

A I F O

Associazione Italiana Amici di Raoul Follereau

STATEMENT OF FINANCIAL POSITION
at
31 DECEMBER 2012

2012 STATEMENT OF FINANCIAL POSITION

ASSETS AND LIABILITIES

ASSETS	2012	2011	NET ASSETS & LIABILITIES	2012	2011
FIXED ASSETS			NET ASSETS		
<i>Intangible Assets</i>			<i>Unrestricted Net Assets</i>		
Software	27.295	27.177	Available Funds	1.663.337	3.008.657
Total Intangible Assets	27.295	27.177	Revaluation Fund, 185/2008 Law	848.958	848.958
<i>Tangible Assets</i>			Surplus/(Deficit)	1.277	75.883
Land and Buildings	863.583	893.024	Unrestricted Net Assets	2.513.572	3.933.499
Machinery	22.440	17.800	<i>Restricted Net Assets</i>		
Other Goods	9.622	4.383	Designated Project Funds	1.683.948	262.745
Construction in progress and down payments	4.056	0	Fixed Reserve	600.000	600.000
Total Tangible Assets	899.702	915.207	Total Restricted Net Assets	2.283.948	862.745
<i>Financial Assets</i>			TOTAL NET ASSETS	4.797.520	4.796.244
Shares	20.055	20.055	RISKS AND COSTS ALLOWANCE		
Bank Titles as Guarantees	0	0	Various Allowances		-
Total Financial Assets	20.055	20.055	Project Accounting Risk Allowances	30.686	56.531
TOTAL FIXED ASSETS	947.052	962.439	TOTAL RISKS AND COSTS ALLOWANCE	30.686	56.531
CURRENT ASSETS			SEVERANCE PAYMENT FUND (TFR)	507.861	497.395
Inventories	47.640	21.653	DEBTS		
<i>Short-term project financing credits</i>			Suppliers	72.495	170.629
Credits from private associations	126.700	499.726	Other Debts	106.560	135.579
Credits from the Ministry of Foreign Affairs	120.685	88.445	Debts toward Social Security Institutions	59.722	69.043
Credits from international donors	807.257	672.299	Tax Debts	49.242	45.881
Credits from local entities	38.183	30.598	TOTAL DEBTS	288.019	421.133
Credits through groups	217.069	309.634	NEGATIVE ACCRUALS	1.688.730	2.776.820
Total Short-Term Project Financing Credits	1.309.893	1.600.702	TOTAL LIABILITIES	2.515.296	3.751.879
<i>Long-term project financing credits</i>			TOTAL: NET ASSETS AND LIABILITIES	7.312.816	8.548.123
Credits from private associations	0	47.700	INTERIM ACCOUNTS		
Credits from the Ministry of Foreign Affairs	0	0	Funds Committed to Projects		
Credits from international donors	291.225	917.402	Short-term Funds Committed to Projects	1.476.783	1.962.732
Credits from local entities	0,0	0	Long-Term Funds Committed to Projects	778.747	1.334.269
Total Long-Term Project Financing Credits	291.225	965.102	Dev. Ed. Funds (Short-Term)	10.242	12.774
Total Project Financing Credits	1.601.119	2.565.804	Total Funds Committed to Projects	2.265.771	3.309.775
Tax Credits	1.841	106	Guarantees		
Other Credits	114.707	74.761	Titles as Bank Guarantees	-	-
<i>Bequests and Donations</i>			Total Guarantees	-	-
Bequests and material donations	1.026.945	792.940	Guarantees Received		
Total Bequests and Donations	1.026.945	792.940	Bank Guarantees Received from Third Parties	-	-
Current Financial Assets	550.000	646.446	Total Guarantees Received	-	-
<i>Liquid Assets</i>					
Cash and Cash Equivalents	26.147	70.931			
Bank and Postal Accounts	2.959.513	3.385.858			
Total Liquid Assets Available	2.985.659	3.456.789			
TOTAL CURRENT ASSETS	6.327.911	7.558.500			
POSITIVE ACCRUALS	37.854	27.183			
TOTAL ASSETS	7.312.816	8.548.123			

