Service but is yet to be received; while contributions related to the “5/1000 tax” whose exact amount has yet to be published by the Internal Revenue Service are not included in the statement.

This budget item also includes prepaid expenses related to travel or missions and those related to regional coordination activities, reimbursement of expenses to be received and other less important forms of credit according to type and entity.

### **Bequests and Donations**

Goods and currency bequeathed through wills and testaments are entered on the statement at cost value; while real estate is entered at its officially estimated market value, or, in the absence such documentation, at the amount of its reassessed land registry value. This budget item is recorded in the statement upon its approval by the Association’s Board of Trustees and is then depreciated when the good is monetized.

A specific allowance entitled “Expense Allowance for Bequests” is also registered in adjustment of the above-mentioned values, equal to the presumed expenses which the Association will have to incur when the good is definitively monetized.



In order to fully comply with the principle of prudence, and on the basis of the differences in initially registered values and presumable cost values, a “Bequest Depreciation Allowance” is also reported, determined on the basis of all available information, such as updated appraisals and any appeals related to wills.

### **Current assets**

This budget item contains short-term private banking investments, bonds, mutual funds and any funds in restricted accounts.

Short-term private banking investments are registered at their cost value at the date of statement closure if this is inferior to their historical cost; or at their historical cost when their cost value at the date of statement closure is higher than their historical cost. In this last case, the difference between cost value and historical value at a net of taxes is highlighted, specifying any relative gains.

Any restricted funds representing bank guarantees are subtracted from the total value entered for floating assets, as these funds are not readily available.

### **Cash and Cash Equivalents, Bank and Postal Accounts**

These budget items are represented at their nominal values. Existing currency accounts tied to ongoing projects and those under the direct management of AIFO have been converted using the exchange rate valid at the date of statement closure.

### **Accruals**

Accruals are present both in assets and liabilities; these budget items report costs and income common to two or more years, determined according to their respective criteria.

Liability accruals specifically include the budgeted contributions of organizations and those pertaining to future periods, as these contributions are related to expenses and activities for projects to be carried out after the end of the fiscal year.

Asset accruals include any positive differences which have occurred, at their net value after taxes, modified at the difference of historical and cost value of the private banking investment.

### **Net Assets**

Net Assets is subdivided into “Unrestricted Net Assets” and “Restricted Net Assets”, considering the amount determined by the Association’s charter.

“Unrestricted Net Assets” corresponds to the amount of funds available for expenditure in support of the association’s aims, and includes “Available funds”, “Surplus/deficits”, and “Revaluation Reserve”, created to itemize the revaluation of real estate according to the legislative decree 185/2008, activated on 31/12/2008.

“Restricted Net Assets” includes “Designated Project Funds” and “Fixed Reserve”. “Designated Project Funds” represents the amount AIFO has pledged through 31 December for project implementation in the next fiscal year, at its net value, as agreed upon with donor organizations.

“Fixed Reserve” represents the amount of funds which are unavailable in accordance with assembly resolution n. 97/2007. This decree defines the amount of a restricted fund, proportional to 30% of net pledges, and must fall between € 600,000 and € 1,200,000, as a guarantee in the event of unexpected incidents or contingent future liabilities.

### **Risks and Costs Allowance**

The “Risks and Costs Allowance” is made up of “Various Allowances” and “Project Accounting Risk Allowance”. “Various Allowances” are allocated in order to cover either existent or probable expenses and liabilities, whose exact amount or payment date are not determinable at the time of statement closure. Provisions reflect the best possible estimate based on available information. In the evaluation of risks and costs, risks and costs are considered even when they are discovered after closure of the fiscal year up until the publication date of the present document.

“Project Accounting Risk Allowance” are registered with prudence to cover any expenses arising from evaluations of accounting carried out by donors in the case of co-financed projects. There are generally set at an annual amount of 1.5% of the costs reported for co-financed projects and decreased by the amount pertaining to completed projects once co-funding has ended.



### **Severance Payment Fund (TFR)**

This budget item reports the entire amount pertinent to each administrative period, calculated on the basis of article 2120 of the Civil Code in conformity with what is defined by the current Collective National Labor Contract. Beyond this, the item also reports any severance pay pertinent to volunteers and humanitarian aid workers employed in cooperation projects.

### **Debts**

Debts, accounted for as liabilities, are divided into "Suppliers", "Other Debts", "Debts toward Social Security Institutions", and "Tax Debts." They are registered at their nominal value, considered as representative of their actual value.

### **Interim Accounts**

Interim Accounts are made up of "Funds committed to projects", "Guarantees" and "Guarantees Received".

"Funds committed to projects" represents the amount committed to projects in the short and long term, including donor grants. The relative gap between the amount reported in this budget item and the amount recorded under "Fixed Assets" represents the net contributions contracted concerning projects approved by donor institutions.

The budget item "Guarantees" refer to bank guarantees issued toward third parties and valid at the closing data of the statement, while "Guarantees received" reports bank guarantees received from third parties, regardless of whether or not a title has been issued. No such amount is present for the fiscal year reported on in this document.

### **Assets and Liabilities**

Assets and liabilities are registered in the Statement on an accruals basis.

Assets are recorded when they become certain.

Specifically:

- Private funding is recorded upon receipt with the exception of those received within the first days of the new fiscal year but which pertain to the previous fiscal year;
- 5/1000 tax assets are registered in the Statement upon communication of their exact amount by the Internal Revenues Service;
- Contributions related to co-financed projects are recorded in proportion to the state of progress of the related project, according to the terms established with the Donor;
- Funding received through last wills and testaments is recorded in the moment it is accepted by the Board of Trustees, and is reported as two distinct budget items, in order to make clear its gross value and relative expenditures and depreciation.

Liabilities are accounted for by project at the moment they are incurred. Variations in the risks and costs allowance relative to project accounting is reported separately from "Allowances and Release of Allowances", since the amount is not directly related to activities carried out.

Liabilities are divided into:

- a) Campaign Expenses, concerning communication and fund raising activities aimed at locating resources to continue the association's activities
- b) Publishing Expenses, concerning the association's publishing activities
- c) Last Will and Testament Expenses, concerning costs incurred for the legal and administrative management of inheritances
- d) Institutional Activity Expenses, concerning costs incurred for the activities carried out by the statutory bodies, certification of the statement, and institutional relations



- e) Cooperation Project Expenses, concerning costs incurred to carry out cooperation and development projects, mainly abroad
- f) Development Education Expenses, concerning costs incurred to carry out development education projects, mainly in Italy
- g) Structural Expenses, concerning regular maintenance of the headquarter buildings, personnel, and Bologna and Rome offices

Revenues and expenses of exceptional nature are divided into four parts in the statement, respectively concerning:

- Financial management
- Allowances and Release of Allowances
- Exceptional revenues and expenses
- IRES and IRAP taxes

#### 4. VARIATIONS OF ASSETS AND LIABILITIES

This reports values at the date of statement closure and variations occurring in budget items appearing as assets, liabilities and net assets, compared to those of the previous fiscal year.

