



AVSI Foundation

Financial statements as at December 31, 2021

Independent auditor's report

Independent auditor's report (Translation from the original Italian text)

To the Board of Directors of
AVSI Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AVSI Foundation (the Foundation), which comprise the balance sheet as at December 31, 2021 and the operating report for the year then ended, and the sections "General Information on the Entity" and "Illustration of financial statements items" included in the mission report. The aforementioned financial statements were prepared for the first time in accordance with the Italian regulations governing such financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as at December 31, 2021 and of its financial performance for the year then ended in accordance with the Italian regulations governing financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

This report is not issued pursuant to the provisions of the Italian law, as the Foundation is not subject to the statutory audit, for the year ended December 31, 2021.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the [consolidated] financial statements that give a true and fair view in accordance with the Italian regulations governing financial statements, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Foundation's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Foundation or to cease operations or have no realistic alternative but to do so.

The statutory audit committee ("Collegio dei Revisori") is responsible, within the terms provided by the law, for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, June 24, 2022

EY S.p.A.
Signed by: Maurizio Girardi, Auditor

This report has been translated into the English language solely for the convenience of international readers.



FINANCIAL STATEMENT TO DECEMBER 31ST, 2021
STATEMENT OF FINANCIAL POSITION
(values expressed in Euros)

People for development

ASSETS	at 31/12/2021	
A) MEMBERSHIP FEES OR CONTRIBUTIONS STILL OWED;		-
B) NON-CURRENT ASSETS		
I - INTANGIBLE NON-CURRENT ASSETS		
1) start-up and expansion costs;	7,396	
2) development costs;		
3) industrial patent rights and rights to use intellectual works;	37,901	
4) concessions, licenses, trademarks, and similar rights;	4,161	
5) goodwill;	400	
6) non-current assets under construction and advance payments;		
7) other	360,879	
TOTAL		410,737
II - TANGIBLE NON-CURRENT ASSETS		
1) land and buildings;	1,240,064	
2) plant and machinery;	16,812	
3) equipment;	61,429	
4) other assets;		
5) non-current assets under construction and advance payments		
TOTAL		1,318,305
III - FINANCIAL NON-CURRENT ASSETS		
1) equity investments in:		
a) subsidiaries;		
b) affiliates;		
d) other companies;	25,619	
2) receivables due:		
a) from subsidiaries;		
b) from affiliates;		
c) from other third-sector entities;		
d) from others;		
3) other securities;		
TOTAL		25,619
TOTAL NON-CURRENT ASSETS		1,754,661
C) CURRENT ASSETS		
I - Inventory		
1) raw materials, auxiliary materials, and consumables;		
2) products in progress and semi-finished goods;		
3) works in progress on order;		
4) finished products and goods;		
5) advance payments.		
TOTAL		-
II - RECEIVABLES, WITH SEPARATE INDICATION, FOR EACH ITEM, OF AMOUNTS PAYABLE BEYOND THE NEXT 12 MONTHS:		
1) due from users and clients;	416,118	
2) due from associates and founders;	14,850	
3) due from public entities;	49,023,328	
of which Euro 18,098,368 is due beyond the next 12 months		
4) due from private entities for contributions;	2,456,020	
of which Euro 700,667 is due beyond the next 12 months		
5) due from entities in the same associative network;	2,597,025	
6) due from other third-sector entities;		
7) due from subsidiaries;		
8) due from affiliates;		
9) tax credits;	16,981	
10) due from 5 per mille;		
11) due from pre-paid taxes;		
12) due from others	36,458	
TOTAL		54,560,779
III - FINANCIAL ASSETS THAT DO NOT CONSTITUTE NON-CURRENT ASSETS		
1) equity participations in subsidiaries;		
2) equity participation in associates;		
3) other securities		
TOTAL		-
IV - CASH AND CASH EQUIVALENTS		
1) bank and post office deposits;	8,220,176	
2) cheques;	1,641	
3) cash and cash equivalents on hand	30,128	
TOTAL		8,251,946
TOTAL CURRENT ASSETS		62,812,725
D) ACCRUED INCOME AND DEFERRED LIABILITIES		44,019
TOTAL ASSETS		64,611,406

FINANCIAL STATEMENT TO DECEMBER 31ST, 2021
STATEMENT OF FINANCIAL POSITION
 (values expressed in Euros)

LIABILITIES	at 31/12/2021	
A) NET ASSETS		
I - ENTITY'S ENDOWMENT FUND		40,918
II - RESTRICTED ASSETS		55,232,141
1) statutory reserves;		
2) restricted assets by decision of institutional bodies;		
3) restricted assets allocated by third parties	55,232,141	
III - UNRESTRICTED ASSETS		864,715
1) retained earnings or surplus income;	864,715	
2) other reserves		
IV - SURPLUS/DEFICIT FOR THE FISCAL YEAR		56,957
TOTAL		56,194,731
B) PROVISIONS FOR RISKS AND CHARGES		
1) pensions and similar obligations;		
2) taxes, including deferred taxes;		
3) others.	250,000	
TOTAL		250,000
EMPLOYMENT SEVERANCE INDEMNITIES		1,634,017
D) ACCOUNTS PAYABLE, WITH SEPARATE INDICATION FOR EACH ITEM OF AMOUNTS PAYABLE BEYOND THE NEXT 12 MONTHS		
1) accounts payable to banks	3,181,561	
2) accounts payable to other financiers;		
3) accounts payable to associates and founders for financing;		
4) accounts payable to entities in the same associative network;	542,783	
5) total accounts payable for conditional charitable donations;		
6) advance payments;		
7) accounts payable to suppliers;	755,161	
8) accounts payable to subsidiaries and associates;		
9) tax liabilities;	296,269	
10) accounts payable to pension and social security institutions;	337,012	
11) accounts payable to employees and contractors;	1,421,604	
12) other payables	-	1,731
TOTAL		6,532,658
E) ACCRUED LIABILITIES AND DEFERRED INCOME		
TOTAL NET ASSETS AND LIABILITIES		64,611,406

FINANCIAL STATEMENT TO DECEMBER 31ST, 2021**OPERATING REPORT**

(values expressed in Euros)

COSTS AND CHARGES	2021	REVENUES AND INCOME	2021
A) Costs and charges for general activities		A) Revenues, payments, and income from general activities	
1) for raw and auxiliary materials, consumables and merchandise	1,656,873	1) Revenues from membership dues and contributions from founders	-
2) Services	44,740,260	2) Revenues from associates for mutual activities	-
3) Use of third-party assets	329,865	3) Revenues from services and sales to associates and founders	-
4) Staff	7,401,893	4) Charitable donations	6,737,858
5) Depreciation	6,095	5) Income from 5 per mille	433,244
6) Provisions for risks and charges	-	6) Contributions from private entities	3,895,766
7) Other operating costs	1,431,951	7) Revenues from services and sales to third parties	-
8) Initial inventory	-	8) Contributions from public agencies	40,821,407
		9) Income from contracts with public agencies	-
		10) Other revenues, proceeds, and income	1,757,202
		11) Closing inventory	-
TOTAL	55,566,937	TOTAL	53,645,477
(+/-)			- 1,921,460
B) Costs and charges for other activities		B) Revenues, proceeds, and income from other activities	
1) Raw materials, auxiliary materials, consumables, and goods.	-	1) Revenues from services and sales to associates and founders	-
2) Services	130,632	2) Contributions from private entities	-
3) Use of third-party assets	-	3) Revenues from services and sales to third parties	679,573
4) Staff	104,732	4) Contributions from public agencies	-
5) Amortization/Depreciation	-	5) Income from contracts with public agencies	-
6) Provisions for risks and charges	-	6) Other revenues, proceeds, and income	-
7) Other operating costs	1	7) Closing inventory	-
8) Initial inventory	-		
TOTAL	235,365	TOTAL	679,573
SURPLUS/DEFICIT FROM OTHER ACTIVITIES (+/-)			444,209
C) Costs and charges for fundraising activities		C) Revenues, proceeds, and income from fundraising	
1) Charges for regular fundraising	265,956	1) Income from regular fundraising	1,838,067
2) Charges for occasional fundraising	-	2) Income from occasional fundraising	-
3) Other charges	-	3) Other income	-
TOTAL	265,956	TOTAL	1,838,067
SURPLUS/DEFICIT FROM FUNDRAISING ACTIVITIES (+/-)			1,572,111
D) Costs and charges on financial and capital assets		D) Revenues, proceeds, and income from financial and capital assets	
1) On banking relationships	170,741	1) From banking relationships	7,921
2) On loans	2,432	2) From other financial investments	-
3) From building assets	-	3) From building assets	-
4) From other capital assets	-	4) From other capital assets	-
5) Provisions for risks and charges	-		
6) Other charges	70,180	5) Other income	-
TOTAL	243,354	TOTAL	7,921
SURPLUS/DEFICIT FROM FINANCIAL AND CAPITAL ASSETS (+/-)			- 235,433
E) General support costs and charge		E) Total general support income	
1) Raw materials, auxiliary materials, consumables, and goods.	109,367	1) Income from staff secondment	-
2) Services	459,245	2) Other general support income	4,325,331
3) Use of third-party assets	52,503		
4) Staff	3,188,780		
5) Amortization/Depreciation	206,893		
6) Provisions for risks and charges	-		
7) Other charges	91,074		
TOTAL	4,107,861	TOTAL	4,325,331
TOTAL COSTS AND CHARGES	60,419,473	TOTAL REVENUES AND INCOME	60,496,369
SURPLUS/DEFICIT FOR THE FISCAL YEAR BEFORE TAXES (+/-)			76,896
Taxes for the fiscal year			(19,939)
SURPLUS/DEFICIT FOR THE FISCAL YEAR (+/-)			56,957

CASH FLOW SITUATION

(values expressed in Euros)

12/31/2021

A. Cash flow from operating activities

Profit/(Loss) for the fiscal year	56,957
Taxes	19,939
(Gain)/Loss on the sale of tangible non-current assets	
Interest payable/(Interest income)	165,253
Profit (Loss) for the fiscal year before taxes, interest and gains/losses from disposals	242,149

Adjustments for non-monetary elements which have no balancing entry in current assets

Allowances to funds	
Amortization of intangible non-current assets	126,790
Depreciation of tangible non-current assets	85,999
Write-downs of non-current assets	70,180
Provision for employee severance indemnity	164,315
Provision for project credit impairment losses	
Flow before variations in net working capital	447,284

Variations in net working capital

(Increase) Decrease in receivables due from institutional financiers	8,879,976
(Increase) Decrease in receivables due from private donors	(1,015,310)
Decrease (Increase) other receivables	(309,756)
Decrease (Increase) accrued income and deferred liabilities	(17,174)
Increase (Decrease) deferred income and accrued liabilities	
(Increase) Decrease in accounts payable to projects - variations in restricted reserves	(8,453,355)
(Increase) Decrease in accounts payable to suppliers	294,748
(Increase) Decrease in other accounts payable	104,008
Total variations in net working capital	(516,863)

Other adjustments

Interest paid	(165,253)
Income taxes paid	(19,939)
Losses on the sale of non-current assets	
Adjustments on projects	
Use of the employee severance indemnity fund	
Total other adjustments	(185,192)

Cash flow from operating activities (A) **(12,621)**

B. Cash flows from investment activities

(Investments)/Disinvestments in intangible non-current assets	(287,309)
(Investments)/Disinvestments in tangible non-current assets	(6,583)
(Investments)/Disinvestments in financial-equity investment non-current assets	0

Cash flow from investment income (B) **(293,892)**

C. Cash flows from financing

Increase/ (Decrease) in short-term accounts payable to banks	358,513
New financing	
Repaid financing	

Cash flows from financing (C) **358,513**

Increase (Decrease) in cash and cash equivalents (A +- B +- C) **52,000**

Initial cash and cash equivalents **8,199,946**

Final cash and cash equivalents **8,251,946**

FINANCIAL STATEMENTS TO DECEMBER 31st, 2021 AND TO DECEMBER 31st, 2020
STATEMENT OF FINANCIAL POSITION

(values expressed in Euros)