2012 Statement of Financial Position

STATEMENT OF ACTIVITIES ACCOUNT

REVENUES	2012 Statement	2011 Statement	diff. %
REVENUES			
Donations	2.386.862	3.072.100	-22%
Revenues from the 5/1000 tax	124.538	151.265	-18%
Contributions from private associations	495.721	646.166	-23%
Contributions from Ministry of Foreign Affairs	39.559	171.188	-77%
Contributions from International Donors	773.611	424.787	82%
Contributions from Local Entities and Regions	35.307	88.177	-60%
Contributions from Local Entities and Regions through Groups	98.872	160.310	-38%
Revenues from Bequests	655.394	36.010	1720%
Variations in Residual Funds	25.987	9.504	173%
TOTAL REVENUES	4.635.851	4.759.507	-3%
EXPENSES			
Campaigns	515.723	355.899	45%
Publications	203.301	223.681	-9%
Bequests	134.262	92.667	45%
Institutional Activities	116.634	103.512	13%
Cooperation Projects	2.716.615	2.617.764	4%
Development Education Projects	20.141	104.572	-81%
Structural Expenses	1.134.699	1.183.119	-4%
TOTAL ORDINARY MANAGEMENT EXPENSES	4.841.374	4.681.215	3%
RESULTS FOR THE FISCAL YEAR	-205.524	78.292	-363%
FINANCIAL MANAGEMENT			
Interest Receivable on Bank and Postal Accounts	18.223	26.550	
Bank and Postal Account Expenses	-6.528	-7.826	
Result, management of bank and postal accounts	11.695	18.724	
Income from Investment Funds and Securities	22.951	9.256	
Investment Funds and Securities Expenditures	-11	-22	
Result, management of Investment Funds and Securities	22.940	9.234	
Charges on Bank Guarantees	0	0	
RESULT: FINANCIAL MANAGEMENT	34.635	27.958	24%
ALLOWANCES AND RELEASED ALLOWANCES			
Allowances	-44.585	-19.644	
Released Allowances	36.476	13.205	
ALLOWANCES AT NET OF RELEASED ALLOWANCES	-8.110	-6.438	26%
EXCEPTIONAL REVENUES AND EXPENSES			
Exceptional Revenues	244.997	24.096	
Exceptional Expenses	-18.266	-9.890	
TOTAL EXCEPTIONAL REVENUES AND EXPENSES	226.731	14.206	1496%
RESULTS FOR THE FISCAL YEAR BEFORE TAXES	47.733	114.018	-58%
TAXES	-46.457	-38.135	
RESULTS FOR THE FISCAL YEAR	1.277	75.883	-98%

ADDITIONAL NOTES TO THE 2012 STATEMENT OF FINANCIAL POSITION

1. INTRODUCTORY INFORMATION

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

AIFO's annual statement of financial position, closed on 31 December 2012, is made up of the following sections:

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

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

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

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

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

2. ACCOUNTING PRINCIPLES APPLIED

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

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

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

3. EVALUATION CRITERIA

Tangible, Intangible, and Financial Assets

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

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

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

Inventories

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

Short and Long-Term Project Financing Credits

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

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

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

Credits on taxes

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

Other credits

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

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

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

Bequests and Donations

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

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

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

Current assets

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

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

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

Cash and Cash Equivalents, Bank and Postal Accounts

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

Accruals

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

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

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

Net Assets

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

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

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

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

Risks and Costs Allowance

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

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

Severance Payment Fund (TFR)

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

Debts

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

Interim Accounts

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

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

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

Assets and Liabilities

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

Assets are recorded when they become certain.

Specifically:

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

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

Liabilities are divided into:

- a) Campaign Expenses, concerning communication and fund raising activities aimed at locating resources to continue the association’s activities
- b) Publishing Expenses, concerning the association’s publishing activities
- c) Last Will and Testament Expenses, concerning costs incurred for the legal and administrative management of inheritance and of value adjustments determined by situations or facts that alter the original values registered in the statement
- d) Institutional Activity Expenses, concerning costs incurred for the activities carried out by the statutory bodies, certification of the statement, and institutional relations

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

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

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

4. VARIATIONS OF ASSETS AND LIABILITIES

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

ASSETS

FIXED ASSETS

Fixed assets are presented at net of depreciations, and are equal to an overall amount of € 947,052 at 31 December 2012, compared with € 962,439 at 31 December 2011. Variations recorded during the year concern:

- 1) the purchase of new software
- 2) the construction of a platform stairlift for Bologna headquarters
- 3) the normal rate of depreciation

Intangible Assets

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

Following are the variations regarding intangible assets:

	31/12/2012	31/12/2011	Variation
Software	99.995	90.261	9.734
Depreciation	(72.700)	(63.083)	-9.617
Amount reported in the statement	<u>27.295</u>	<u>27.177</u>	<u>118</u>

The total variation increase of € 9,734 is mainly due to the purchase of new software for General Accounting and Monitoring which integrates decentralized AIFO offices located abroad. Antivirus software was also purchased.