#### ASSETS

##### FIXED ASSETS

Fixed assets are presented at net of depreciations, and are equal to an overall amount of € 1,032,064 at 31 December 2013, compared with € 947,052 at 31 December 2012. Variations recorded during the year concern:

- 1) the purchase of a new server;
- 2) the purchase of equipment (desks, gazebos, roll up banners) for use during fund raising campaigns;
- 3) the creation of a new web site;
- 4) the purchase of software modules dedicated to the management of fund raising and accounting;
- 5) the normal rate of depreciation.

##### Intangible Assets

This budget item concerns the costs incurred for **software**

Following are the variations regarding intangible assets:

	<b>31/12/2013</b>	<b>31/12/2012</b>	<b>Variation</b>
Software	151,739	99,995	51,744
Depreciation	(88,743)	(72,700)	(16,043)
<b>Amount reported in the statement</b>	<b><u>62,996</u></b>	<b><u>27,295</u></b>	<b><u>35,701</u></b>

The total variation increase of € 51,744 is mainly due to:

- the creation of a new web site for the Association
- the purchase and activation of a new software system for the management of donations and fund raising



Other smaller investments were made for the purchase of software modules tied to the management of the Digital Accounting System and anti-virus software.

### Tangible Assets

This budget item includes:

- Land and Buildings,
- Machinery (including machines and tools, electronic equipment, office equipment, and telephone lines),
- Other goods (including light construction, electrical systems, furniture, vehicles),
- Construction in progress and down payments.

Following are the variations in 2013 regarding tangible assets:

	31/12/2013	31/12/2012	Variation
Land and Buildings	981,345	981,345	
Machines and Tools	104,427	44,455	59,972
Electrical Equipment	136,631	97,243	39,388
Office Equipment	21,110	21,110	
Telephone Lines	11,153	11,153	
Electrical Systems	6,849	6,849	
Light Construction	18,732	18,732	
Furniture	59,234	59,234	
Vehicles	11,485	11,485	
<b>Total historical value</b>	<b>1,350,965</b>	<b>1,251,606</b>	<b>99,359</b>
Depreciation	(403,894)	(355,960)	(47,934)
<b>Amount reported in the statement</b>	<b>947,071</b>	<b>895,646</b>	<b>51,425</b>

Variations occurring during the fiscal year are explained as follows:

- Increase in the item “Machines and Tools” is due to:
  - the purchase of gazebos, desks, and roll up banners on the part of Aifo groups for fund raising activities
  - the installment of an elevator-stairlift in Bologna headquarters in order to guarantee access to the differently-abled
- Increase of the item “Electrical Equipment” is mainly due to the purchase and installment of a new server for data storage in the Bologna office.

As regards the budget item “**construction in progress and down payments**”, this budget item registers the writing off of the balance at 31/12/12, since the costs recorded at the end of the last fiscal year were moved onto the current fiscal year under the budget item “Machines and Tools” at the start date of use of the elevator-stairlift mentioned above.

### Financial Assets

The budget item “Financial Assets” is composed of “Shares” and “Bank Titles as Guarantees”.

The budget item records an increase of € 1,943 compared to 2012 due to the receipt, of 37 shares of the *Banca Popolare Etica* in the form of donations.

The amount recorded at 31/12/2013 is thus made up of

- € 13,956 worth of shares held in the *Banca Popolare Etica*
- € 8,041 worth of shares in the International Federation of Anti-Leprosy Associations (ILEP).



The budget item “Bank Titles as Guarantees” is equal to zero at 31 December 2013, as it was for the previous fiscal year.

## CURRENT ASSETS

### Inventories

This budget item is exclusively comprised of promotional material present in national headquarters and in the decentralized warehouse in Ferrara, managed by the BAUM Coop, and is equal to € 95,605. This amount mainly represents the value at cost of materials related to the 2013 World Leprosy Day and purchased in advance.

### Short and Long-Term Project Financing Credits

These budget items concern credits for project financing made on the part of associations adhering to the ILEP along with other private associations, the European Union and other international donor institutions, the CEI, the Italian Ministry of Foreign Affairs and local entities, and are recorded both for short-term and long-term project activities.

These budget items, considered at their total overall value, have the following variations:

	2013	2012	Variation
Balance at beginning of year (including depreciations)	1,886,276	2,817,007	(930,731)
Sum cashed in	(1,461,323)	(1,285,200)	(176,123)
Write-offs – variations	(48,440)	(55,435)	(16,280)
Credits gained from new approvals	1,375,634	409,904	989,005
<b>Balance at closure of year (including depreciations)</b>	<b>1,752,147</b>	<b>1,886,276</b>	<b>(134,129)</b>
Credit depreciations	(286,292)	(285,157)	(1,135)
<b>Balance at closure of fiscal year net of depreciations</b>	<b>1,465,855</b>	<b>1,601,119</b>	<b>(135,264)</b>

A breakdown of credits subdivided by donor type, as they are reported in activities, reveals the following:

	31/12/2013	31/12/2012	Variation
Credits from private associations (ILEP, CEI, and others)	418,200	126,700	291,500
Credits from MAAEE (net of depreciations)	78,661	120,685	(42,024)
Credits from international donors	861,622	1,098,482	(236,860)
Credits from local entities and Regions	46,103	38,183	7,920
Credits from local entities and Regions through groups	61,268	217,069	(155,801)
<b>Total credits</b>	<b>1,465,855</b>	<b>1,601,119</b>	<b>(135,264)</b>
Of which short-term	715,154	1,309,893	(594,740)
Of which long-term	750,701	291,226	459,476

**Credits from private associations**, with an overall total of € 418,200, increase by € 291,500 (from € 126,700 at 31 December 2012). This variation is mainly due to:

- Approval of a CEI project in Liberia which resulted in a Credit of 270,000 euro, of which 90,000 was already received in 2013;
- Approval of a project on the part of the Prosolidar Foundation which resulted in a Credit of 150,000 euro, of which 53,500 was already received in 2013;
- Approval of a project on the part of the Missio Association, which resulted in a Credit of 100,000 €, of which 50,000 was already received in 2013;
- The devaluation of a 32,000 Euro Credit from the DFB Association (ILEP), due to unrecoverability;
- Receipt of a 12,000 Euro Credit during the current fiscal year towards the SOS Missionario Association, emerging in previous fiscal years.

Finally, we note the definitive closure, and consequent elimination from the statement, of a 25,000 Euro credit towards the Maos Unidas Association (Portugal), already completely devalued during the previous fiscal year.

**Credits from MAAEE** are recorded in the Statement for a total of € 78,661 (€ 120,685 in 2012) at net of depreciations, which amount to € 251,202 (€ 257,068 in 2011). This decrease results from receipt of the final payment of the Vietnam RBC project during the course of 2013 for a total amount of € 42,276.

Final payments for the Vietnam RBC 2012 project (€ 71,267) and RIDS project (€ 7,394) are forthcoming and have already been reported.