People for development

ASSETS	at 31/12/2021	to 31/12/2020
A) MEMBERSHIP FEES OR CONTRIBUTIONS STILL OWED;	-	-
B) NON-CURRENT ASSETS		
I - INTANGIBLE NON-CURRENT ASSETS		
1) start-up and expansion costs;	7,396	11,521
2) development costs;		
3) industrial patent rights and rights to use intellectual works;	37,901	12,830
4) concessions, licenses, trademarks, and similar rights;	4,161	1,962
5) goodwill;	400	600
6) non-current assets under construction and advance payments;		
7) other	360,879	223,305
TOTAL	410,737	250,218
II - TANGIBLE NON-CURRENT ASSETS		
1) land and buildings;	1,240,064	1,298,877
2) plant and machinery;	16,812	20,433
3) equipment;	61,429	78,411
4) other assets;		
5) non-current assets under construction and advance payments		
TOTAL	1,318,305	1,397,720
III - FINANCIAL NON-CURRENT ASSETS		
1) equity investments in:		
a) subsidiaries;		
b) affiliates;		
d) other companies;	25,619	95,800
2) receivables due:		
a) from subsidiaries;		
b) from affiliates;		
c) from other third-sector entities;		
d) from others;		
3) other securities;		
TOTAL	25,619	95,800
TOTAL NON-CURRENT ASSETS	1,754,661	1,743,738
C) CURRENT ASSETS		
I - Inventory		
1) raw materials, auxiliary materials, and consumables;		
2) products in progress and semi-finished goods;		
3) works in progress on order;		
4) finished products and goods;		
5) advance payments.		
TOTAL	-	-
II - RECEIVABLES, WITH SEPARATE INDICATION, FOR EACH ITEM, OF AMOUNTS PAYABLE BEYOND THE NEXT 12 MONTHS:		
1) due from users and clients;	416,118	345,560
2) due from associates and founders;	14,850	14,850
3) due from public entities;	49,023,328	57,903,303
of which Euro 18,098,368 is due within the next 12 months		
4) due from private entities for contributions;	2,456,020	1,440,711
of which Euro 700,667 is due beyond the next 12 months		
5) due from entities in the same associative network;	2,597,025	2,354,565
6) due from other third-sector entities;		
7) due from subsidiaries;		
8) due from affiliates;		
9) tax credits;	16,981	44,474
10) due from 5 per mille;		
11) due from pre-paid taxes;		
12) due from others	36,458	12,227
TOTAL	54,560,779	62,115,690
III - FINANCIAL ASSETS THAT DO NOT CONSTITUTE NON-CURRENT ASSETS		
1) equity participations in subsidiaries;		
2) equity participation in associates;		
3) other securities		
TOTAL	-	-
IV - CASH AND CASH EQUIVALENTS		
1) bank and post office deposits;	8,220,176	8,185,576
2) cheques;	1,641	
3) cash and cash equivalents on hand	30,128	14,370
TOTAL	8,251,946	8,199,946
TOTAL CURRENT ASSETS	62,812,725	70,315,636
D) ACCRUED INCOME AND DEFERRED LIABILITIES	44,019	26,845
TOTAL ASSETS	64,611,406	72,086,219

FINANCIAL STATEMENTS TO DECEMBER 31st, 2021 AND TO DECEMBER 31st, 2020

STATEMENT OF FINANCIAL POSITION

(values expressed in Euros)

People for development

LIABILITIES	at 31/12/2021		to 31/12/2020	
A) NET ASSETS				
I - ENTITY'S ENDOWMENT FUND		40,918		40,918
II - RESTRICTED ASSETS		55,232,141		63,685,496
1) statutory reserves;				
2) restricted assets by decision of institutional bodies;				
3) restricted assets allocated by third parties	55,232,141		63,685,496	
III - UNRESTRICTED ASSETS		864,715		610,668
1) retained earnings or surplus income;	864,715		610,668	
2) other reserves				
IV - SURPLUS/DEFICIT FOR THE FISCAL YEAR		56,957		254,047
TOTAL		56,194,730.60		64,591,128.83
B) PROVISIONS FOR RISKS AND CHARGES				
1) pensions and similar obligations;				
2) taxes, including deferred taxes;				
3) others.	250,000		250,000	
TOTAL		250,000		250,000
EMPLOYMENT SEVERANCE INDEMNITIES		1,634,017		1,469,701
D) ACCOUNTS PAYABLE, WITH SEPARATE INDICATION FOR EACH ITEM OF AMOUNTS PAYABLE BEYOND THE NEXT 12 MONTHS				
1) accounts payable to banks	3,181,561		2,823,048	
2) accounts payable to other financiers;				
3) accounts payable to associates and founders for financing;				
4) accounts payable to entities in the same associative network;	542,783		420,084	
5) total accounts payable for conditional charitable donations;				
6) advance payments;				
7) accounts payable to suppliers;	755,161		460,413	
8) accounts payable to subsidiaries and associates;				
9) tax liabilities;	296,269		204,969	
10) accounts payable to pension and social security institutions;	337,012		290,721	
11) accounts payable to employees and contractors;	1,421,604		1,572,030	
12) other payables	-	1,731	4,124	
TOTAL		6,532,658		5,775,389
E) ACCRUED LIABILITIES AND DEFERRED INCOME				
TOTAL NET ASSETS AND LIABILITIES		64,611,406		72,086,219



AVSI FOUNDATION

Company Details	
Registered office at	No. 216, Via Padre V. da Sarsina, Cesena (FC)
Tax reference number	81017180407
RUNTS - Italian National Single Register of the Third Sector	N/A
Progressive reference number	N/A
RUNTS section	N/A
Economic and Administrative Index number	N/A
VAT number	03817840402
Endowment fund in Euros	40,918
Legal Status	Incorporated foundation
Certified email address	segreteria@avsi.org
Associated networks of which the entity is a member	CdO Opere sociali [Italian social charities association]



Mission report to the financial statements to 31/12/2021

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Mission report to the financial statements to 31/12/2021

GENERAL INFORMATION ON THE ENTITY

1. General Information on the Entity

AVSI Foundation is a Third-Sector Entity which is not yet registered in the Italian National Single Register of the Third Sector established pursuant to Italian Legislative Decree 117/2017 and/or is not yet registered in the appropriate register up to the financial year in which the European Commission approved the Third-Sector regulations (the “transition period”).

Therefore, AVSI Foundation is a Civil Society Organization registered pursuant to Italian Law no. 125 of 11th August 2014 at no. 50 in the list of non-profit entities held by the Italian Agency for Development Cooperation (AICS) under Decree no. 2016/337/000143/0 of 04/04/2016 (already recognized as a suitable NGO – pursuant to Article 28, Italian Law no. 49 of 26/02/1987 – by the Italian Foreign Ministry with Ministerial Decree no. 1988/128/4195/3 of 14/09/1988).

After being entered on the list held by the Italian Agency for Development Cooperation, it was entered on the Single Charity Database held by the Agenzia delle Entrate [Italian tax authority] (ref. no. 57967 of 23/11/2015)

The entity has legal status and was constituted on September 27th, 1972 and was transformed into a Foundation on December 2nd, 2004.

AVSI Foundation is a non-profit entity, and it aims to pursue civic, solidaristic, and social utility objects, performing the following general activities, pursuant to its Statute:

1. Carrying out development cooperation activities
2. Carrying out national and international adoption activities
3. Raising public awareness
4. Providing vocational and personal training to staff
5. Collaborating with institutions, organizations – including private organizations, – national and international authorities, the United Nations, movements, groups, and communities.
6. Being a member of organizations, unions, bodies, and national and international federations
7. Carrying out charitable activities
8. Providing a humanitarian reception for migrants and helping them integrate into society
9. Protecting civil rights
10. Conducting scientific research
11. Protecting and enhancing the environment
12. Fundraising

In 2021, AVSI has performed all the activities set out in its statute (see section 2. Objects) and pursuant to Article 5, Italian Legislative Decree 117/2017, with the exception of carrying out foster care activities. Regarding AVSI’s secondary activities, during 2021 AVSI provided services in Sierra Leone, Ivory Coast, Uganda, Brazil, and Burundi. Revenues were also received from the sale of carbon credits in Haiti and Mozambique exclusively as part of AVSI’s cooperation activities.

Key data for the year are set out here:

- 329 projects
- 39 countries



- 2,169 staff
- 10,645,624 direct beneficiaries | 37,377,579 indirect beneficiaries
- 22,212 babies and children worldwide | sponsored through the SaD scheme
- 2,816 local partners | organizations, businesses, institutions
- 22,203 donors | institutions, individuals, foundations, businesses, schools
- 273 AVSI Points | support groups involving 1,681 volunteers who are in direct contact with AVSI, part of a network made up of more than 3,000 people

In 2021, the number of projects undertaken by AVSI increased significantly compared with the previous year. This corresponds with an increase in the volume of activities, caused by a greater number of emergency projects, typically of short duration, and by the greater precision with which AVSI has been able to identify projects at local level.

Projects	Total 329
Completed in 2021	165
Ongoing in 2021	55
Begun in 2021	109

As part of its multi-sector work, AVSI contributes to all 17 Sustainable Development Goals of the 2030 Agenda. Education and the fight against poverty are the key goals.

Sustainable Development Goals	Number of projects
GOAL 1: NO POVERTY	124
GOAL 2: ZERO HUNGER	68
GOAL 3: GOOD HEALTH AND WELLBEING	76
GOAL 4: QUALITY EDUCATION	131
GOAL 5: GENDER EQUALITY	250
GOAL 6: CLEAN WATER AND SANITATION	31
GOAL 7: AFFORDABLE AND CLEAN ENERGY	25
GOAL 8: DECENT WORK AND ECONOMIC GROWTH	102
GOAL 9: INDUSTRY, INNOVATION, AND INFRASTRUCTURE	9
GOAL 10: REDUCE INEQUALITY	69
GOAL 11: SUSTAINABLE CITIES AND COMMUNITIES	28
GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION	17
GOAL 13: CLIMATE ACTION	126
GOAL 14: LIFE BELOW WATER	1
GOAL 15: LIFE ON LAND	8
GOAL 16: PEACE, JUSTICE, AND STRONG INSTITUTIONS	22
GOAL 17: PARTNERSHIPS FOR THE GOALS	45

2021 was another year impacted by the COVID-19 pandemic. Despite this, thanks to AVSI's flexibility and capacity to adapt, the percentage of projects successfully completed is very satisfactory, with a good 60% of projects achieving or even exceeding forecasted results.

AVSI has its registered office in Cesena and has operational premises in Milan, Florence, and Naples, and in another 22 countries.

From a taxation perspective, AVSI is a non-profit third-sector entity pursuant to Article 79, paragraph 5, Italian Legislative Decree no. 117/2017.

AVSI does not conduct its activities exclusively or principally as a commercial business and prepares its financial statements pursuant to Article 13, paragraph 1, Italian Legislative Decree no. 117/2017 and to Ministerial Decree of March 5th, 2020. Since AVSI's "revenues, returns, proceeds or income, however they are referred to" are greater than €220,000, the financial statements are made up of the "Statement of Financial Position", the "Operating Report Statement", and the "Mission Report" referred to respectively in Form A, Form B, and Form C appended to Ministerial Decree of March 5th, 2020.

AVSI's fiscal year begins on January 1st and runs until December 31st of each year.

As well as the financial statements for the year, AVSI has prepared a social report pursuant to Article 14, Italian Legislative Decree no. 117/2017.

2. Data on associates and founders, and activities carried out with them

The table below sets out some key data regarding AVSI's founders and how its governance bodies work.

Data on AVSI's structure and information on how its governance bodies work	No.
AVSI's Founders	<i>34 entities and 11 individuals</i>
Founders Meetings	2
Members of the Board of Directors	7
Board meetings held during the fiscal year	8
Board of Participants and new admissions during the fiscal year	<i>91 individuals and 1 entity No new members were admitted to the Board</i>
Board of Participants meetings held during the fiscal year	1
Members of the Board of Auditors	<i>3 standing and 2</i>
Audits conducted	4

AVSI is governed by:

- Founders Meetings
- a Board of Participants
- a Board of Directors
- a President and a Vice-President
- a Secretary General
- a Board of Auditors

2.01 Founders Meetings

Founders are the entities and individuals who were designated as such at the time AVSI Association was transformed into AVSI Foundation at the Founders Meeting (of December 2nd, 2004). This transformation occurred by means of a resolution democratically adopted by unanimous vote of those present.



Founders Meetings:

- Define and approve the indicative directions and the guidelines for the Foundation's activities, as proposed by the Board of Directors;
- Assesses the Foundation's results;
- Resolves on any modifications to the statute;
- Admits third parties as Founders and Participants;
- Approves and modifies the Foundation's Code of Ethics;
- Resolves on the Foundation's dissolution and allocation of its assets

2.02 Board of Participants

Participants are the entities and individuals who were designated as such by AVSI's Founders Meeting at the time AVSI Association was transformed into AVSI Foundation (of December 2nd, 2004). This transformation occurred by means of a resolution democratically adopted by unanimous vote of those present. Participants may be individuals and entities who contribute significantly and continually to the Foundation's life and to the achievement of its objects, outside of any established employment or collaboration relationship. Participants are resolved upon by the Founders Meeting. The Board of Participants meets at least once per year to formulate non-binding opinions and proposals regarding the Foundation's activities and programs.

The Board of Participants is currently composed of 92 members, including:

- 91 individuals (32 women and 59 men)
- 1 entity

2.03 Board of Directors

The Foundation is administered by a Board of Directors composed of seven members. Each member's post lasts for four fiscal years and expires at the date of the Founders Meeting convened to approve the final financial statements for the final fiscal year of their mandate. Members can be re-elected. The members of the Board of Directors are appointed by the Founders Meeting with a vote of only the Founders who are entities. The Board of Directors has all powers of ordinary and extraordinary administration over the Foundation. These include:

- submitting to the Founders Meeting an annual report containing proposals regarding the indicative directions and the principal guidelines for the Foundation's activities, and the related objectives and programs;
- prepares the annual budget and financial statements, and the social report, where necessary;
- resolve on the acceptance of bequests, legacies, and donations, and the acquisition and disposal of property;
- proposes to the Founders Meeting any modifications to the statute;
- appoints the President, Vice President, and Secretary General from its members;
- determines the Secretary General's remuneration;
- determines the size of any emoluments due to each member of the Board of Directors, including the President and Vice President, or other Directors with specific duties, to the extent permitted by any maximum limit established by the Founders Meeting pursuant to section 9.2, letter c;
- carries out all further duties allocated to the Board of Directors by this Statute and by the Founders Meeting;

- where it deems it appropriate to do so, it will appoint an Advisory Board, composed of authoritative and qualified figures from outside the Foundation, who may provide consultancy support to guide activities. It may define strategic guidelines, taking account of the complexity and mutability of the context in which the Foundation operates, or on specific themes that the Board resolves to submit to it;
- may delegate part of its powers to the President, the Vice President, to the Secretary General, and/or to individual Directors.