Tangible Assets

This budget item includes:

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

Following are the variations regarding tangible assets:

	31/12/2012	31/12/2011	Variation
Land and Buildings	981.345	981.345	-
Machines and Tools	44.455	38.405	6.050
Electrical Equipment	97.243	90.488	6.755
Office Equipment	21.110	21.110	-
Telephone Lines	11.153	11.153	-
Electrical Systems	6.849	6.218	631
Light Construction	18.732	18.732	-
Furniture	59.234	50.444	8.790
Vehicles	11.485	11.485	-
Total historical value	1.251.606	1.229.380	22.226
Depreciation	(355.960)	(314.172)	(41.788)
Amount reported in the statement	895.646	915.207	(19.562)

Variations occurring during the fiscal year are explained as follows:

Increase in the item "Furniture" is mainly due to new furniture purchased for Bologna headquarters;
 Increase of the item "Machines and Tools" is due to the purchase of an automatic bagging machine;
 Increase in the item "Electronic Equipment" is mainly due to the purchase of 7 new laptops and relative accessories in support of the activities of the Bologna office.

As regards **construction in progress and down payments**, this budget item includes the down payment made towards the construction of a platform stairlift in Bologna headquarters for access of the disabled, which was yet to be completed on 31/12/12.

Financial Assets

The budget item "Financial Assets" is composed of "Shares" and "Bank Titles as Guarantees". Share values remained unchanged, at € 20,055, made up of € 12,014 worth of shares held in the *Banca Popolare Etica*, and € 8,041 worth of shares in the International Federation of Anti-Leprosy Associations (ILEP).

The budget item "Bank Titles as Guarantees" is equal to zero at 31 December 2012, as it was for the previous fiscal year.

CURRENT ASSETS

Inventories

This budget item is exclusively comprised of promotional material present in national headquarters and in the decentralized warehouse in Ferrara, managed by the BAUM Coop, and is equal to € 47,460. This amount mainly represents the value at cost of materials related to the 2012 World Leprosy Day and purchased in advance.

Short and Long-Term Project Financing Credits

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

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

	2012	2011	Variation
Balance at beginning of year (including depreciations)	2.817.007	2.359.185	457.822
Sum cashed in	(1.285.200)	(1.798.283)	(513.083)
Write-offs – variations	(55.435)	(256.228)	(200.793)
Credits gained from new approvals	409.904	2.512.333	(2.102.429)
Balance at closure of year (including depreciations)	1.886.276	2.817.007	(930.731)
Credit depreciations	(285.157)	(251.202)	(33.955)
Balance at closure of fiscal year net of depreciations	1.601.119	2.565.804	(964.685)

A breakdown of credits subdivided by donor type reveals the following:

	31/12/2012	31/12/2011	Variation
Credits from private associations (ILEP, CEI, and others)	126.700	547.426	(420.726)
Credits from MAAEE (net of depreciations)	120.685	88.445	32.240
Credits from international donors	1.098.482	1.589.701	(491.219)
Credits from local entities and Regions	38.183	30.598	7.585
Credits from local entities and Regions through groups	217.069	309.634	(92.565)
Total credits	1.601.119	2.565.804	(964.685)
Of which short-term	1.309.893	1.600.702	(290.809)
Of which long-term	291.225	965.102	(673.877)

Credits from private associations, with an overall total of € 126,700, decrease by € 420,726 (from € 547,426 at 31 December 2011). This variation is mainly due to:

- the decision made in line with the principle of prudence to count credits from Associations affiliated with the ILEP only upon receipt of written confirmation of their pledge towards AIFO. According to preliminary meetings held at the end of 2012, AIFO should be allocated € 159,000 from Associations affiliated with the ILEP in 2013; while agreements in 2011 foresaw the allocation of € 259,000 for 2012, of which only € 10,000 (from the DAHW Association - *Deutsche Lepra- und Tuberkulosehilfe e.V.*), was actually allocated after receipt of written confirmation of this pledge;
- the reduction of credits from other private organizations, which decreased from € 118,287 in 2011 to € 39,739 in 2012;
- the reduction of credits from the CEI, which decreased from € 136,000 in 2011 to € 72,700 in 2012.