**Credits from International Donors** are made up in their entirety of credits from the EU, and decreased from € 1,098,482 to € 861,622 (- 21%). On the one hand, this reduction is tied to dynamics related to receipt of payment for projects co-financed by the EU, which were the following:

- Research and Mental Health (Multi-country): receipt of second payment of € 131,711.
- Vietnam Project: final payment of € 21,073 received,
- Liberia RBC: final payment of € 61,843 received,
- China Mental Health: payment of € 8,702 received.

On the other hand, a credit of € 563,066 was received for a new project in China, which was partially received in the current fiscal year for an amount of € 174,517 (payment)

No other increase in credits from International Donors were registered during the fiscal year.

**Credits form local entities and Regions** increased compared to 2012, from € 38,183 to € 46,103 (+ 20%). Principal determining factors of this variation were:

- Approval of a project on the part of the Region of Emilia-Romagna which resulted in a credit of 53,463 € (of which € 32,070 was received in 2013)
- The reduction of a credit arising in past fiscal years toward the Padova AUSL, resulting a payment of 18,000 € during the current fiscal year.

As regards credits obtained **through AIFO groups** present on national territory, a reduction from € 217,069 to € 61,268 (- 72%) was recorded, due to the lower amount payments received in 2013, which was not compensated by the emergence of new credits.

## Tax Credits



Tax credits at 31 December 2013 amount to € 10,305, of which € 9,608 refer to payments relative to the IRES tax, and the remaining amount is due to pre-payments made on the substitute tax for severance pay.

#### Other Credits

This budget item amounted to € 53,778 on 31 December 2013 and decreased compared to the amount of € 60,930 at the closure of the previous fiscal year.

#### Bequests and Donations

The budget item “bequests and donations” is made up of the following:

	31/12/2013	31/12/2012	Variation
Real Estate	1,771,619	1,771,619	
Currency / Goods	170,162	83,604	86,558
<b>Total</b>	<b>1,941,781</b>	<b>1,855,223</b>	<b>86,558</b>
Depreciations	(671,989)	(629,075)	(42,914)
Expense Allowance	(184,040)	(199,203)	15,163
<b>Total bequests and donations (at net)</b>	<b>1,085,752</b>	<b>1,026,945</b>	<b>58,807</b>

All in all, the budget item “Bequests and Donations,” recorded as an asset at net of depreciations and the bequest expense fund, amounts to € 1,085,752, at an increase compared to the previous year by €58,807 due to bequests received during the course of the fiscal year for which the cycle of payment is not yet concluded, and due to variations in depreciations and the expense allowance.

During the course of the fiscal year, various bequests were received for a total amount of € 567,786, of which € 481,228 were received in the current fiscal year. The remaining portion will be received in 2014.

Variations occurring on the “Expense Fund for Bequests” during the course of 2013 were the following:

Expense Fund for Bequests at 01/01/2013	199,203
Provisions in the course of 2012	421
Adjustments (write-offs)	(451)
Allowance Usage	(15,133)
<b>Expense Allowance for Bequests at 31/12/2012</b>	<b>184,040</b>

The “Bequest Depreciation Allowance” increased by € 42,914 to realign the value of some of the real estate recorded in the statement to current market value. To this purpose, in order to evaluate the accuracy of the real estate recorded in the statement, data was used from the Real Estate Department of the Italian IRS (*Osservatorio dei Valori Immobiliari dell’Agenzia delle Entrate*). In the specific case of a piece of real estate in Fossano (CN), the amount agreed upon during an ongoing sale of the property was used.

#### Investment Activities

This budget item is made up of:

	31/12/2013	31/12/2012	Variation
Pioneer Fund ‘cautious line’	250,000	250,000	0
Restricted Account Bank of Bologna	300,000	300,000	
Titles	80,000	0	80,000
<b>Total Investment Activities</b>	<b>630,000</b>	<b>550,000</b>	<b>80,000</b>
Of which fixed financial assets	0	0	
<b>Total Current Financial Assets</b>	<b>630,000</b>	<b>550,000</b>	<b>80,000</b>

In this fiscal year as well a delegation to financial managers was upheld, which takes place under the close scrutiny of the administration, regarding general practices relative to the investments made, which must be limited to risk-free financial settings considered coherent with the object of the Association.

Variations in the distribution of investment activities (+ 80,000 €) are due to the purchase of titles out of an inheritance (Bisso inheritance) and are composed of:

- BTP government bonds (expiration 1/11/29) for a total value of € 45,000;
- IMI bonds (expiration 1/9/2017) for a total value of € 35,000.

### Cash and Cash Equivalents

The budget item entitled “Cash and Cash Equivalents” is recorded at € 8,704 and is made up of currency and equivalents available at the National headquarters, along with the currency in cash boxes existent in loco for certain projects, which has been recorded using the exchange rate applicable to the date of statement closure, as is divided in the following manner:

	31/12/2013	31/12/2012	Variation
Main Cash Box	2,138	2,719	(581)
Stamps and Stamp Duties	488		488
Checks to Cash	1,611	10,380	(8769)
Foreign Currency Cash Box	1,645	1,811	(166)
Rome office Cash Box	0	9	(9)
Project Cash Boxes in loco	2,822	11,228	8,406
<b>Total at Statement Closure</b>	<b>8,704</b>	<b>26,147</b>	<b>(17,443)</b>

The following deposits and withdrawals were made from the “Main Cash Box” during the fiscal year:

	Main Cash Box
Total at beginning of year	2,719
Deposits	53,394
Withdrawals	(53,975)
<b>Total at closure of fiscal year</b>	<b>2,138</b>

The Rome office cash box is recorded at 0, as a consequence of the closure of the office on 31/12/2013.

### Bank and Postal Accounts

The budget item “Bank and Postal Accounts” is recorded at a total amount of € 3,002,276 and is subdivided in the following manner:

	31/12/2013	31/12/2012	Variation
Bank accounts	1,207,631	2,218,081	(1,010,450)
Postal accounts	1,663,496	597,860	1,065,636
Other postal accounts (CMP)	25,187	34,409	(9,222)
Pre-paid Cards	3,242	3,242	
<b>Total on premises at closure of fiscal year</b>	<b>2,899,557</b>	<b>2,853,591</b>	<b>45,966</b>
Project bank accounts in loco	102,720	105,921	(3,201)
<b>Total at closure of fiscal year</b>	<b>3,002,276</b>	<b>2,959,513</b>	<b>42,763</b>

The difference in remaining amounts of bank and postal accounts is tied to the decision to keep a higher amount of cash in the postal accounts in order to benefit from their interest rate.