Members of the Board of Directors do not receive emoluments, compensation, or fees for any title allocated.

The Founders Meeting of June 23rd, 2021 appointed the new Board of Directors. Its members are:

1. Daniele Contini, General Manager of Just Eat for Italy (first appointed as Director 30/06/2017)
2. Alessandro Maffioli, Chief Development Effectiveness Division at IDB Invest. (first appointed as Director 23/06/2021)
3. Alfredo Mantica, formerly Senator and Under-Secretary at the Italian Ministry of Foreign Affairs, with Cooperation and Development duties for Africa and the Middle East (first appointed as Director 03/03/2015)
4. Lorenzo Ornaghi, formerly Chancellor of Università Cattolica del Sacro Cuore in Milan (first appointed as Director 18/07/2013)
5. Patrizia Savi, Chief Financial and Risk Officer at SEA Milan Airports (first appointed as Director 18/07/2013)
6. Antonella Maria Sciarrone-Alibrandi, Vice-Chancellor and Professor of Economic Law at the Università Cattolica del Sacro Cuore (first appointed as Director 23/06/2021)
7. Giampaolo Silvestri, Secretary General, AVSI Foundation (first appointed as Director 18/07/2013)

The Board of Directors meeting on June 24th, 2021, confirmed Patrizia Savi as President, Alfredo Mantica as Vice President, and Giampaolo Silvestri as Secretary General.

2.04 Board of Auditors

The Board of Auditors is appointed by the Founders Meeting with a vote of only the Founders who are entities. Each member's post lasts for four fiscal years and expires at the date of the Founders Meeting convened to approve the final financial statements for the final fiscal year of their mandate. Members may be re-confirmed. The Board of Auditors duties are as follows:

- it oversees the financial management of the Foundation. It ensures that the accounts are being kept correctly, examines the proposed annual budget and financial statements, prepares the related report, and conducts cash audits;
- it ensures that the Foundation's activities are conducted pursuant to legislation and the Statute and are in line with the principles of proper administration, including with regard to the provisions of Italian Legislative Decree no. 231 of June 8th, 2001, and ensures that the organizational, administrative, and accounting structures are appropriate and functioning correctly;
- it also monitors whether the Foundation is run to achieve its civic, solidaristic, and social utility objects; it certifies that the social report has been prepared in line with

the guidelines adopted pursuant to Article 14, Italian Legislative Decree no. 117/2017.

Members of the Board of Auditors will receive total annual remuneration of Euro 12,500. This is in line with current professional tariffs, and, in any case, it complies with the provisions of Article 8, paragraph 3, letter a), Italian Legislative Decree no. 117/2017.

Members of the Board of Auditors will participate in Board of Directors meetings and the Founders Meeting. The Board of Auditors may also conduct the statutory audit of accounts, in excess of the limits set out in Article 31, paragraph 2, Italian Legislative Decree no. 117/2017.

ILLUSTRATION OF THE FINANCIAL STATEMENT ITEMS

3. Measurement basis used for the financial statement items

The financial statements have been prepared in line with the general clauses, the general financial reporting standards, and the assessment criteria set out, respectively, in Articles 2423, 2423-*bis*, and 2426, Italian Civil Code, and with national accounting standards, insofar as they apply to non-profit third-sector entities with civic, solidaristic, and social utility objects.

The measurement bases used are in line with those approved by the appropriate standards and recommendations issued by the Italian Accounting Standards Board (OIC) regarding third-sector entities – OIC35 – and, where these bases do not apply, with the accounting standards adopted by the same organization regarding the financial statements of companies. As permitted by law and regulatory provision, and with this fiscal year being the first year in which the financial statements have been prepared in line with Ministerial Decree of March 5th, 2020, there is no comparison with the previous fiscal year.

The financial statements have been prepared using the accrual method.

Items appearing in the accounts and in this report have the meaning set out in Appendix 1 of Ministerial Decree on March 5th, 2020, unless otherwise stated.

3.01 Intangible non-current assets

These items are recognized at acquisition cost including accessory charges and are amortized systemically over the period of scheduled future use, using the following rates:

Categories	Rate
• Statutory Amendment fees	20%
• Quality Certification fees	20%
• Trademark Registration fees	20%
• Software costs	33%
• Improvements to third-party assets	Residual term of the lease contract

If, regardless of amortization already recognized in the accounts, there is an impairment loss, the non-current asset will be written down accordingly. If, in future fiscal years, the conditions for the impairment loss no longer exist, the asset will be restored to its original value, adjusted only by amortization.

3.02 Tangible non-current assets

The carrying amount of non-current assets is equal to their acquisition cost and is the price paid, plus the accessory costs incurred until they enter into use. Assets acquired free of charge

are recognized in the accounts at market value at the acquisition date. The cost value is adjusted only in line with national legislation that allows the remeasurement of non-current assets. Financial costs are never capitalized on the cost of assets, whilst non-deductible VAT is charged to the asset and increases the amount of depreciation.

Ordinary maintenance and repair costs are charged to Operating Report in the fiscal year in which they are incurred. Modernization and improvement costs are capitalized only when they produce actual increases in productivity.

Assets are reallocated from the Statement of Financial Position at the moment of sale.

If, regardless of depreciation already recognized in the accounts, there is an impairment loss, the non-current asset will be written down accordingly. If, in future fiscal years, the conditions for the impairment loss no longer exist, the asset will be restored to its original value, adjusted only by depreciation.

Depreciation of tangible non-current assets is calculated on a systematic and constant basis, using an economic depreciation rate believed to represent the useful life of assets, reduced by 50% for non-current assets acquired during the fiscal year.

Bearing the above in mind, the rates used are as follows:

Categories	Rate
• Buildings	3%
• Plant, machinery, and equipment	15%
• Vehicles	25%
• Office furniture	12%
• Electronic office machinery	20%
• Other assets with a unit value lower than the limit (Euro 516.46)	100%

3.03 Financial non-current assets

Equity investments are measured using the cost method and the carrying amount in the financial statements is calculated using the acquisition or subscription price. The cost will be reduced for impairment losses if the investee entities have incurred losses and it is not likely that, in the immediate future, profits will be returned of sufficient magnitude to absorb the losses incurred. The original value will be reinstated in subsequent years if the reasons for the impairment no longer exist.

3.04 Measurement of projects – “Receivables due from private and institutional donors”, “Restricted assets allocated by third parties”

The international cooperation projects managed by AVSI are subject to approval and financially covered by various institutions, such as the Italian Government (through the Italian Agency for Development Cooperation, Ministry of Labor and Social Policies, the Presidency of the Council of Ministers), the European Commission, local bodies, some international organizations (World Bank, UNICEF, UNOCHA), and other bilateral donors (USAID, BRPM, GIZ, Netherlands Development Cooperation).

Further significant contributions are provided by private entities, foundations, and the Italian Bishops' Conference (CEI).

Contributions received from private entities are fundamental to AVSI's work, in that they allow it to finance ad hoc projects and to finance projects that are only partially covered by other institutions.

AVSI's budgets for its multi-year international cooperation projects are always forecasted to break even.

Project costs are guaranteed by contributions provided by the various institutions listed above and by the possibility of obtaining private financing, if "institutional contributions" are not sufficient to cover costs or if costs are incurred that are greater than those forecasted and "approved" by "institutional financiers".

The following paragraphs provide a summary of the accounting recognition system used by AVSI.

Where a financing body assigns AVSI the task of realizing a project and provides a formal, documented decision quantifying the amount involved, the entire amount that the financing body has committed to provide for realizing the project is entered in the receivables section of the Statement of Financial Position and is simultaneously recognized as revenue in the Operating Report Statement.

At the same time, the expected revenue is completely adjusted in that it has not yet been received and the same amount is recognized as a balancing entry in the Foundation's assets, under the item "Restricted assets allocated by third parties", thus highlighting the restriction placed on AVSI to realize the project with that asset.

With each tranche of money received for the project, AVSI will reduce the total amount of receivable entered in the Statement of Financial Position.

In relation to the accounting recognition system adopted, each time a project has a component of contribution to be made by AVSI, the financial commitment is recognized annually, by an entry in specially instituted memorandum accounts.

By using a memorandum account for each project, AVSI can recognize, annually, the amount of its own resources which it must obtain and commit to realize the project co-financed by institutional donors.

The costs incurred and met by these commitments, recognized in Operating Report, will reduce the commitment. The balancing entry in revenues is guaranteed by the private contributions collected by AVSI.

By using this accounting recognition method, AVSI can see, for each project, how much it has yet to collect from various financiers for its projects (ongoing and completed) and the total resources, for the part financed by the donor, that it has still to commit to the realization of the projects, and the total annual commitments for projects which require AVSI to commit a contribution from its own funds.

Each project is guaranteed to be represented in the Statement of Financial Position by the inclusion of the following items:

- "Receivables due from institutional donors": recognized in the Assets section of the Statement of Financial Position, represents the amount AVSI has yet to receive from the financier for the project;

- “Restricted assets allocated by third parties”: recognized in the Liabilities section of the Statement of Financial Position, indicates the amount AVSI must yet provide, to be drawn from the contribution granted by the financier, to realize the project.

3.05 Receivables

Receivables are recognized in the financial statements at amortized cost, taking account of the time factor and within the limits of the expected realizable value and, therefore, are stated in the Statement of Financial Position net of any related provision deemed appropriate to cover reasonably forecastable losses caused by non-payment. If, in subsequent fiscal years, some or all the conditions that led to the impairment loss no longer exist, the previously recognized impairment loss must be reversed. The effects of applying amortized cost and discounting receivables due within the next 12 months, taking account of all contractual and substantive considerations that existed at initial recognition and taking account of transaction costs, are deemed not to be significant. In this instance, discounting has not been applied, interest has been calculated at nominal value, and any transaction costs are recognized in deferred liabilities and amortized using a constant rate over the term of the receivable, adjusted by nominal interest income.

3.06 Financial assets that do not constitute non-current assets

“Other securities” are measured at the lower of cost and realizable value estimated from market performance.

3.07 Cash and cash equivalents

These are recognized at their nominal value. Cash and cash equivalents held in foreign currency are measured using the exchange rate at the end of the fiscal year.

3.08 Accruals and deferrals

This item includes quotas of income and expenses that are shared over two or more fiscal years, using the accruals basis.

3.09 Employee severance indemnity

This allowance is allocated to cover all liabilities accrued in respect of employees in accordance with current national legislation and collective bargaining agreements.

3.10 Payables

Payables are recognized at amortized cost, taking account of the time factor. The effects of applying amortized cost and discounting payables due within the next 12 months, taking account of all contractual and substantive considerations that existed at initial recognition and taking account of transaction costs, are deemed not to be significant. In this instance, discounting has not been applied, interest has been calculated at nominal value, and any transaction costs are recognized in deferred income and amortized using a constant rate over the term of the payable, adjusted by nominal interest income. Amounts payable over multiple fiscal years have been divided into the portion due within the fiscal year and the portion due beyond the fiscal year by referring to the contractual or legal due date, also taking account of facts and events which may require a change in the original due date. Payables for employee holidays accrued and for deferred remuneration, including amounts due to social security bodies, are allocated based on the amount that should be paid if the employment contract ceased at the reporting date.

3.11 Risks and commitments

Guarantees are indicated based on the risk that exists at the reporting date.

Risks which are likely to manifest are described in the Mission Report and are provided for in the risks fund. Risks for which a liability only may manifest, are indicated in the funds' comments, without setting aside an amount in the provision for risks and charges. Risks with a remote likelihood of manifestation are not considered.

3.12 Recognition of income and expenses

Income from "Contributions from public entities" are recognized in the reporting period in which the related expenses are recognized.

AVSI's accounting system requires it to immediately recognize the entire amount of contribution granted by a financer at the moment the contribution is granted. This amount is simultaneously adjusted in full by recognizing a restricted asset belonging to the Foundation for use in a project. The adjustment is made using a profit and loss account for the item for contributions for the fiscal year named "Variations in contributions" divided into types of financers.

The correlation between project costs incurred and the related income is shown by reducing the restricted asset for the project and simultaneously reducing the adjustment component of income recognized at the moment a cost is incurred that is to be covered by a financer and attributable to the project.

Income from "Other general support income" is recognized, in cash, as follows: when relating to projects managed by Italy, the income is recognized in the period in which it is received; when relating to contributions for projects managed by local offices, the income is recognized based on the mutual recognition of the contribution when the intercompany items are checked during preparation of the aggregate financial statements.

"5 per mille" income is recognized based on the communication received from the Italian tax authority regarding the amount due to the Foundation. At 31/12/2021 there are no amounts for which the Foundation has received the portion for the fiscal year.

"Revenues, payments and income from other activities" are recognized on the accruals basis when the conditions for recognizing them occur.

"Funds transferred and yet to be accounted for", within "Services" are considered to be project costs, recognized when the funds are transferred to the site and reclassified according to the items contained in the accounts schedule when the itemized project accounts are received.

"Costs incurred in Italy for projects", "General costs and charges", and "Costs and charges for fundraising activities" are recognized using the accruals basis and correlated with services actually performed in the reporting period.

Interest income, interest payable, and other income and costs are recognized and entered into the financial statements using the accruals basis.

3.13 Income taxes for the fiscal year

Current taxes are recognized in the financial statements using an estimate of taxable income in accordance with current legislation and regulatory provisions and taking into account any applicable exemptions and tax credits due.

Pursuant to Article 12, paragraph 1, Italian Legislative Decree no. 460 of December 4th, 1997, commercial activities do not include institutional activities performed to pursue only social and solidaristic ends, therefore contributions received and income from AVSI's general activities are exempt from IRES income taxes. AVSI's activities are subject to IRAP [Regional Production Tax]. However, the Regions in which AVSI operates have provided for incentive measures.

3.14 Criteria for converting foreign currency items

Transactions originally conducted in a currency other than the Euro are converted into Euro at the historical exchange rate on the date of the related transaction. Exchange rate differences realized when collecting receivables and paying liabilities in foreign currency are recognized in Operating Report. Exchange rate losses are recognized in "Miscellaneous operating costs" and exchange rate gains are recognized in "Other revenues, payment and income" in section A of the Balance Sheet, "General Activities".

Receivables and payables that exist at the end of the fiscal year are recognized in the financial statements at the exchange rate in force at the reporting date. Any exchange rate differences resulting from these adjustments are charged to Operating Report, respectively, in "Miscellaneous operating costs" and "Other revenues, payment and income" in section A of the Balance Sheet, "General Activities".

3.15 Other information

The amounts included in this Mission Report are stated in Euros, unless otherwise indicated. These financial statements have been voluntarily submitted for audit. The external auditor engaged for the task is EY S.p.A..

4. Changes in non-current assets

The following tables set out the changes in "tangible non-current assets", specifying their composition.

Balance at 31/12/21	Balance at 31/12/20	Variations
1,318,305	1,397,720	-79,415

	Land and Buildings	Plant and Machinery	Equipment	Other Assets	Non-current assets under construction and advance payments	Total tangible non-current assets
Value at start of fiscal year	1,298,877	20,433	78,411	0	0	1,397,720
Cost	1,960,428	56,781	159,993.00	2,381	0	2,179,583
Accumulated Depreciation	-661,551	-36,348	-81,582	-2,381	0	-781,862
Carrying amount at 31/12/2020	1,298,876	20,433	78,411	0	0	1,397,720
Variation during fiscal year	0	0	488	0	0	488

Depreciation during the fiscal year	-58,813	-3,621	-17,470		0	-79,904
Value at end of fiscal year	1,240,064	16,812	61,429	0		1,318,304

4.01 Land and Buildings

This item refers to the civil building owned by AVSI, located at Via Padre Vicinio da Sarsina in Cesena, which was acquired for a fee in February 2008 and is used as its registered office, and to a property located in Romania and acquired after a service was performed by a private supporter. The Romanian property was loaned for use by a Romanian NGO, *Asociatia FDP – protagonisti in educatie*, and used as a vocational training center.

The starting value in the accounts is Euro 1,960,528.

The balance at the reporting date of December 31st, 2021, is Euro 1,240,064 net of accumulated depreciation of Euro 720,364.

4.02 Plant and Machinery

This item includes an alarm system installed in the Milan office, the acquisition of photographic equipment, and a teleconferencing system. There were no variations during the 2021 fiscal year, therefore the item has a value at December 31st, 2021, net of accumulated depreciation, of Euro 16,812.

4.03 Equipment

This item has been reclassified from 2020 and comprises the equipment that was included in the previous accounting schedules under “Office equipment” and “Electronic office machinery”. At December 31st, 2021, the total value was Euro 61,429, net of accumulated depreciation of Euro 99,052.

4.04 Other assets

At December 31st, 2021, this item’s value net of accumulated depreciation is 0. Changes occurring during 2021 were for Euro 2,381 and relate to assets whose unit value is lower than the minimum value for depreciation purposes.

These non-current assets have not undergone legal or voluntary write-down or remeasurement.

5. Composition of intangible non-current assets

The following table sets out the changes in “intangible non-current assets”, specifying their composition.

Balance at 31/12/21	Balance at 31/12/20	Variations
410,737	250,218	160,519

	Start-up and expansion costs	Development Costs	Industrial patent rights and rights to use intellectual works	Concessions, licenses, trademarks, and similar rights	Goodwill	Non-current assets under construction and advance payments	Others	Total intangible fixed assets
Value at start of fiscal year	11,521		12,830	1,962	600		223,305	250,218
Cost	76,205	0	370,713	5,451	1,000	0	397,195	850,564

Accumulated Amortization	-64,684	0	-357,883	-3,489	-400	0	-173,890	-600.346
Carrying amount at 31/12/2020	11,521	0	12,831	1,962	600	0	223,305	250,219
Variation during fiscal	0		56,025	3,361	0		228,123	287,509
Amortization during the fiscal year	-4,125	0	-30,953	-1,163	-200	0	-90,547	-126,988
Value at end of fiscal year	7,396		37,901	4,161	400		360,879	410,737

The item “Start-up and expansion costs” includes those items that in 2020 were divided into “Start-up and expansion costs”, “Certification fees”, and “Statutory amendment fees”. The most significant increases in “Industrial patent rights and rights to use intellectual works” relate to the development of the new website and the Navison Worldwide accounting platform. Increases in “Others” include all amounts that in 2020 were entered under “Improvements to third-party assets” and relate to fees for the geothermic system and the installation of the heat pump in the AVSI office in Via Donatello, Milan.

6. Financial non-current assets

The following table sets out the changes in “financial non-current assets”, specifying their composition.

Balance at 31/12/21	Balance at 31/12/20	Variations
25,619	95,800	-70,181

Description	Initial situation			Changes during the fiscal year		Final situation		
	Cost Historical	Accumul. Write-downs	Balance 01/01/2021	Increases (Decreases)	Write-downs in the year	Cost Historical	Accumul. Write-downs	Balance 31/12/2021
Fondazione Banco Alimentare	103,291	-63,165	40,127	0	-40,127	103,291	-103,292	0
Associazione Triulza	5,000	0	5,000	0	0	5,000	0	5,000
Associazione Santa Lucia	620	0	620	0	0	620	0	620
Vita S.p.A.	50,000	0	50,000	0	-30,053	50,000	-30,053	19,946
I Fish Farm	53	0	53	0	0	53	0	53
Total	158,964	-63,165	95,800	0	-70,180	158,964	-133,345	25,619

Financial non-current assets include an equity interest of 22.7% at nominal value in the Ugandan company I Fish Farm, which was created as part of a project implemented by the Foundation for a value of Euro 53, and an equity interest of 2.85% in Vita Società Editoriale S.p.A., a company that was written down to bring it into line with the corresponding portion of net equity.

This item also includes membership fees paid to other foundations and associations. Please note that the 40% equity investment in Fondazione Banco Alimentare’s (a non-profit social utility organization) endowment fund, acquired on September 28th, 1998, has been entirely written down. This item also includes the equity investment in Associazione Santa Lucia’s investment fund (entered in the financial statements for Euro 620) and the equity investment in Associazione Triulza’ endowment fund, acquired by the Foundation in 2020 and entered at the value of the contribution.

7. Current Assets

The following tables set out the composition of current assets, placing particular attention on receivables that constitute the portfolio of contracts in place to realize the general activities defined in the Statute.

7.01 Receivables due from users and clients

This item shows the amount of receivables in existence at 31/12/2021 that relate to the Foundation's ancillary activities: the sale of carbon credits and performance of consultancy and other services.

The amount at 31/12 of Euro 416,118 refers to some invoices dating back to previous fiscal years that were issued to LA International Cooperation S.r.l. – formerly Lattanzio Advisory - (Euro 161,520) in connection with services performed in Sierra Leone. Receivables for invoices issued to CLOROS and TEKVA have also been written down for Euro 52,438 and Euro 7,930, respectively. The receivable due from CLOROS was subject to negotiation and was concluded with a settlement agreement at the end of the contract. The agreement amount is Euro 18,300, compared with the original 70,738. Receivables still exist for invoices issued to PIDUCAS, an entity of the Ivory Coast government, for 234.202. This is currently subject to negotiation, with support from the Italian ambassador, with a view to being paid in 2022.

7.02 Receivables due from associates and founders

This item includes a loan of Euro 14,850 granted to I Fish Farm, a fishermen's cooperative created in Uganda as part of one of the Foundation's projects that has now concluded. The loan was granted as an advance of capital with aim of facilitating the leap in scale requested by the cooperative to expand its activities.

7.03 Receivables due from public entities

This item shows the total cash receipts for institutional projects.

The following table sets out the amounts divided into financing entity:

	Receivables due from public entities	€ total	Due within next fiscal year	Due beyond next fiscal year
1)	Italian Government	8,429,324	6,092,809	2,336,515
2)	European Commission	9,278,484	6,703,493	2,574,991
3)	U.S. Government Entities	20,219,551	13,034,291	7,185,260
4)	International Organizations	543,760	543,760	0
5)	Development Bank	334,978	334,978	0
6)	Other Bilateral Organizations	9,844,147	4,022,820	5,821,327
7)	National local agencies	373,083	192,808	180,275
	Total	49,023,328	30,924,959	18,098,369

The overall situation is significantly down on the previous fiscal year, with a reduction of around Euro 8,900,000. This is especially due to a reduction in receivables due from the European Commission, whilst the other components remain substantially unchanged. Compared with 2020, this item has been broken down into greater detail to show the separate receivables due from U.S. Government entities, international organizations, development banks, and other bilateral organizations (e.g., Belgian Development Cooperation, German Development Cooperation, and Netherlands Development Cooperation, with which the

Foundation has signed major multi-year contracts).

Receivables due from the various entities of the Italian Government have increased compared with 2020, despite the fact that the Foundation took part in the AICS competition held in 2020 for Civil Society Organizations, proposing 7 projects, and the competition has not yet been officially ranked.

This lack of increase in receivables has been offset by receivables arising from approval of emergency projects by the Italian Agency for Development Cooperation and the approval of project with new entities, such as the International Adoption Commission and the Presidency of the Italian Council of Ministers for projects financed using 8 per mille funds. Please note that at 31/12/2021 no receivables have been entered relating to the provision of 5 per mille funds, given that the Foundation has already received the portion for the year normally entered into the financial statements.

The amount of receivables due from the Italian Government is entered net of a credit loss allowance of Euro 171,901. The current amount, unchanged from the previous fiscal year, is still considered sufficient to meet any losses on existing receivables.

Receivables due from the European Commission totals Euro 9,278,484, a significant decrease from the previous fiscal year. This reduction is due to the closure of phase two of the Back to School project in the Middle East and of two contracts with ECHO in Haiti for which renewal has not yet been finalized.

Receivables due from agencies attached to the United States Government total Euro 20,219,551, represented by receivables due for four ongoing BPRM projects (Ecuador, Brazil, Iraq, and Kenya) and due for the remainder of USAID's Graduation to Resilience project, which has reached the end of the fourth of its seven-year term.

The Euro 543,760 shown under receivables due from International Organizations includes four FAO ongoing projects in South Sudan, a consequence of the attempt to also sign contracts with this type of donor through the central headquarters to simplify management of this process and to avoid the repayment of office costs.

Receivables due from other bilateral donors total Euro 9,844,147 and represent the numerous projects signed by the Foundation during 2021 with development cooperation agencies of various European countries. These are: GIZ (German Development Cooperation) with four new projects in Burundi, Jordan, and Uganda, totaling Euro 2,158,476; with Netherlands Development Cooperation for a project in South Sudan (Euro 8,000,000); and with Belgian Development Cooperation for a project in Mozambique (Euro 999,666).

Receivables due from local entities, totaling Euro 373,083, represent existing receivables at the reporting date that are due from the Emilia Romagna Region for ongoing projects in Ukraine, Palestine, Mozambique, and Tunisia, and due from the Lombardy Region for a project connected with the emergency caused by the eruption of the Nyiragongo volcano (Euro 100,000).

7.04 Receivables due from private entities for contributions

This item is made up of receivables due from private foundations, banks, the Italian Bishops' Conference (CEI) (this was not included in this item in 2020) and private institutions for various projects implemented in Brazil, Italy, Syria, and Rwanda. We would like to highlight some significant examples: Fondazione Gemelli for Euro 150,000; Caritas Pro Vitae for Euro

1,051,000; the Van Leer Foundation for Euro 344,133; CAFOD for Euro 128,254. and CEI for Euro 823,421.

A portion of Euro 21,588 also refers to private contributions recorded as income for this fiscal year and were collected in early 2021.

Details are as follows

	Total receivables due from private entities for contributions	€ total	Due within next fiscal year	Due beyond next fiscal year
1)	Receivables due from private	21,587.50	21,587.50	0
2)	Receivables due from	1,611,011.69	910,344	700,667
3)	Receivables due from CEI	823,421.00	823,421.00	0
	Total	2,456,020	1,755,353	700,667

7.05 Receivables due from entities in the same associative network

The table below sets out the receivables due to the Foundation from AVSI offices abroad.