The following deposits and withdrawals were made at bank and postal accounts in Italy:

	Bank Accounts	Postal Accounts	Other Postal Accounts (CMP)	Prepaid Cards	TOTAL
Total at beginning of year	2,218,081	597,860	34,409	3,242	2,853,591
Deposits	5,635,719	1,408,494	76,800		7,121,012
Withdrawals	6,646,168	342,858	86,021		7,075,048
<b>Total at closure of year</b>	<b>1,207,631</b>	<b>1,663,496</b>	<b>25,187</b>	<b>3,242</b>	<b>2,899,556</b>

Considering the total amount present in bank accounts abroad at 31 December 2013 is € 102,720, the total amount of the budget item "Bank and Postal Accounts" is € 3,002,276.

### Positive Accruals

This budget item amounts to € 48,010, compared to € 37,854 at 31 December 2012, and refers to insurance and utilities pertaining to the following year as well as any positive difference between the cost and historical values at net of short-term private banking investments (historical values are registered within investment activities). At closure of this fiscal year, positive accruals related to the Pioneer Fund amounted to € 17,781, while positive accruals, amounting to €16,132 at the closure of the fiscal year, are largely tied to insurance premiums pertaining to the 2014 fiscal year.

## NET ASSETS AND LIABILITIES

### NET ASSETS

As a result of the loss expense for the year 2013 amounting to € 24,329, AIFO's net assets went from € 4,797,520 at 31 December 2012 to € 4,773,191 at 31 December 2013.

They comprise the following:

### Designated Project Funds

This budget item represents AIFO funds whose use is restricted to guaranteeing coverage of project costs for projects approved by the Board of Trustees for the following year.

The amount represents cost estimates for the 2014 year, at net of any contributions on the part of donors.

Designated project funds have seen the following variations:

2014 year	Cost Estimate 2014 <sup>1</sup>	Coverage in 2014 of co-financers	AIFO Designated Project Funds for 2014	AIFO Designated Project Funds for 2013	Variation
Pledged funds for short-term projects	2,349,521	999,236	1,350,285 <sup>2</sup>	1,673,706	(323,421)
Pledged funds for short-term dev. edu. projects	28,280	0	0	10,242	(10,242)
<b>Total funds pledged for short-term projects</b>	<b>2,377,801</b>	<b>1,049,236</b>	<b>1,636,970</b>	<b>1,683,948</b>	<b>(333,663)</b>

### Fixed Reserve

1 From the 2014 Financial Plan approved by the assembly on 30/11/2013

2 From the 2014 Financial Plan approved by the assembly on 30/11/2013

This budget item is equal to € 600,000, corresponding to the limit set by the motion approved by the National Assembly on 26 and 27 May 2007, which foresees a fixed reserve equal to 30% of net pledges destined to projects and which must at any rate fall between € 600,000 and € 1,200,000.

### Unrestricted Net Assets

“Unrestricted Net Assets” include the residual part of liabilities, which is not bound as “Designated Project Funds” or “Fixed Reserve” and is made up of the following items at 31 December 2013:

	31/12/2012	31/12/2011	Variation
Available Funds	1,998,277	1,663,337	48,255
Revaluation Reserve, 185/08 Law	848,958	848,958	848,958
Surpluses/Deficits	(24,329)	1,277	(25,606)
<b>Total Unrestricted Net Assets</b>	<b>2,822,906</b>	<b>2,513,572</b>	<b>22,649</b>

### RISKS AND COSTS ALLOWANCE

The budget items present in this category at 31/12/2013 are “Project Accounting Risk Funds”, and “Various Funds”. Variations in the “Project Accounting Risk Funds” throughout the year were as follows:

Allowance at 01/01/2013	<b>30,686</b>
Write-offs for accounting approvals or credit depreciations	(21,435)
Funds Used	(209)
Surplus for projects	10,525
<b>Allowance at 31/12/2013</b>	<b>19,566</b>

The budget item “Various Funds” includes the tax funds for the 2013 IRES and IRAP.

### SEVERANCE PAYMENT FUND (TFR)

As mentioned above in the evaluation criteria, this budget item reports the entire amount of severance pay pertinent to employees. In 2013 the budget item amounts to € 528,707.

Variations in this budget item are as follows:

TFR at 01/01/2013	507,861
Usage during year	(30,089)
Surplus for year	50,935
<b>Fund at 31/12/2013</b>	<b>528,707</b>

### DEBTS

This budget item, which increased by € 42,620 when compared to 31 December 2012, is broken down as follows:

	31/12/2013	31/12/2012	Variation
Suppliers	134,239	72,495	61,744
Other Debts	101,238	106,560	(5,322)
Debts toward Social Security Inst.	59,884	59,722	162
Tax Debts	35,279	49,242	(13,963)
<b>Total Debts</b>	<b>330,640</b>	<b>288,019</b>	<b>42,620</b>

The difference registered with respect to the previous year is mainly due to the item “Suppliers”, which is higher than that of the past year.



## NEGATIVE ACCRUALS

The budget item for the amount of € 1,778,823 includes negative accruals and contributions pledged by donors relative to projects to be carried out during the following year or those to come. This item decreases by the amount used during the fiscal year for project implementation and increases in the event of approved projects with a duration of several years by the amount to be “suspended” in as far as it is relevant to successive years.

	31/12/2013	31/12/2012	Variation
Various negative accruals	5,839	10,061	(4,222)
Deferred short-term project credits	1,094,912	1,056,444	38,468
Deferred long-term project credits	678,072	622,225	55,847
<b>Total negative accruals</b>	<b>1,778,823</b>	<b>1,688,730</b>	<b>90,093</b>

## INTERIM ACCOUNTS

Funds committed to projects at 31 December 2013 are the following:

	31/12/2013	31/12/2012	Variation
Short-Term Funds Committed to Projects	318,973	1,476,783	(1,157,810)
Long-Term Funds Committed to Projects	882,847	778,747	104,100
Development Education	0	10,242	(10,242)
<b>Total Interim Accounts</b>	<b>1,201,820</b>	<b>2,265,771</b>	<b>(1,063,952)</b>

The budget items “Funds Committed to Projects” in the short and long-term represent AIFO’s pledge to projects at the closure of the fiscal year, and are the result of approval on the part of the Board of Trustees. These approvals are related to pledges made toward the association’s own projects, or those of partners or third parties, and can last for various years. Pledges relative to the next year are recorded in the item “Short-Term Funds Committed to Projects”, while other pledges are recorded in the item “Long-Term Funds Committed to Projects”. Pledges made are formally communicated to applicants, and while these do not constitute a right of third parties, they represent a moral commitment. The possible cancellation of the pledge is always decided upon during meetings of the Board of Trustees and is determined either by savings emerging during the project or the impossibility to carry out the project or any of its parts.

In the case of co-financed projects, the pledge determined by AIFO’s Board of Trustees includes the donor contribution, contrary to what is registered in the budget item “Designated Project Funds”, which, as stated above, is at net of such contributions and long-term commitments.

At 31 December 2013 the amount of bank guarantees received from third parties in favor of the Association upon donor request is zero and therefore no titles related to bank guarantees are present.

## STATEMENT OF ACTIVITIES

### REVENUES

#### Donations received from individuals

In order to find the resources necessary to carry out its institutional activities, AIFO constantly implements awareness activities and partakes in fund raising, through the dedication and presence of its Members and supporters, as well as through tools such as the magazine "Friends of Follereau", its website, and initiatives like World Leprosy Day and specific campaigns.