Entity	Balance at 01/01/2021	Balance at 31/12/2021
Due from AVSI Jordan	42,609	17,510
Due from AVSI Myanmar	17,600	39,876
Due from AVSI Ivory Coast	53,047	43,837
Due from AVSI Ecuador	0	33,888
Due from AVSI Haiti	150,473	94,886
Due from AVSI Iraq	31,428	55,173
Due from AVSI Kenya	71,276	121,593
Due from AVSI Lebanon	456,201	412,940
Due from AVSI Mozambique	301,252	619,029
Due from AVSI DR Congo	678,474	467,456
Due from AVSI Rwanda	17,752	8,163
Due from AVSI South Sudan	238,709	267,947
Due from AVSI Uganda	295,744	414,726
Total	2,354,565	2,597,025

These receivables relate to costs incurred by the Foundation on behalf of foreign Offices and to be reimbursed during the fiscal year and yet to be collected.

7.06 Tax credits and other receivables

Tax Credits are made up of receivables due from the Italian National Social Security Institute (INPS) for employees and para-subordinate workers, due from the Italian National Institute for Insurance against Accidents at Work (INAIL) for employees, due from INAIL for para-subordinate workers, and due from INAIL for expatriate staff. The table below provides more detail:

Tax Credits	Balance at 31/12/2021
Due from Italian Tax Authority	237
Due from INPS for employees	6,747
Due from INPS for para-subordinate workers	397
Due from INAIL for employee advance payments	7,152
Due from INAIL for para-subordinate worker advance payments	565
Due from INAIL for expatriate staff advance payments	1,882
Total Tax Credits	16,981

Receivables due from others mainly refers to an advance to the partner La Moloca, classified in the sub-item receivables due from third parties, for performing the activities financed by CAI with International Adoptions. This item also includes receivables for security deposits for Euro 4,684, receivables for credit notes or cancelled unauthorized bank debits. Details are as follows:

Receivables due from others	Balance at 31/12/2021
Clients for EU suppliers	5
Receivables due from third parties	25,000
Receivables for security deposits	4,684
Credit notes to be received	-1,428
Other miscellaneous receivables	8,056
Receivables for advance payments to DoubleYou (welfare management)	278
Misc. receivables	-137
Total receivables due from others	36,458

8. Cash and cash equivalents

Cash and cash equivalents refer to bank and post office deposits that existed at December 31st, 2021, broken down into 84 ordinary current accounts, 2 post office current accounts, 14 accounts in U.S. dollars, one PayPal account, and two reloadable credit cards. Please see the Statement of Cash Flow Situation for variations in cash and cash equivalents.

IV - CASH AND CASH EQUIVALENTS	Balance at 31/12/2021
Bank and post office deposits;	8,220,176
Checks;	1,641

Cash and cash equivalents on hand	30,128
Total	8,251,946

9. Accrued income and deferred liabilities

At December 31st, 2021, this item in the financial statements, totaling Euro 44,019, increased from the 26,845 in 2020 refers to deferred liabilities for fees, insurance, subscriptions and certifications, and leases.

10. Net assets

The entity's net assets at the end of the fiscal year total €56,194,731 and their composition and changes are set out in the following table:

	Value at start of fiscal year	Other allocations	Increases	Decreases	Surplus/deficit for the fiscal year	Value at end of fiscal year
I. Entity's Endowment Fund	40,918	0	0			40,918
II. Restricted assets	63,685,496	0	0	-8,453,355		55,232,141
Statutory Reserves	0	0	0	0		0
Restricted assets by decision of institutional bodies	0	0	0	0		0
Restricted assets allocated by third parties	63,685,496	0	0	-8,453,355		55,232,141
III. Unrestricted assets	610,668	254,047	0	0		864,715
Retained earnings or surplus income	610,668	254,047	0	0		864,715
Other reserves	0	0	0	0		0
IV. Surplus/deficit for the fiscal year	254,047	-254,047	0		56,957	311,004
Total Net assets	64,591,129	0	0	-8,453,355	56,957	56,194,731

In line with the guidance contained in the OIC35 accounting standard, the "Restricted assets allocated by third parties" item included among the Foundation's Net Assets now includes the entire amount of payables due to project beneficiaries, which was previously entered included in "Payables due to other financiers". Therefore, the Foundation's Net Assets now totals Euro 56,194,731. The "Endowment Fund" remains unchanged from December 31st, 2020, and has been provided over the years by settlements, donations, and other

miscellaneous payments. The amount of “Unrestricted assets” has increased from December 31st, 2020, due to the surplus from the 2020 fiscal year being allocated to “Retained earnings or surplus income”. “Unrestricted assets” at 31/12/2021 total Euro 864,715. With this allowance, the Foundation has restored the amount of Unrestricted assets initially determined when it was formed, which had been reduced in the past by having absorbed negative results recorded over the course of its lifetime.

Details of “Restricted assets allocated by third parties” are set out in the table below:

Restricted assets allocated by third parties	Balance at 31/12/2021
Italian Government	8,975,621
European Commission	10,072,471
U.S. Government Entities	19,147,263
International Organizations	627,184
Development Bank	1,074,104
Other Bilateral Organizations	10,832,281
National local agencies	217,424
Child Sponsorship	3,058,799
CEI (Local Bishops’ Conference)	355,228
Projects financed by Private Institutional Foundations and others	870,356
International Adoptions	1,408
Total	55,232,141

The amounts set out above represent the funds that the Foundation must yet spend to ensure that projects are realized in accordance with agreements or contracts signed with financier entities or through the use of funds received from private entities with a specifically restricted allocation (for Child Sponsorship initiatives or for International Adoption cases).

The amount of restricted assets reflects the breakdown and characteristics of the composition of receivables due from institutional donors already set out in the appropriate section.

The reduction in the total amount of restricted assets is an indicator that the Foundation has been able to fully resume implementing its projects in 2021. Likewise, there is a more marked breakdown into type of asset, both at donor type level and, within each category, in the number of donors (Netherlands Development Cooperation and Belgian Development Cooperation among the bilateral donors, the International Adoption Commission among the Italian governmental entities).

The restricted assets provided by private donors’ figures show that assets dedicated to Child Sponsorship remain substantially unchanged, whilst the amount from foundations is largely due to assets to be allocated to the Ospedali Aperti [Open Hospitals] project.

11. Funds with specific purposes

In 2018 and 2019, two allowances totaling Euro 250,000 were set aside into a “Risks Fund” in relation to some financial risks in Uganda and in Lebanon connected with the possible payment of taxes on existing employment contracts for project staff.

If the situation that generated the risks and uncertainties should change, more or less funding may be required. If this should be the case, the related provision will be reduced or increased accordingly.

12. Employee severance indemnity

At December 31st, 2021, the balance of the Employee Severance Indemnity fund is Euro 1,634,017.

Changes in the numbers of the Foundation's employees occurring during the fiscal year are set out below:

Employees at 01/01/2021	Appointments in 2021	Dismissals in 2021	Employees at 31/12/2021
62	4	3	63

Changes to the Fund during the 2021 fiscal year are as follows:

Employee severance indemnity fund	
Balance at 01/01/2021	1,469,701
Portion accrued during the fiscal year and allocated to Operating Report	242,527
Portion to be allocated to complementing social security funds	-23,386
Substitute tax on employee severance indemnity fund	-10,619
Indemnity paid during the fiscal year	-44,206
Balance at 31/12/2021	1,634,017

The "Employee Severance Indemnity fund" is the entire liability due to employees in post at December 31st, 2021, that has accrued during the fiscal year. This fund is pursuant to current legislation and collective bargaining agreements.

13. Accounts payable, with separate indication of amounts payable beyond the next fiscal year

The composition and changes in accounts payables for the fiscal year are set out below. This item has a balance at December 31st, 2021, of Euro 6,532,658. The entire balance is payable within the next 12 months.

13.01 Accounts payable to banks

This item shows a balance of Euro 3,181,561 and is composed as follows:

- A loan with Banca Intesa San Paolo with an initial value of Euro 500,000 agreed on 26/11/2021, with a term of 12 months, with a variable nominal interest rate. The interest rate is calculated annually by taking a fixed spread rate of 1.50% and adding a variable portion that is equal to the EURIBOR 1 month rate, base 360.
- At the end of the 2020 fiscal year, the Foundation's financial statements showed an unsettled loan of Euro 400,000, agreed with Banca Intesa. This loan has been repaid in full.
- At December 31st, 2021, the balance of the current account opened with Banca Intesa San Paolo to access credit guaranteed by receivables due from AICS and the European Commission, is Euro 2,723,048.

13.02 Accounts payable to entities in the same associative network

This item, totaling Euro 542,783, includes all the Foundation's liabilities payable to its local offices that are unsettled at 31/12/2021. They are mainly represented by costs that are incurred locally but are chargeable to the head office, for example, costs for the audit of the financial statements and costs for projects in DR Congo which are paid by AVSI Italy.

The item also includes costs for expatriate staff working in the Ugandan and US offices, whose salaries are paid locally but are charged to projects managed by the head office.

The table below sets out the details of variations during the 2021 fiscal year.

Entity	Balance at 01/01/2021	Payments for 2021	Costs for 2021	Balance at 31/12/2021
AVSI Jordan	20,438		18,553	38,992
AVSI Brazil		3,840	3,848	8
AVSI Burundi	20,790	20,790	4,784	4,784
AVSI Ivory Coast	27,599	18,000	15,152	24,751
AVSI Iraq	9,918		12,803	22,721
AVSI Kenya	25,816		30,106	55,922
AVSI Lebanon	56,327		7,117	63,444
AVSI Mexico		223	2,273	2,050
AVSI Mozambique	10,576		13,116	23,693
AVSI Nigeria	3,627			3,627
AVSI Palestine	3,000	3,000	4,500	4,500
AVSI Peru			8,427	8,427
AVSI DR Congo	12,760	221,685	239,885	30,960
AVSI Rwanda	12,312		6,883	19,194
AVSI Syria	10,253		9,159	19,412
AVSI South Sudan	8,134		9,498	17,632
AVSI Uganda	154,456	210,000	191,849	136,305
AVSI USA	44,077	199,859	222,144	66,361
Total	420,084	677,398	800,096	542,783

13.02 Accounts payable to suppliers

At December 31st, 2021, "Accounts payable to suppliers" total Euro 755,161, and are payable within the next 12 months.

13.03 Tax liabilities

Tax liabilities are mainly made up of VAT payments and withholding tax that has accrued for employees, project contract workers, occasional contract workers, and expatriate workers. The table below shows a breakdown of these figures:

Description	Balance at 31/12/2021
VAT liabilities	29,840
VAT on Sales	26,207
VAT on Purchases	-
Withholding tax for employees	150,798
Withholding tax for employees	-

abroad	
Withholding tax for para-subordinate workers	-77
Withholding tax for contractors	5,973
Withholding tax for Expatriate Staff	43,733
Additional municipal tax for employees	688
Additional municipal tax for para-subordinate workers	302
Additional municipal tax for expat. staff	355
Additional regional tax for employees	1,375
Additional regional tax for para-subordinate workers	1,218
Additional regional tax for expatriate staff	1,707
Direct tax liabilities	26,729
Substitute tax on employee severance indemnities	7,420
Total	296,269

13.04 Accounts payable to pension and social security institutions

This refers to accounts payable entirely due to the Italian National Social Security Institute (INPS), the Italian National Institute for Insurance against Accidents at Work (INAIL), Italian National Journalists' Social Security Institute (INGPI), and supplementary funds, to be paid for employees, contract workers, and expatriate staff.

The total amount is broken down as follows:

Description	Balance at 31/12/2021
Accounts payable to INPS for employees	178,167
Accounts payable to INPS for para-subordinate workers	8,847
Accounts payable to INPS for expatriate staff	108,212
Accounts payable to INAIL for employees	9,070
Accounts payable to INAIL for para-subordinate workers	815
Accounts payable to INAIL for expatriate staff	3,439
Accounts payable to CA.DI.PROF (private health) for employees	-
Accounts payable to BILATERAL ENTITIES for employees	640
Accounts payable to FONDO EST (private health) for employees	546

Accounts payable to INSIEME SALUTE (private health) for para-subordinate employees	-
Accounts payable to Fondo Negri	6,205
Accounts payable to Fondo Besusso FASDAC	3,421
Accounts payable to Pastore Policy Premiums	2,660
Accounts payable to QUAS	-
Accounts payable to QUADRIFOR	-75
Accounts payable to complementary soc. sec. funds	5.232
Accounts payable to INPGI	4,968
Accounts payable to CASAGIT	617
Accounts payable to Italian Journalists Insurance Fund compl. soc. sec. fund	3,132
Accounts payable to Italian Journalists Insurance Equalization Fund	1,115
Accounts payable to CASSA Social Security fund	-
Total	337,012

13.05 Accounts payable to employees and contract workers

At December 31st, 2021, accounts payable to project staff and office staff are made up as follows:

Description	Balance at 31/12/2021
Accounts payable to aid workers and volunteers	311,014
Accounts payable to aid workers and volunteers for final settlement	-
Accounts payable to project contractors	-8,288
Accounts payable to project consultants	-
Contract work to be done - project staff	-
Accounts payable for advance payments	417,716
Accounts payable to employees abroad	-
Accounts payable to employees for salaries	201,377
Accounts payable to employees for accrued holidays and month 14 payments	468,879

Accounts payable to para-subordinate workers	21,778
Accounts payable for reimbursement of expenses	7,909
Accounts payable to contractors working for headquarters	1,219
For contract work to be received	-
Accounts payable to consultants working for headquarters	-
Total	1,421,604

The figure for accounts payable to expatriate staff is made up of payment owed for December 2021 work to be settled in January 2022; the figure for Italian office staff refers to wages and remuneration owed for December 2021 and to be settled in January 2022; the total for item 13.05 also includes accrued holiday pay and month 14 payments owed to employees at December 31st, 2021. Accounts payable to project contractors is made up of advance payments made for work to be performed in early 2022.