Donations received from individuals deriving from these activities are equal to € 2,414,695 for the fiscal year in question.

This budget item accounts for the association's highest level of revenues, and the amount recorded for the fiscal year under examination is higher than that of the previous year by € 27,833: a 1% increase. In consideration of the negative trend that has continued for many years and aggravation of the current financial crisis, this result must be considered quite positively. It is surely in part the result of measures taken and investments made (new web site design, editorial changes to the magazine format, investments in promotion and communication), in order to reverse the trend of (and recover from) a lower amount of donations. At the same time, the danger of a continuation of the declining trend in donations in the longer term is very real, as the economic crisis, contrary to optimistic predictions, has become the norm in Italian society, greatly effecting the lifestyles of those making up AIFO's associative basis and traditional donors. Future predictions compared to the past year remain cautious, and should be closely monitored due to a possible downturn in the current economic crisis.

#### Revenues from the 5/1000 tax

In 2013 the Internal Revenue Service published and liquidated revenues deriving from the 2012 5/1000 tax. The amount received by AIFO was € 117,073, an 6% decrease when compared to the previous year.

#### Contributions from Private Associations

This budget item includes contributions made by private associations (such as CEI MISSIO, PROSOLIDAR, and ILEP-affiliated associations), as well as the co-financing of the projects promoted and managed by AIFO. The budget item is equal to € 296,805, and has decreased by € 198,917 (- 40%) with respect to the previous year. The reduction was determined by the lesser impact of contributions made by private associations and the CEI. This reduction must be considered as completely tied to the dynamics of the project cycles in course: As seen above, in 2013 new projects were approved by private donors, which will result in contributions throughout 2014 and 2015 as well.

#### Contributions from the Italian Ministry of Foreign Affairs (MAAEE)

In 2012 this budget item is equal to € 222,639 and represents contributions received from the MAAEE related to activities in progress during the fiscal year. The increase in funds compared to the previous year, when the budget item was equal to € 39,559, is mainly due to the conclusion of activities related to the Vietnam RBC and RIDS projects:

	2013	2012	Variation
Vietnam RBC 2012 Project	200,798	36,760	164,038
MAE RIDS Project	21,841	2,799	19,042
<b>Total contributions from MAAEE</b>	<b>222,639</b>	<b>39,559</b>	<b>183,080</b>

No new MAE co-financed projects were registered in the course of 2013.

#### Contributions from the European Union and other International Donors

Contributions from the European Union in 2013, compared to those of the previous fiscal year and divided by relative project, are the following:

	2013	2012	Variation
Mongolia RBC 2011-2014 Project	141,718	190,422	(48,704)
Guinea Bissau Gabu Project	326,668	143,600	183,068
China Mental Health Project	8,441	4,848	3,593
Vietnam Disability and Human Rights Project	1,812	139,192	(137,380)
CBR Mental Health Research Project	138,365	96,673	41,692
Liberia RBC Project	29,173	198,876	(169,703)
<b>Total EU contributions</b>	<b>646,177</b>	<b>773,611</b>	<b>(127,434)</b>
Contributions from other international Donors	0	0	0
<b>Total contributions from International Donors</b>	<b>646,177</b>	<b>773,611</b>	<b>(127,434)</b>

EC co-financed projects that produced revenues in 2013 were approved during the course of 2011 and 2010, and will be completed between 2013 (China Mental Health, Liberia RBC, Vietnam Disability and Human Rights) and 2014 (Mongolia, Guinea Bissau, CBR Research and mental health). The new project co-financed by CE China NSA approved during 2013 did not generate contributions in the fiscal year as activities are scheduled to begin in 2014.

#### Contributions from local entities and Regions

This budget item, equal to € 78,053 refers to contributions from Municipalities, Provinces, and Regions. It was subject to an increase of € 42,746 compared to the previous year.

#### Contributions from local entities and Regions through groups

Contributions pertaining to 2013 received through groups amount to € 37,645 (€ 61,226 less than those registered in the last fiscal year), and are distributed as follows:

- Liberia CBR Project: € 15,000 (Province of Trento through the Rovereto Group);
- India Mandva Project: € 2,000 (Padua Municipality through the Padua Group);
- Mongolia CBR: € 6,667;(Municipality of Rovereto through the Rovereto Group);
- Brazil Kurumì Project: € 13,400;(Region of Trentino through the Rovereto Group);
- Kenya Kadem Project: € 578; (Chioggia Municipality through the Chioggia Group).

#### Bequests

Revenues deriving from bequests amount to a total of € 583,056: € 72,338 less than those of 2012. When proceedings deriving from bequests are analyzed in relation to the costs relative to their management (which will be examined in the "Expenses" section), net revenues deriving from bequest management can be measured:

	2013	2012	Variation
Gross revenues from bequests	583,056	655,394	(72,338)
Consultancy costs for bequests	(42,670)	(42,553)	(117)
Other management expenses	(18,408)	(91,709)	73,301
<b>Net Revenues for bequests</b>	<b>521,978</b>	<b>521,132</b>	<b>846</b>

Despite a decrease in gross revenues from bequests, a reduction in management expenses compensates for the negative variation, so that the result remains substantially similar to that of the previous fiscal year.

#### Variations in Residual Funds

This budget item, amounting to € 47,965, is entirely due to the variation of residual inventories in storage. The increase compared to the past year is purely contingent on dynamics of purchase and distribution of promotional material to AIFO groups (honey in particular), tied to World Leprosy Day, which was celebrated on 26/01/2014.

## EXPENSES

### Introductory Note

In continuation with the decision made during the past fiscal year and in conformity with the proposal contained in the document *Guidelines and Schemes for Drafting Statements of Financial Position for Non-Profit Organizations*, it has been decided to represent the Statement of Activities following a *classification of expenses incurred by area*. This structuring foresees re-classification into homogeneous activity segments:

- 1) Campaigns
- 2) Publications
- 3) Bequests
- 4) Institutional Activities
- 5) Cooperation Projects
- 6) Development Education Projects
- 7) Structural Expenses

The first 6 items contain direct costs incurred by the Association in the implementation of the related activities, while Structural Expenses covers costs related to the functioning of AIFO on a technical and structural level (including headquarter staff, excluding project staff), which are to be considered as indirect expenses with respect to the activities.

This classification has been deemed more appropriate in representing the association's activities aimed at fulfilling its Purposes to third parties.

The subdivision of expenses among the different areas of activity has been possible by the use of an Analytical Accounting system, which, among other factors, has allowed for comparison of period values with those of the previous period.

### Campaigns

This item sums the expenses incurred by AIFO in the implementation of Awareness Campaigns and fund raising.

Expenses incurred for campaigns amount to a total of € 439,680, a decrease of € 76,042 compared to the previous year, or 15% less.

This variation is distributed almost equally among the various budget lines of the group, and chiefly concern the costs of WLD (which were reduced due to a lesser cost in purchases and production of materials) and the Item "Bidder Contacts and Developments". The drastic cost reduction in the budget item "Big Donors" is due to the fact that in the past fiscal year costs were incurred for the organization of the trip of a delegation of AIFO donors in order to promote projects in Mozambique.

Cost breakdown:

	2013	2012	Variation
WLD	331,388	368,748	(37,360)
5 /1000	19,228	26,938	(7,710)
Bidder Contracts and Developments	88,453	101,893	(13,440)

Big Donors	611	18,144	(17,532)
<b>Total campaign expenses</b>	<b>439,680</b>	<b>515,723</b>	<b>(76,042)</b>

## Publications

This budget item sums the expenses relative to AIFO's editorial production: the magazine Friends of Follereau, the Annual Report, and other editorial projects of the association.

Expenses incurred for Publications amount to € 196,433: € 6,868 less than those of 2012. This item is broken down in the following manner:

	2013	2012	Variation
Friends of Follereau	186,775	186,397	378
Annual Report	4,837	6,383	(1,546)
Other Publications	4,820	10,520	(5,700)
<b>Total Publication Expenses</b>	<b>196,433</b>	<b>203,301</b>	<b>(6,868)</b>

Savings on Publication costs are almost completely due to a reduction in the "Other Publications" budget line, which only records graphic design consultancy and printing costs incurred for the 2014 AIFO Daily Planner created by AIFO-Lazio within the framework of the project "He who sows rights..." ("*Chi semina diritti...*").

## Bequests

Following are the expenses incurred in bequest management:

	2013	2012	Variation
Legal consultancy for inheritance	42,670	42,553	117
Travel Expenses	8	56	(48)
Production of materials	1,773	1,331	442
Expense allowances for bequests	421	75,393	(74,972)
ICI/IMU taxes	11,692	14,929	(3,237)
Other	4,514	0	4,514
<b>Total Expenses Bequests</b>	<b>61,078</b>	<b>134,262</b>	<b>(73,184)</b>

The decrease in expenses related to bequest management is in large part due to the decrease in expense allowances, which were not incremented when compared to the past year leading to substantial stability in the expenses to be covered for bequests.

## Institutional Activities

This item sums the expenses related to the functioning of the chartered bodies of AIFO, statement auditing, and institutional relationships with other associations and federations.

Expenses related to institutional activities decreased with respect to the previous year by € 19,406. This decrease is tied to lower costs related to assembly functions and the Board of Trustees (a reduction in travel cost reimbursement), regional coordination (reduction in costs incurred by regional coordination committees), and institutional relationships (membership dues).

	2013	2012	Variation
General Assembly	10,915	17,304	(6,389)
Board of Trustees	14,970	18,911	(3,941)
Board of Auditors	11,102	11,333	(231)
Statement Certification	13,687	13,336	351

Regional Coordination	250	5,971	(5,721)
Members	11,613	10,548	1,065
Institutional Relationships	34,692	39,231	(4,539)
<b>Total Institutional Activity Expenses</b>	<b>97,228</b>	<b>116,634</b>	<b>(19,406)</b>

### Cooperation Projects

The expenses of cooperation projects amount to € 2,479,538, falling by approximately 9% compared to 2012.

Following is a breakdown of expenses incurred in 2013 by project:

ILEP Cod	Project Type	Continent	Country	Project Title	TOTAL COSTS 2013 (in €)
1100001	Leprosy	Africa	COMORE	POMONI	54,397
1119002	Leprosy	Africa	CAMEROUN	SOCIAL PROGRAMME	15,000
1230006	Rehabilitation	Africa	EGYPT	CBR	942
1240001	Leprosy	Africa	VARIOUS	AMI	5,000
1390001	Rehabilitation	Africa	KENYA	KOROGOCHO RBC	14,050
1390010	Leprosy	Africa	KENYA	KADEM	76,387
1399002	Leprosy	Africa	KENYA	PN	6,710
1430003	Rehabilitation	Africa	LIBERIA	CBR	144,124
1430004	Rehabilitation	Africa	LIBERIA	CBR EU	36,353
1439901	Rehabilitation	Africa	LIBERIA	DPO EU	9,826
1490008	Leprosy	Africa	MADAGASCAR	IMADY	5,000
1490017	Leprosy	Africa	MADAGASCAR	MORAMANGA	5,000
1490027	Leprosy	Africa	MADAGASCAR	ISOANALA	5,000
1519006	Leprosy	Africa	MOZAMBIQUE	NAMPULA	127,769
1519008	Leprosy	Africa	MOZAMBIQUE	CABO DELGADO	3,229
1519011	Leprosy	Africa	MOZAMBIQUE	MANICA IV	108,708
1609001	Leprosy	Africa	GUINEA BISSAU	P,N,	39,627
1609901	Leprosy	Africa	GUINEA BISSAU	GUINEA BISSAU UE	408,335
2239001	Leprosy	Latin America	NICARAGUA	MANAGUA	9,000
3060190	Leprosy	Latin America	BRAZIL	ACRE	8,942
3060790	Leprosy	Latin America	BRAZIL	GOIAS	10,228
3061209	Rehabilitation	Latin America	BRAZIL	SANTAREM CBR	2,900
3061290	Leprosy	Latin America	BRAZIL	PARA	20,000
3062116		Latin America	BRAZIL	GAMAH	2,900
3062702	Leprosy	Latin America	BRAZIL	PORTO NACIONAL COMSAUDE	16,000
3069102	Institution Building	Latin America	BRAZIL	COORDINATION	75,940
3069103	Institution Building	Latin America	BRAZIL	BRASA	2,100
4120003	Leprosy	Asia	CHINA	HANDA	30,010
4129011	Leprosy	Asia	CHINA	YUNNAN YNCDC	10,000
4129901	Rehabilitation	Asia	CHINA	EU MENTAL HEALTH	51,610
4250123	Leprosy	Asia	INDIA	GUDIVADA/SANT CATALD	14,000
4250166	Leprosy	Asia	INDIA	NIDADAVOLE	7,000
4250178	Leprosy	Asia	INDIA	KOLLAPUR	12,600
4250198	Leprosy	Asia	INDIA	ANDHRA PRADESH NLEP	3,400
4250210	Rehabilitation	Asia	INDIA	ASSAM CBR	24,000