13.06 Other payables

The deficit of Euro 1,731 is made up of payment card fees and security deposits paid and received, including Euro 3,750 received from the Sacra Famiglia social cooperative in Cesena as security for the lease contract agreed for the use of offices owned by the Foundation and from transfers carried out in Sierra Leone as advance payments of costs to be incurred for international adoption cases that will be completed in 2022.

14. Operating Report statement

The Operating Report Statement shows income and expenses broken down by destination (set out into five areas of operational activity) and by type (classifying financial items into micro components). The five destination areas are: A) General Activities; B) Other Activities; C) Fundraising Activities; D) Financial and Capital Assets; E) General Support.

The results of each operational area are shown with extraordinary income and charges highlighted separately.

15. Section A: Costs and charges/Revenues and income Summary

	Costs and charges	€		Revenues and income	€
A	Costs and charges for general activities	55,566,937	A	Revenues, payments, and income from general activities	53,645,477
	<i>of an extraordinary nature</i>	447,635		<i>of an extraordinary nature</i>	577,537
				<i>Surplus/ deficit from general activities (+/-)</i>	-1,921,460
				<i>of an extraordinary nature</i>	129,902

16. Costs and charges for general activities

EURO 55,566,937

Section A: Costs and charges for general activities

This section shows the costs incurred by the Foundation to carry out its typical activities, to realize projects and international adoptions.

These costs are made up of:

16.01 Raw and auxiliary materials, consumables and goods

The table below shows the breakdown of this item into costs incurred at local level and in Italy to carry out the Foundation's typical activities (projects and international adoptions).

Description	2021
Purchase of assets destined for projects carried out in Italy	141,974
Purchase of International Adoption assets	110
Purchase of assets destined for projects based abroad	144,587
Purchase of non-current assets destined for projects based in Italy	692,394
Purchase of non-current assets destined for projects based abroad	228,711
Purchase of equipment destined for projects based in Italy	129,223
Purchase of equipment destined for projects based abroad	319,874
Total	1,656,873

16.02 Services

This item's total – Euro 38,060,562 – includes the fund transfers that the Foundation carried out in 2021, for which accounts were still outstanding at 31/12/2021. The table below sets out the fund transfers carried out in 2021, broken down by financing entity, for which accounts were still outstanding at 31/12/2021:

Description	2021
Funds transferred to projects financed by Italian Govt.	4,388,275
Funds transferred to projects financed by EU	10,414,201
Funds transferred to projects financed by US Government Entities	10,175,054
Funds transferred to projects financed by International Organizations	613,500
Funds transferred to projects financed by Development Banks	2,592,298
Funds transferred to projects financed by Other Bilateral Organizations	1,965,321
Funds transferred to projects financed by local agencies	236,001
Funds transferred to projects financed by CEI (Italian Bishops' Conference)	207,417
Funds transferred to projects financed by Private Institutions	1,182,302
Funds transferred to projects financed by private	5,923,819

donors	
Funds transferred to projects financed by private child sponsorship donors	362,373
Total	38,060,562

The breakdown of consultancy and service costs incurred in Italy and on site is as follows:

Description	2021
Project consultancy	232,391
Project audit consultancy	21,550
Contributions to social security institutions	91
Fees for services destined for projects based in Italy	1,908,427
Fees for International Adoption services	54,124
Fees for services destined for projects based abroad	3,075,071
Training costs incurred in Italy	110,189
Training costs incurred abroad	784,772
Transport costs incurred in Italy	206,327
International Adoption transport costs	6,286
Transport costs incurred abroad	280,396
Other costs	73
Total	6,679,698

16.03 Use of third-party assets

Of the total of Euro 329,865, Euro 3,600 refers to costs incurred in Italy for International Adoption cases and Euro 326,265 refers to costs incurred at local level to realize projects.

16.04 Staff

Staff costs in 2021 total Euro 7,401,893 and include costs for expatriate staff contracted by the Foundation to realize development projects, head office staff transferred to projects, local staff, and staff employed to manage international adoption cases.

The following table sets out the breakdown of the above figures.

Description	2021	
	Average number	Amount
Expatriate Staff		
Salaries and wages		3,115,344
Benefits		211,222
Social security and insurance costs		231,097
Occasional contractor payments		542,699
Total expatriate staff	115	4,100,362
Office staff transferred to projects		758,978
Local staff costs incurred in Italy		566,436
Local staff costs incurred abroad		1,833,100
Project staff costs		7,258,876

International Adoption staff		
Salaries and wages		49,656
Social security and insurance costs		14,559
Subsistence costs		910
Mission daily allowances		3,099
Provision for employee severance indemnity		4,072
International Adoption Contractors		
Payments to fixed-term contractors		31,108
Social security and insurance costs		5,814
Subsistence costs		662
Mission daily allowances		387
Consultants		37,115
Contractors		1,250
International Adoption staff transferred to projects		-5,616
International Adoption staff costs	10	143,016
Total		7,401,893

16.05 Depreciation

The amount of Euro 6,095 refers to the amount of depreciation relating to the vehicle in use in the International Adoption sector.

16.06 Miscellaneous operating expenses

Of the total amount under this item, Euro 1,431,951, Euro 61,481 relates to costs incurred to implement projects in Italy, Euro 920,792 for costs incurred abroad, and Euro 2,043 for costs incurred for International Adoption activities.

This item includes exchange rate losses recorded on project receivables and payables expressed in USD, of Euro 447,635.

17. Revenues and income Revenues, payments, and income from general activities

EURO 53,645,477

Section A: Revenues, payments, and income from general activities.

This section sets out the income recognized to cover costs incurred by the Foundation to carry out its typical activities and are broken down as follows:

17.01 Charitable donations

The total of Euro 6,737,858 is made up of contributions received from private entities and used by the Foundation to cover projects directly financed by it or to its own contributions to institutional projects, and Euro 5,373,117 relates to Child Sponsorship funds destined for projects.

17.02 5 per mille income

The amount of Euro 433,244 represents the portion of 5 per mille donations made via 2020 tax returns (for 2019 income) that the Foundation collected on October 29th, 2021 and were completely used during the fiscal year.

17.03 Contributions from private entities

The table below sets out the contributions that make up this item:

Description	Contributions made during the fiscal year
International Adoption contributions	188,410
Contributions for Child Sponsorship initiatives	342,463
Contributions from CEI (Italian Bishops' Conference)	680,799
Contributions from foundations and others	2,684,094
Total	3,895,766

In particular, the item “Contributions from Foundations and others” is made up of contributions from: the Fondazione Caritas Pro Vitae Gradu for the Ospedali Aperti project in Syria, the Fondazione Cariplo for the COOPEN project in Uganda, CAFOD for a project in Mozambique and from Fondazione di Comunità, Fondazione Unicredit, and Fondazione AZIMUT for various migrant support activities carried out by AVSI in Italy.

17.04 Contributions from public agencies

Contributions under this heading during 2021 relate to the management of projects and are broken down in the following table:

Description	Project development contributions	Variation in contributions	Transfer of project contributions to organization contributions	Contributions made during the fiscal year
Contributions from the Italian Government	7,081,846	203,977	-357,656	6,928,168
Contributions from the European Union	4,433,717	11,428,608	-677,012	15,185,313
Contributions from US Government Entities	8,047,243	4,868,248	-697,701	12,217,790
Contributions from International Organizations	1,080,378	-521,418		558,960
Contributions from Development Banks	-299,479	3,570,992	-71,667	3,199,845
Contributions from other Bilateral Organizations	12,317,266	-9,680,583	-222,504	2,414,179
Contributions from Local Agencies	287,424	-28,911		258,514

Contributions from third parties to reimburse admin costs	1,233,443		-1,174,805	58,638
Total	34,181,837	9,840,914	-3,201,344	40,821,407

“Contributions made during the fiscal year” is calculated by taking “Project development contributions” and subtracting both “Transfer of project contributions to organization contributions” and “Variations in contributions”. This is explained in the following schedule:

- “Project development contributions”: The entire contribution recognized by the financer for projects;
- “Transfer of project contributions to organization contributions” Contributions recognized by financers, destined to cover the Foundation’s fixed overheads; the amount of the contributions destined for projects is reallocated and entered in contributions destined to cover organization costs;
- “Variation in contributions” Total adjustments to income recognized for projects. For each project, this amount is made up of the balance of the total contribution at initial recognition and the amounts used to cover costs incurred during the fiscal year, that are to be paid by the financer and chargeable to the project.

17.05 Other revenues, proceeds, and income

This item totals Euro 1,757,202 and is made up of Euro 1,179,665 from contributions recognized by AVSI offices to cover costs incurred by the Italian head office, for staff and mission costs, in respect of projects managed by AVSI’s offices, and Euro 577,537 from exchange rate gains realized during the fiscal year in connection with project income in USD. Based on the amounts shown, the “GENERAL ACTIVITIES” section shows a deficit for the 2021 fiscal year of Euro 1,921,460.

18. Section B: Costs and charges/Revenues and income from other activities: Summary

	Costs and charges	€		Revenues and income	€
B	Costs and charges for other activities	235,365	B	Revenues, cash and income from other activities	679,573
	<i>of an extraordinary nature</i>	0		<i>of an extraordinary nature</i>	0
				<i>Surplus/ deficit from other activities (+/-)</i>	+444,209
				<i>of an extraordinary nature</i>	0

19. Costs and charges Costs and charges for other activities

EURO 235,365

Section B: Costs and charges for other activities.

This amount represents costs incurred by the Foundation when performing activities outside its two typical areas of activities, which are the implementation of projects and International Adoption cases.

19.01 Services

The total amount under this item is Euro 130,632. Specifically, these costs are made up of: Euro 53,826 for consultancy costs and Euro 76,747 for funds transferred to project sites.

19.02 Staff

Total staff costs of Euro 104,732 represent the costs of office staff used to carry out activities.

20. Revenues and income Revenues, cash and income from other activities

EURO 679,573

Section B: Revenues, cash and income from other activities.

20.01 Revenues from services and sales to third parties

This amount represents invoices issued to customers in relation to consultancy contracts and the sale of carbon credits during the 2021 fiscal year.

Consultancy income of Euro 193,944 mainly refer to invoices issued to PIDUCAS (Euro 133,829) for consultancy services provided to the Ivory Coast’s *Ministère de l’équipement et de l’entretien routiere* and to Cariplo Factory (Euro 29,860) for consultancy services provided for an electrification project in Uganda.

Income from the sale of carbon credits and other services, Euro 485,629, refers to contracts with Treadom (Euro 179,379) for planting activities carried out in Haiti, and with NEFCO (Euro 183,704) and Carbonsink (Euro 122,546) for activities carried out in Mozambique.

Based on the amounts shown above, the “OTHER ACTIVITIES” section shows a surplus for the 2021 fiscal year of Euro 444,209.

21. Section C: Costs and charges/Revenues and income from fundraising activities: Summary

	Costs and charges	€		Revenues and income	€
C	Costs and charges for fundraising activities	265,956	C	Revenues, cash and income from fundraising	1,838,067
	<i>of an extraordinary nature</i>	0		<i>of an extraordinary nature</i>	0
<i>Surplus/ deficit from fundraising activities (+/-)</i>					+1,572,111
<i>of an extraordinary nature</i>					0

22. Costs and charges: Costs and charges for fundraising activities

EURO 265,956

Section C: Costs and charges for fundraising activities.

22.01 Charges for regular fundraising

Costs and charges for regular fundraising activities refer to costs directly incurred by the Foundation when carrying out its campaigns during 2021 and are broken down as follows:

Description	2021
Office supplies and photocopying	2,074
Miscellaneous materials and consumables	1,520
Magazine/newspaper subscriptions	42
Videos-photos-images	9,392
Fuel	2,618
Electricity, gas, oil, and water expenses	144
Telephone expenses	11,150
Postal and revenue stamp expenses	27,425
Maintenance fees	1,585
Payroll costs	4,469
Fixed staff insurance	1,756
Postal and courier fees	2,869
Publicity and advertising	16,155
Event organization/management	2,422
Representatives' fees	2,737
Miscellaneous services	80,593
Vehicle rental	15,394
Reimbursement of travel kilometrage	1,717
Air travel	12,116
Public transport/taxi/train travel	6,987
Motorway toll/viacard fees	1,815
Vehicle insurance	1,040
Parking	209
Other transport costs	40,571
Subsistence fees	3,181
Membership fees	12
Entry visa fees	516
Fines and penalties	354
Customs fees	6,924
Other miscellaneous/administrative expenses	2,751
Contingent liabilities	1,612
Food allowances for employees	3,659
Food allowances for contractors/others	147
Total	265,956

23. Revenues and income: Revenues, cash and income from fundraising

EURO 1,838,067

Section C: Revenues, cash and income from fundraising

23.01 Income from regular fundraising

This amount represents the amounts collected from private donors from regular fundraising campaigns carried out during 2021 (Euro 2,036,373) net of amounts transferred to cover head office fixed overheads (Euro 198,306).

Based on the amounts shown above, the “FUNDRAISING ACTIVITIES” section shows a surplus for the 2021 fiscal year of Euro 1,572,111.