4250299	Leprosy	Asia	INDIA	ASSAM NLEP	35,896
4250502	Leprosy	Asia	INDIA	COCHIN IMA	12,500
4250711	Leprosy	Asia	INDIA	KARIGIRI	1,400
4250716	Leprosy	Asia	INDIA	KUMBAKONAM	17,000
4250828	Leprosy	Asia	INDIA	BOMBAY SION	5,000
4250832	Leprosy	Asia	INDIA	BOMBAY VIMALA	5,000
4251001	Leprosy	Asia	INDIA	SUMANA HALLI	8,000
4251008	Leprosy	Asia	INDIA	MANGALORE	4,500
4251012	Leprosy	Asia	INDIA	BELLARY	13,000
4251034	Leprosy	Asia	INDIA	MANDYA LEBBRA/CBR	24,500
4251039	Rehabilitation	Asia	INDIA	MALAVALLI CBR	20,500
4251098	Leprosy	Asia	INDIA	KARNATAKA NLEP	6,826
4251197	Leprosy	Asia	INDIA	ORISSA NLEP	9,000
4251698	Leprosy	Asia	INDIA	WEST BENGAL NLEP	4,000
4259001	Leprosy	Asia	INDIA	NP NATIONAL LEVEL	6,000
4259102	Institution Building	Asia	INDIA	COORDINATION	70,623
4259904	Rehabilitation	Asia	INDIA	MUDHOL KJES RBC	6,000
4259906	Rehabilitation	Asia	INDIA	WE CARE RBC	8,000
4509001	Rehabilitation	Asia	MONGOLIA	CBR - PROSOLIDAR	45,275
4509002	Rehabilitation	Asia	MONGOLIA	CBR - ROVERETO (new)	6,005
4509101	Institution Building	Asia	MONGOLIA	COORDINATION	12,659
4509903	Rehabilitation	Asia	MONGOLIA	MONGOLIA CBR UE 2011-2014	176,596
4530008	Rehabilitation	Asia	NEPAL	WATCH PRIVATO	43,270
4550010	Leprosy	Asia	BANGLADESH	KHULNA	10,000
4550017	Rehabilitation	Asia	BANGLADESH	CHITTAGONG	5,000
4829901	Rehabilitation	Asia	VIETNAM	VIETNAM CBR	3,329
4829903	Rehabilitation	Asia	VIETNAM	DISABILITY AND HUMAN RIGHTS EU	1,881
4829904	Rehabilitation	Asia	VIETNAM	VIETNAM CBR MAE 2012	229,846
5020001	Leprosy	Europe	ITALIA	OSP, S,MARTINO GE IMMIGRATI	294
5020004	Rehabilitation	Europe	ITALIA	MAAEE RIDS GUIDELINES	23,401
5029701	Institution Building	Europe	ITALIA	SIHAN	256
7030113	Research	Europe	ITALIA	LAB, SERIOL, GE	85
7209901	Research	Various	VARIOUS	MENTAL HEALTH RESEARCH EU	161,642
8020414	Training	Various	VARIOUS	INFO MAT AIFO	12
8040104	Training	Europe	VARIOUS	LEPROSY REVIEW	1,500
8049901	Training	Various	VARIOUS	MAKING DEVELOPMENT INCLUSIVE	872
9000005	Other Leprosy	Various	VARIOUS	SS, MESSE	1,280
9000144	Institution Building	Various	VARIOUS	ILEP/OMS/VARIOUS MEETINGS	4,416
9000201	Rehabilitation	Various	VARIOUS	WHO VULNERABLE GROUPS	20,000
9000202	Institution Building	Various	VARIOUS	NEW PROJECT DEVELOPMENT	1,148
9013013	Childhood	Latin America	BRASILE	Childhood GOIAS VELHO	27,010
9013017	Childhood	Latin America	BRASILE	KURUMi ABAETETUBA CEI	35,507
9014014	Childhood	Asia	INDIA	Childhood BIDAR/BHALKI	15,425
9014015	Childhood	Asia	INDIA	Childhood CHAINPUR	13,000
9014018	Childhood	Asia	INDIA	Childhood NAYEE ASHA	16,000
<b>TOTAL</b>	<b>2,479,538</b>	<b>TOTAL</b>	<b>2,479,538</b>	<b>TOTAL</b>	<b>2,479,538</b>



### Development Education Projects (DE)

Expenses relative to DE projects amount to € 38,087, and increase of € 17,946 with respect to 2012. This increase is due to the organization of the XXV International AIFO Conference, while “school” project costs are reduced.

The following table illustrates the cost breakdown by project.

	2013	2012	Variation
Witnesses of Solidarity	1,674	2,288	(614)
Convention	22,558	-	22,558
Peace Caravan		1,541	(1,541)
Civil Service	135	1,481	(1,346)
Various Activities	1,693	-	1,693
Summer Camps	5,000	3,039	1,961
Training Courses for members	1,129	240	889
DE materials	3,352	3,283	69
Exhibits	734	989	(255)
Schools	1,792	7,280	(5,488)
Follerau Doc. Center	21	0	21
<b>Total DE project expenses</b>	<b>38,087</b>	<b>20,141</b>	<b>17,946</b>

### Structural Expenses

This budget item is comprised of expenses relative to the function of the Bologna and Rome offices, divided into Organizational Parts (Services): Direction, Administration, General Services and Territory (GST), Services for Projects Abroad, Education and Communication. The item includes the expenses related to office employees, while collaborators working for specific projects are included in relative project expenses.

Expenses related to the start up of a new Digital Accounting program and related employee Training programs are also located here and appear as a specific item in the breakdown.

	2013	2012	Variation
Direction	128,693	135,497	(6,804)
Administration	146,574	145,692	882
General Services and Territory	276,686	256,620	20,066
Services for Projects Abroad	214,691	244,658	(29,967)
Education and Communication	107,040	157,835	(50,795)
General Costs Bologna Office	120,121	134,534	(14,413)
General Costs Roma Office	14,755	14,800	(45)
New Accounting Program	49,577	29,157	20,420
Training	0	15,905	(15,905)
<b>TOTAL</b>	<b>1,058,137</b>	<b>1,134,699</b>	<b>(76,562)</b>

The expenses of office staff, divided over the different organizational parts, amount to a total of € 848,882 (- € 40,593 compared to 2012): 80% of structural costs.

Depreciations, located within the item “General Costs Bologna Office” amount to a total of € 63,977 (+ € 10,908 compared to 2012).

This breakdown illustrates an overall reduction of structural expenses between 2012 and 2013 equal to € 76,562: - 7%.



The reduction is determined by a lowering of office staff expenses compared to 2012 due to two main factors:

- The loss of 1 staff member in August 2013 after the employee ceased to work in the Rome office,
- Activation of unemployment insurance for headquarter employees since April 2013.

As regards employees in maternity leave, two employees returned in April and October 2013 respectively, while another took maternity leave starting in October 2013.

Other cost reductions are due to:

- no employee training costs
- reduction of costs tied to legal consultancy
- a general reduction within various service and purchase costs, as well as those of the production of promotional materials

These reductions are partially compensated by an increment in costs related to the activation of a new digital accounting program (+ € 20,420), determined in large part by the renewal of a collaboration contract and the increase in costs for software maintenance and dues.

### Financial Management

	2013	2012	Variation
INTEREST RECEIVABLE ON BANK AND POSTAL ACCOUNTS	12,374	18,223	(5,849)
<i>Interest payable on bank and postal accounts</i>	(77)	(16)	(61)
<i>Charges on bank and postal accounts</i>	(8,293)	(6,511)	(1,782)
BANK AND POSTAL ACCOUNT EXPENSES	(8,370)	(6,528)	(1,842)
<b>Result, management of bank and postal accounts</b>	<b>4,004</b>	<b>11,695</b>	<b>(7,691)</b>
INCOME FROM INVESTMENT FUNDS AND SECURITIES	13,311	22,951	(9,640)
<i>Charges on investment funds and securities</i>	(1,282)	0	(1,282)
<i>Commissions on invest. funds and securities</i>	(41)	(11)	(30)
INVESTMENT FUNDS AND SECURITIES EXPENSES	(1,323)	(11)	(1,312)
<b>Result, management of investment funds and securities</b>	<b>11,988</b>	<b>22,940</b>	<b>(10,952)</b>
<b>Charges on bank guarantees</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RESULT: FINANCIAL MANAGEMENT</b>	<b>15,992</b>	<b>34,635</b>	<b>(18,643)</b>

Financial management includes interest receivable and interest payable on accounts, bank charges, charges on bank guarantees, and income and charges related to investment funds and securities. In 2013 the resulting net amount was positive, registered at € 15,992, but worse than that of 2012 (where this amount was equal to € 34,635), mainly because of lower income deriving from investment funds and securities and reduction of interest receivable on bank and postal accounts.

### Allowances and Released Allowances

	2013	2012	Variation
Credit Depreciation Allowance	(32,000)	(33,955)	1,955
Bequest Depreciation Allowance	(42,914)		(42,914)
Accounting Risk Allowance	(10,525)	(10,630)	105
<b>Total Allowances</b>	<b>(85,439)</b>	<b>(44,585)</b>	<b>(40,854)</b>
Release of Accounting Risk Allowance	21,435	36,476	(15,041)
Release of Bequest Cost Allowance	451		451

Total revenue for released allowances	21,887	36,476	(14,589)
<b>ALLOWANCES AT NET OF RELEASED ALLOWANCES</b>	<b>(63,552)</b>	<b>(8,110)</b>	<b>(55,442)</b>

This particular part of financial management illustrates revenues and expenses relative to the management of risk allowances and their release.

During the 2013 fiscal year, a total of € 85,439 of risk allowances were recorded: € 40,854 more than what was recorded in 2012. The creation of these allowances was due to:

- the depreciation of credit from private associations, for which a failure to collect is assumed ( € 32,000)
- the depreciation of real estate within the bequest budget line to realign the value of some real estate recorded in the statement to current market value (€ 42,914)
- adjustment of the accounting risk allowance to meet the risk fund required by donors in line with accounting costs (€ 10,525)

At the same time, accounting risk allowances for completed projects were released.

### Revenues and Expenses of Exceptional Nature

	2013	2012	Variation
Revenues from favorable exchange rates	109	74	35
Surplus assets	6,461	244,924	(238,463)
Other exceptional revenues	3		3
<b>Exceptional Revenues</b>	<b>6,573</b>	<b>244,997</b>	<b>(238,424)</b>
Exceptional charges	(4)	(419)	415
Expenses from unfavorable exchange rates	(195)	(14)	(181)
Losses on credits	(1,966)		(1,966)
Surplus liability	(8,108)	(17,142)	9,034
Expenses on bequests		(690)	690
Legal disputes with employees	(14,198)		(14,198)
<b>Exceptional Expenses</b>	<b>(24,471)</b>	<b>(18,266)</b>	<b>(6,205)</b>
<b>TOT EXCEPTIONAL REVENUES AND EXPENSES</b>	<b>(17,899)</b>	<b>226,731</b>	<b>(244,630)</b>

This section includes as revenues, surplus assets; and as expenses, surplus liability and exceptional expenses.

Overall Exceptional Revenues amount to €6,573 in 2013, and are mainly related to the registry of positive economic elements from previous fiscal years or to a lack in liability costs.

Exceptional expenses amount to € 24,471 and mainly refer to the following factors:

- € 14,198 tied to the out-of-court settlement of a legal dispute with an employee
- € 8,108 for the payment of a balance relative to previous fiscal years or to a lack of certain net asset components.

The remaining amount refers to various less substantial factors.

### Tax Obligations

The budget item "Tax obligations", equal to € 32,797, includes reserve funds for payment for IRES and IRAP taxes, and all taxes receivable interests from bank accounts and investments. It does not include ICI/IMU property tax amounts (which have been included in bequest costs), or the waste management tax (which has been accounted for within the costs of Bologna and Rome offices, within the structural costs section). Compared to the previous fiscal year, there is a € 13,660 decrease in tax obligations.

This difference is due to a capital gain during the last fiscal year, which increased this budget item for 2012.

### **Staff**

AIFO staff is hired according to the National Collective Labor Contract (*Contratto Collettivo Nazionale di Lavoro*) for service and distribution industry employees. At 31/12/2013 hired staff at the association was equal to 21 individuals, one less than in 2012. In both 2013 and 2012 one member of staff was registered as under permanent unpaid leave.

During the course of 2013 the Association registered 8 expatriate project staff members and one temporary staff member in Italy. As regards voluntary work, this are registered only when pertinent to co-financed projects. Difficult to quantify are the thousands of volunteers who help support AIFO in activities ranging from those which are specialized, complex and qualified, to those related to information, education and fund raising. The same consideration can be applied to members of the Board of Trustees, who carry out their activities on a voluntary basis, in accordance with AIFO's charter, which calls for a total distinction between technical staff (paid) and members (volunteer). In 2013 the Association incurred costs of € 848,882 for staff members, while in the previous year this cost was equal to € 889,475.

### **Results for the Fiscal Year**

The 2013 fiscal year closed with a loss of € 24,329: € 25,606 less than that of the previous year.

The results concerning operational income, however, are positive, closing at € 73,926: a € 279,450 gain when compared to the 2012 fiscal year.

This difference between the operational income and overall net results for the fiscal year is due to a negative trend in the financial management of non-operational factors, and, in particular, to allowance reserves tied to depreciations for over 85,000 euro. Compared to the past fiscal year, financial management also reports a loss of over 18,000 euro, due to negative trends in investment funds and a reduction in interest on bank accounts.

The contrasting, substantial gain recorded in the outcome of ordinary management is due more to a reduction in operational costs (-10% than those of 2012) than to any rising trend in credits, which actually reduced by 4%. To this regard, it is important to note that the budget item registering the largest decrease when compared to the previous fiscal year is that related to cooperation project expenses, which was reduced by no less than 237,077 €. Reductions are also registered in the following items, in order of their value:

- Structural Expenses (- € 76,562)
- Campaigns (- € 76,042)
- Management of Bequests/Donations (- € 73,184)

Overall, operational expenses were reduced compared to the previous fiscal year by € 471,193 (-10%), while operational credits were reduced by 191,743 (-4%).

*This statement of financial position gives a true and fair view and corresponds to the accounting records.*

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Anna Maria Pisano  
President  
Associazione Italiana Amici di Raoul Follereau