24. Section D: Costs and charges/Revenues and income from financial and capital assets: Summary

	Costs and charges	€		Revenues and income	€
D	Costs and charges on financial and capital assets	243,354	D	Revenues, proceeds, and income from financial and capital assets	7,921
	<i>of an extraordinary nature</i>	70,180		<i>of an extraordinary nature</i>	0
<i>Surplus/ deficit from financial and capital assets (+/-)</i>					-235,433
<i>of an extraordinary nature</i>					-70,180

25. Costs and charges: Costs and charges on financial and capital assets

EURO 243,354

Section D: Costs and charges on financial and capital assets

25.01 On banking relationships

The amount relating to banking relationships is broken down in the following table:

Description	2021
Bank fees	79,059
Bank interest payable	51,182
Guarantee fees	38,933
Withholding tax on interest received	1,567
Total	170,741

25.02 On loans

The amount of Euro 2,432 entirely relates to interest paid on the loan with Banca Intesa during 2021.

25.03 Other charges

The value of Euro 70,180 represents the write-down of equity participations classified under “Financial non-current assets in other companies” entered in the Assets section of the Statement of Financial Position.

Euro 40,127 refers to the write-down of equity participations with Fondazione Banco Alimentare caused by the absence of an obligation to repay the contribution paid by the Foundation at its constitution, and Euro 30,053 refers to the write-down of equity

participations in Vita Società Editoriale S.p.A., to adjust the value to the corresponding portion of capital possessed by AVSI.

26. Revenues and income: Revenues, proceeds, and income from financial and capital assets

EURO 7,921

Section D: Revenues, proceeds, and income from financial and capital assets.

26.01 From banking relationships

This amount represents the interest income received during the fiscal year by the Foundation from its current accounts held with various credit institutions.

Based on the amounts shown above, the “FINANCIAL AND CAPITAL ASSETS” section shows a deficit for the 2021 fiscal year of Euro 235,433.

27. Section E: Costs and charges/Revenues and income from general support activities: Summary

	Costs and charges	€		Revenues and income	€
E	General support costs and charges	4,107,861	D	General support income	4,325,331
	<i>of an extraordinary nature</i>	61,236		<i>of an extraordinary nature</i>	27,533
<i>Surplus/ deficit for the fiscal year before taxes (+/-)</i>					217,470
<i>of an extraordinary nature</i>					-33,703
<i>Taxes</i>					-19,939
<i>Surplus/ deficit for the financial year (+/-)</i>					56,957

28. Costs and charges: General costs and charges

EURO 4,107,861

Section E: General support costs and charges

28.01 Raw and auxiliary materials, consumables and goods

The amount of Euro 109,367 includes costs incurred by the Foundation to manage its Italian offices and for communication activities.

The total is broken down as follows:

Description	2021
Office supplies and photocopying	18,255
Miscellaneous materials and consumables	15,863
Books and publications	51,335
Magazine/newspaper subscriptions	8,181
Videos-photos-images	16,312
Fuel	526

Purchase of consumables transferred to projects	-1,105
Total	109,367

In particular, “Books and publications” includes costs to print the *Buone Notizie* periodical and costs to produce videos and photos. These materials are created so the communications office can promote the Foundation’s activities.

28.02 Services

The table below sets out the breakdown of service costs incurred by the Foundation to manage its Italian offices. The total under this item is Euro 459,245.

Description	2021
Electricity, gas, oil, and water expenses	46,170
Telephone expenses	20,038
Postal and revenue stamp expenses	5,827
Maintenance fees	112,080
Other maintenance and repair costs	6,313
Payroll costs	27,298
Office insurance	4,860
Fixed staff insurance	3,420
Directors & Officers liability insurance	11,699
Postal and courier fees	2,149
Office cleaning	30,173
Publicity and advertising	373
Event organization/management	115
Representatives’ fees	14,469
Miscellaneous services	88,819
Vehicle rental	28,818
Reimbursement of travel kilometrage	753
Air travel	33,401
Public transport/taxi/train travel	26,066
Motorway toll/viacard fees	882
Vehicle maintenance	100
Parking	404
Costs to be allocated to projects	1,610
Service costs transferred to projects	-6,594
Total	459,245

Specifically, “Maintenance fees” mainly refers to the Foundation’s costs for ICT support, software licensing, and cloud hosting, whilst “Miscellaneous services” refers mainly to costs of translation, simultaneous interpretation, and head office staff training that were incurred by the Foundation during 2021.

28.03 Use of third-party assets

The total under this item is Euro 52,503 and is mainly made up of Euro 10,386 for lease costs for a guesthouse apartment leased by the Foundation in Via Legnone, Milan, and of office management costs for the office in Via Donatello, and Euro 41,167 relates to costs for office space and spaces used for various event in which the Foundation has participated in 2021 (Rimini Meeting, events in Rome during September, October, and November).

28.04 Staff

The total entered in the financial statements is Euro 3,188,780 and is broken down as set out in the following table.

Description	2021	
	Average number	Amount
Employees		
Salaries and wages		2,395,347
Social security and insurance costs		807,822
Subsistence costs		17,163
Mission daily allowances		49,711
Employee severance indemnities		238,455
Total employees	64	3,508,499
Para-subordinate contractors		
Payments to fixed-term contractors		171,199
Social security and insurance costs		36,830
Subsistence costs		2,781
Mission daily allowances		5,036
Total	6	215,845
Other occasional contractors and consultants		
Consultants		299,772
Contractors		9,875
Social security contributions		8,553
Subsistence costs		119
Total		318,320
Total occasional contractors and consultants	15	534,164
Office staff costs transferred to projects		-753,362
Office staff costs transferred to ancillary management		-100,522
Total	85	3,188,780

In 2021, the amount of head office staff costs transferred to various ongoing projects was Euro 853,844, equal to 19.25% of the total head office staff costs.

28.05 Amortization/Depreciation

The Foundation has entered a portion of depreciation totaling Euro 206,893 into the financial statements. This total is broken down as follows:

Description	2021
Amortization of Software	30,954
Amortization of trademark registration fees	1,163
Amortization of Goodwill	200
Amortization of Start-up and Expansion Costs	4,125
Depreciation of buildings	58,813
Depreciation of improvements to third-party assets	90,548
Depreciation of office furniture	11,447
Depreciation of office electrical equipment	6,023
Depreciation of other equipment	3,621
Total	206,893

28.06 Other charges

This item totals Euro 91,704 and mainly refers to field trip costs of Euro 13,714, membership dues of Euro 12,525, and Euro 60,368 for impairment losses for receivables that are no longer due, as better described in the item referring to existing receivables.

29. Revenues and income: General support revenues and income

EURO 4,325,331

Section E: General support income

29.01 Other general support income

This item is made up as follows: (i) Euro 3,201,344, this is the portion of contributions received to implement projects allocated pursuant to contract to cover the Italian offices' operating costs, which are set out in the Costs and Charges section.

A breakdown into type of donor is provided in the comments section on contributions from public entities; and (ii) Euro 1,050,905 is the portion of private contributions collected during the fiscal year.

The remaining amounts refer to the following: Euro 45,488 for other operating income (contributions for training courses, contributions for operating costs for the office at Via Donatello which were provided by other associations who used those office spaces, and the contribution from Associazione Sacra Famiglia for occupying spaces in the Cesena office), Euro 3,872 are contingent assets (reimbursement of telephone costs and office management costs referring to the previous fiscal year), Euro 23,661 for contingent assets following settlement of a invoice receivable dating back to 2008 and a part of the payable due to the Burundian branch to adjust the amount what was shown in that branch's accounts.

30. Charitable donations received

The Foundation has received charitable donations during the fiscal year. Further information on charitable donations, broken down into type and composition, are shown in the

appropriate section of this Mission Report.

In general terms, charitable donations can be divided into the following macro-categories, each of which is given its respective weighting of the total contributions for general activities entered in Section A of the Operating Report Statement (Euro 53,645,477):

	€ in cash	€ in kind	
		goods	services
Charitable donations received during the fiscal	6,737,858	0	0
Charitable donations received during the fiscal year (% of the total contributions for general activities in Sect. A)	12.56 %	--%	--%

31. Employees and volunteers

The following tables show the average number of employees at the reporting date, broken down into category and the number of volunteers as per Article 17, paragraph 1, Italian Legislative Decree no. 117/2017 and entered in the volunteers register, who perform their activities on a non-occasional basis.

The following criteria have been used to calculate the data shown:

- Volunteers: the number of contracted volunteers and interns + the estimated total number of hours worked per the number of contracted volunteers/interns.
- Total number of employees and para-subordinate contractors based on the contracted hours (for appointments and dismissals, I have considered only the actual employment period during 2021).

Description	Factory workers	Office staff	Junior/Middle Managers	Senior Managers/ Executives	Total
Average number of employees	0	49.5	11	3.5	64

Description	Number
Number of volunteers at the reporting date	15
Average number of volunteers in the fiscal year	16.5

The following table sets out the hours of activity performed by the Foundation's volunteers and staff (employees and non-employees) with an indication of each class's percentage representation of the total.

Class	Description	Total hours	%
Volunteers	Total hours of volunteer activity	8,000	7.73%
Employees	Total hours of activity performed by employees; net of hours lost by employees during the timescale in question. Trade union meetings and authorized meetings are excluded (only hours without explanation are counted). When a worker has worked in an organizational partition only for part of the	82,569	79.75%

	year, the hours of absence relating to the period in which they were part of the organizational partition have been counted.		
Others	Total hours of activity performed by non-employees; net of hours lost by employees during the timescale in question. Trade union meetings and authorized meetings are excluded (only hours without explanation are counted). When a worker has worked in an organizational partition only for part of the year, the hours of absence relating to the period in which they were part of the organizational partition have been counted.	12,970	12.52%
---	Total hours of work performed during the fiscal year of activities	103,539	100%

All volunteers who work on the Foundation’s activities are insured against accidents and sickness connected with the performance of volunteer activities and are covered by civil liability insurance pursuant to Article 18, Italian Legislative Decree 117/2017.

32. Related-party transactions

The Foundation has carried out transactions with related parties during the fiscal year. All transactions were performed under normal market conditions, in relation to the type of good and service acquired and provided. The following tables shows all related-party transactions. In detail, the following data show the costs incurred during 2021 for projects where contracts are signed and managed at local office level. Each office receives funds and prepares a donor report.

Entity	Costs incurred in 2021
AVSI Jordan	25,686
AVSI Ivory Coast	51,897
AVSI Haiti	113,978
AVSI Iraq	77,704
AVSI Kenya	39,387
AVSI Lebanon	226,571
AVSI Mexico	5,181
AVSI Mozambique	291,432
AVSI D.R. Congo	94,708
AVSI Rwanda	5,613
AVSI Syria	4,384
AVSI South Sudan	109,216
AVSI Tunisia	47
AVSI Uganda	164,156
Total	1,209,962

The table below sets out the contributions recognized in relation to the costs stated above and the repayment of portions of administrative costs due to the central office for projects implemented by local offices:

Entity	Contributions recognized in 2021
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AVSI Jordan	25,686
AVSI Myanmar	22,276
AVSI Ivory Coast	60,360
AVSI Ecuador	33,888
AVSI Haiti	143,548
AVSI Iraq	94,026
AVSI Kenya	102,907
AVSI Lebanon	449,966
AVSI Mozambique	547,671
AVSI Peru	9,403
AVSI D.R. Congo	359,156
AVSI Rwanda	5,613
AVSI South Sudan	238,631
AVSI Tunisia	1,308
AVSI Uganda	318,668
Total	2,413,108

In relation to capital relationships, the data below summarizes the variations in receivables unsettled and due from the local offices, represented by the balance at the start of the year, payments received from the offices during the year, the receivables recognized, and, finally, the amount due from each office at 31/12/2021.

Entity	Balance at 01/01/2021	Costs to be repaid for 2021	Payments received in 2021	Balance at 31/12/2021
Due from AVSI Jordan	42,609	25,686	50,785	17,510
Due from AVSI Myanmar	17,600	22,276		39,876
Due from AVSI Ivory Coast	53,047	60,360	69,570	43,837
Due from AVSI Ecuador		33,888		33,888
Due from AVSI Haiti	150,473	144,558	200,145	94,886
Due from AVSI Iraq	31,428	94,026	70,281	55,173
Due from AVSI Kenya	71,276	102,907	52,590	121,593
Due from AVSI Lebanon	456,201	449,966	493,227	412,940
Due from AVSI Mozambique	301,252	551,382	233,605	619,029
Due from AVSI DR Congo	678,474	360,643	571,661	467,456
Due from AVSI Rwanda	17,752	5,613	15,202	8,163
Due from AVSI South Sudan	238,709	238,631	209,393	267,947
Due from AVSI Uganda	295,744	428,508	309,526	414,726
Total	2,354,565	2,518,444	2,275,985	2,597,025

Finally, the table below includes all variations in the Foundation's accounts payable due to its local offices that are unsettled at 31/12/2021. These include costs that are incurred locally but are chargeable to the head office, for example, costs for the audit of the financial statements and costs for projects in DR Congo which are paid by AVSI Italy.

The item also includes costs for expatriate staff working in the Ugandan and US offices, whose salaries are paid locally but are charged to projects managed by the head office.

Entity	Balance at 01/01/2021	Payments for 2021	Costs for 2021	Balance at 31/12/2021
AVSI Jordan	20,438		18,553	38,992
AVSI Brazil		3,840	3,848	8
AVSI Burundi	20,790	20,790	4,784	4,784
AVSI Ivory Coast	27,599	18,000	15,152	24,751
AVSI Iraq	9,918		12,803	22,721
AVSI Kenya	25,816		30,106	55,922
AVSI Lebanon	56,327		7,117	63,444
AVSI Mexico		223	2,273	2,050
AVSI Mozambique	10,576		13,116	23,693
AVSI Nigeria	3,627			3,627
AVSI Palestine	3,000	3,000	4,500	4,500
AVSI Peru			8,427	8,427
AVSI DR Congo	12,760	221,685	239,885	30,960
AVSI Rwanda	12,312		6,883	19,194
AVSI Syria	10,253		9,159	19,412
AVSI South Sudan	8,134		9,498	17,632
AVSI Uganda	154,456	210,000	191,849	136,305
AVSI USA	44,077	199,859	222,144	66,361
Total	420,084	677,398	800,096	542,783

33. Allocation of surplus income

The Foundation is a non-profit entity and pursuant to its Statute and Article 8, Italian Legislative Decree no. 117/2017, surplus income is used to perform the activities set out in the Foundation's statutory objects which are exclusively for civic, solidaristic, and social utility purposes. It is proposed to allocate surplus income to unrestricted assets in Section A-III-1 "Retained earnings or surplus income" of Liabilities in the Statement of Financial Position.

REPORT ON THE FOUNDATION'S FINANCIAL PERFORMANCE AND THE PURSUANCE OF ITS STATUTORY OBJECTS

34. The Foundation's situation and management performance

These financial statements to 31/12/2021 show surplus income of Euro 56,957 connected mainly to surplus income derived from the Foundation's secondary activities. This includes revenues from the sale of carbon credits at the market price which has increased over the year. General support activities have been managed efficiently and have also generated surplus income. These results have enabled the Foundation to make up for the deficit connected with management of its primary activities.

The Foundation largely achieved its objectives in 2021. The funds it manages have increased, despite the fact that AVSI has been impacted by various external events, not least the enduring pandemic, and the number of countries where AVSI works where natural disasters

have occurred, for example, the eruption of the Nyiragongo volcano in the North Kivu region of the Democratic Republic of Congo, the political crisis in Myanmar, the Haiti earthquake, a country that has already experienced a coup d'état and lives in an enduring state of instability.

Its strategic relationships with some donors have been strengthened and this has led to an approval rate of 50% for its project proposals and its private donations have been maintained in line with 2020 levels.

From a geographic perspective, the scope of its work in Italy has increased, not only in terms of assisting migrants but also providing help for people who are vulnerable due to COVID-19; elsewhere, new activities have been developed in Cameroon, the Dominican Republic, and its presence has increased in Tunisia.

In terms of its sectors of activity, as well as large-scale action in the healthcare sector to respond to the pandemic, the energy and climate action sectors have assumed greater relevance, especially in relation to its relationships with the private sector.

35. Management forecast

In 2021, the global economy recovered significantly following the loosening of restrictive measures put in place to combat the pandemic. This was mainly due to the extensive vaccination campaigns. This recover was also supported by national policies and assistance packages. For the first time, the third sector has been supported by these packages.

The strong recovery in economic activity has been accompanied by a significant inflation spike, largely caused by an increase in energy prices and the price of raw materials and the continuing disruption to the supply chain.

After a 3.1% contraction in 2020, the global economy grew to 5.9% in 2021 and is expected to decrease to 4.4% in 2022, according to the latest estimates from the International Monetary Fund. Despite the expectations of positive future economic growth, there are still several uncertainties in the short term. These are linked to the evolving pandemic, and the growing geopolitical tensions in Ukraine are a further cause of instability.

The Foundation's result for 2021 are testimony to its ability to support its beneficiaries and to be proactive in all the development and emergency situations in which it operates, demonstrating flexibility and a capacity to adapt to changing situations. This is proven by its results for 2021 and its performance in the first quarter of 2022, which have exceeded pre-pandemic levels, including a significant increase in the budget it manages.

At the beginning of the Ukraine crisis at the start of 2022, AVSI has been ready to react and to offer itself as a national and international partner. It launched a fundraising campaign under the “#HelpUkraine” banner. This campaign received more than 10,000 donations in March 2022 alone. To better manage the funds it received, it has opened a new office in Viale Monza, Milan, it began the process to open a new AVSI branch in Ukraine, and it reached agreements with its long-standing partners in Ukraine (Emmaus), Poland (AVSI Polska), and Romania (*Asociația FDP – protagoniști în educație*), to provide support to the population affected by the war.

Considering the current situation, AVSI is forecasting moderate growth in its activities in Italy and abroad for the whole of the 2022 fiscal year. Similarly, its expected results mean it can implement innovative projects that will allow it to help face the challenges of energy transition and migration, and to be able to support the education and provide protection for millions of people around the world. Accordingly, AVSI aims to confirm its position as a leading national operator, seeking to place itself among the world's principal third-sector organizations.

The Foundation’s long-term growth drivers are still related to:

- Strengthening its fundraising in support of its growing number of general activities;
- Energy transition, migration, education.

The Foundation can also count on a diverse range of donors and geographical areas in which it acts. It has a solid capital base and flexible organization, factors that allow it to effectively seize its growth opportunities.

These forecasts do not include particularly negative and cruel evolutions in the military conflict in Ukraine and are based on there being no significant changes in the evolution of the pandemic, with further discontinuance and slowdown of activities.

36. Method of achieving statutory objects

Regarding the need to indicate the methods used to pursue statutory objects, the Foundation has begun projects and activities that fall within the scope of its statutory objects at a primary, secondary, and ancillary nature.

37. Secondary and ancillary activities

During the fiscal year, the Foundation has carried out a number of activities pursuant to Article 6, Italian Legislative Decree, 117/2017. These ancillary activities have been carried out in line with the specific statutory provisions on the matter. The Foundation has performed its ancillary activities solely to pursue its civic, solidaristic, and social utility objectives. The table below sets out the ancillary nature of these activities in line with the provisions of Article 3 of the joint Decree of the Italian Ministry of Labor and Social Policies and the Ministry of Economy and Finance of March 19th, 2021, which states that activities are to be considered secondary to general activities when, in each fiscal year, they meet one of the following conditions:

- the revenues from these activities are not greater than 30% of the third-sector entity’s total revenues;
- the revenues from these activities are not greater than 66% of the third-sector entity’s total costs.

The table below shows that, in 2021, AVSI Foundation accounted for revenues from secondary activities totaling Euro 679,573 which is 1.16% of total income and outgoings, well below the limits of 30% of total revenues and 66% of total costs, as set out in the Decree of the Italian Ministry of Labor and Social Policies:

	€ income in the fiscal year	Secondary nature criteria	
Revenues from “other activities”	679,573	A	B
Foundation’s total revenues (*)	58,731,246	30% of total revenues	66% of total costs
Foundation’s total costs (*)	58,653,094		
Criteria used to document the secondary nature of the various activities	A		

(*) this item includes, in addition to revenues from the sale of goods and services performed as part of its general activities, the following: a) membership dues, b) charitable donations and gratuities and bequests, c) contributions without restriction of consideration, d) revenues from fundraising activities referred to in Article 7, Italian Legislative Decree no. 117/2017.

(**) this item includes: a) figurative costs for the use of volunteers entered in the register referred to in Article 17, paragraph 1, Italian Legislative Decree no. 117/2017, b) the normal value of goods sold, or services performed free of charge, c) the difference between the normal value of goods or services acquired to perform statutory activities and their actual cost price (indicated under "Figurative costs" in this Mission Report).

The data in the table shows that the criteria used to verify the secondary nature of ancillary activities, are those referred to in Article 3, paragraph 1, letter a), Italian Ministerial Decree 19/05/2021.

38. Figurative costs and charitable donations received and made

During 2021, the Foundation did not benefit from nor make donations in kind and has not prepared, given its residual nature, a system of measuring figurative costs.

39. Information on staff costs

To grade its employees, the Foundation uses the national collective bargaining agreement in place for third-sector entities [Commercio - Terziario della Distribuzione e dei Servizi] stipulate pursuant to Article 51, Italian Legislative Decree no. 81 of June 15th, 2015. The table below sets out the information required by Article 16, Italian Legislative Decree no. 117/2017, regarding third-sector entity employees and is evidence that AVSI's ratio falls below the maximum indicated in the Decree.

	€	Note
Minimum gross annual remuneration	19,841.22	A
Maximum gross annual remuneration	112,379.96	B
Ratio between minimum and maximum	5.67(*)	A:B

(*) the difference in remuneration between employees cannot be greater than a 1:8 ratio and is calculated using gross annual remuneration.

40. Fundraising

During the fiscal year, the Foundation has only carried out regular fundraising activities. The Foundation has operated in absolute adherence to the provisions of Article 7, Italian Legislative Decree no. 117/2017. The figure of Euro 2,035,442 shown in the statement differs from the figure shown in the financial statement schedules (Euro 1,838,067) because it includes the portion considered to cover general support costs.

Number	Type of fundraising	Revenues	€
		Costs	
1	Regular fundraising	Revenues	2,035,442
		Costs	265,956
Surplus/deficit from regular fundraising			1,769,486
2	Occasional fundraising	Revenues	0
		Costs	0
Surplus/deficit from occasional fundraising			0
3	Other revenues and costs of fundraising	Revenues	0

	Costs	0
Other surplus/deficit		0
Surplus/deficit from fundraising		
		1,769,486

In 2021, the Foundation has not carried out any occasional fundraising activities, therefore there are no revenues and costs shown pursuant to Article 87, paragraph 6, Italian Legislative Decree no. 117/2017.

41. Further information

At December 31st, 2021, there are guarantees in place to cover advance payments received from Italian governmental entities for a total of Euro 3,900,836. The table below sets out details of these guarantees, broken down by project and credit institution:

Institution	Project	Guarantee no.	Amount
Banca Popolare Emilia Romagna	Jordan AICS AID 12193 JODHOUR	21/18210206	179,997.35
Banca Popolare Emilia Romagna	Kenya AICS Private Sector	21/18204174	111,051.63
Banca Popolare Emilia Romagna	Syria AICS AID 12151 AAA	18198199	149,252.18
Banca Popolare Emilia Romagna	Lebanon AICS AID 11948 RESTA	20/18191624	180,000.00
Banca Popolare Emilia Romagna	Ivory Coast Ministry of Labor DIGNITE'	20/18190059	250,000.00
Banca Popolare Emilia Romagna	Mozambique AICS AID 11649.02.4 Rigenera	19/18179502	242,897.49
Banca Popolare Emilia Romagna	Lebanon AICS AID 11263 MISS 3 - SISSI	19/18171471	135,000.00
Banca Popolare Emilia Romagna	Mozambique AICS AID 11387 Illumina - E2COM	18/18160516	305,890.50
Banca Popolare Emilia Romagna	AICS Palestine AID 011464 Mustaqbaluna (our future)	18152734	136,900.30
Banca Popolare Emilia Romagna	DRC Emergency 10462 PHASE II - WATER	18144440	17,500.00
Banca Popolare Emilia Romagna	DRC Emergency 10462 PHASE II - HEALTHCARE	18144441	46,075.00
Credit Agricole (formerly Creval)	Ministry of Labor HUB 4 ALL	21.00618	599,054.62
Credit Agricole (formerly Creval)	Lebanon AICS AID 10363 Dalle Macerie alle Montagne [From the rubble to the mountains]	21.00581	134,996.34
Credit Agricole (formerly Creval)	Lebanon AICS AID 12186 RE.VIVE	21.00257	74,991.78
Credit Agricole (formerly Creval)	Iraq AICS AID 12055 Aid for Yazidi Women	21.00182	72,000.00
Credit Agricole (formerly Creval)	Jordan AICS AID 11731 Mujtamai Amni	20.01511	149,949.94
Credit Agricole (formerly Creval)	DRC AICS AID 11336 Mother & Child Healthcare	20.01123	62,993.10

Credit Agricole (formerly Creval)	Somalia AICS AID 12026	20.01120	74,302.95
Credit Agricole (formerly Creval)	Cameroon AICS AID 11762 SANTé	20.00496	89,992.65
Credit Agricole (formerly Creval)	Jordan AICS AID 11731 SAFE II	19.01786	67,479.47
Credit Agricole (formerly Creval)	Iraq AICS AID 11698 CSI - Ninive	19.01290	67,412.21
Credit Agricole (formerly Creval)	Welcoming People - Ministry of Labor	18.01780	318,809.57
Credit Agricole (formerly Creval)	AICS Kenya AID 011510 Maziwa (milk)	18.00384	212,765.49
INTESA SANPAOLO	Iraq AICS AID 12194 Access to subsistence means	55003/8200/859162	179,041.37
INTESA SANPAOLO	Educate with Art Presidency of the Council – Dept. of Family Policies	55003/8200/853333	42,482.40
Total			3,900,836.34

Due to the change in accounting standards used and the financial statement schedules, the Foundation has decided not to include comparison data in the Operating Report Statement. However, there are two documents appended to the Financial Statements that compare the asset and liability data shown in the Statement of Financial Position for the last two fiscal years (2021, pursuant to law, and 2020, reclassified in line with the 2021 schedules).

This Financial Statement, consisting of the Statement of Financial Position, Balance Sheet, and Mission Report, gives a true and fair reflection of the Foundation's financial and asset positions, as well as the net result for the fiscal year and the information contained is as it appears in the accounting records.

Milan, 17/06/2022

The President

Patrizia Savi