When analyzing the causes of this reduction, it is necessary to point out that a consistent reduction of in-coming funding credits took place throughout 2012, from € 581,388 in 2011 to € 68,556 in 2012.

Finally, another cause of the reduction of this budget asset was a loss of 27,739 due to unpaid contributions previously pledged to AIFO, occurring due to the risk of insolvency of two Non Governmental Organizations: *Maos Unidas* – Portugal (€ 25,000) and *CESTAS* – Italy (€ 2,739).

Credits from MAAEE are recorded in the Statement for a total of € 120,685 (€ 88,445 in 2011) at net of depreciations, which amount to € 257,068 (€ 251,202 in 2011). This increase results from:

- a) The event of new credits from the Italian Ministry of Foreign Affairs with approval of 2 new projects:
 - a. Vietnam Rehabilitation Project 2012-2013 (€ 237,558)
 - b. MAE-RIDS Project (€ 24,640)
- b) Receipts of scheduled payments occurring throughout the fiscal year:
 - a. € 40,554 received as final payment for the Porto Nacional project;
 - b. € 166,291 received as first payment for the Vietnam RBC 2012 project;
 - c. € 17,246 received from first payment of the RIDS project.

Final payments for the Vietnam RBC project (€ 42,024), Vietnam RBC 2012 project (€ 71,267) and RIDS project (€ 7,394) are forthcoming.

Credit related to the Vietnam RBC project was reduced from € 47,889 to € 42,024 (for a difference of € 5,865.50) in order to adapt this amount to the remaining balance requested to MAE through the project's the final financial report.

Credits from International Donors are made up in their entirety of credits from the EU, and decreased from € 1,589,701 to € 1,098,482 (- 31%). On the one hand, this reduction is tied to dynamics related to receipt of payment for projects co-financed by the EU, which were the following:

- Mongolia RBC 2011-2014: payment of € 158.010 received,
- Vietnam Project: payment of € 110.589 received,
- Liberia RBC: payment of € 178.013 received,
- China Mental Health: payment of € 6.417 received.

On the other hand, no new projects were approved in 2012. A upward variation was recorded at any rate for authorization on the part of the EU to use the reserve fund for the Vietnam Project (+€ 9,654).

As regards **Credits from International Donors other than the European Union**, the only existent credit at the beginning of the year was from the Tunisian Ministry of Social Affairs, Solidarity, and Tunisians Abroad. This credit was subsequently written off after a final receipt of payment for the amount of € 34,212.

Credits form local entities and Regions increased compared to 2011, from € 30,598 to € 38,183 (+ 24%), thanks to the approval of new projects which resulted in new credits for a total of € 55,307. These were:

- € 35,000 from the ASL of Padua for the Nepal Project
- € 17,607 from the Region of Emilia-Romagna for the Mozambique-Nampula project

In the course of the year € 47,386 was received from arising or pre-existing credits in line with these activities.

As regards credits obtained through AIFO groups present on national territory, a reduction from arising € 309,634 to € 217,069 (- 30%) was recorded, due to the lower amount payments received in 2012, which was not compensated by the emergence of new credits.

Tax Credits

Tax credits at 31 December 2011 amount to € 1,841, including € 1,144 relative to the IRAP. The remaining amount is due to pre-payments made on the substitute tax for severance pay.

Other Credits

This budget item amounted to € 114,707 on 31 December 2012 and increased compared to the amount of € 39,946 at the closure of the previous fiscal year.

Bequests and Donations

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

	31/12/2012	31/12/2011	Variation
Real Estate	1.771.619	1.454.347	317.272
Currency / Goods	83.604	121.476	-53.232
Total	1.855.223	1.575.823	264.041
Depreciations	(629.075)	(629.075)	0
Expense Allowance	(199.203)	(153.808)	(45.395)
Total bequests and donations (at net)	1.026.945	792.940	234.005

All in all, the budget item “Bequests and Donations,” recorded as an asset at net of depreciations and the bequest expense fund, amounts to € 1,026,945, at a significant increase compared to the previous year due to inheritance received during the course of the fiscal year.

A payment of € 225,000 was made during the course of the year, tied to the sale of land which was part of a substantial bequest (Bolis) emerging during the year and recorded in the statement at a total value of € 386,698.

Variations occurring on the “Expense Fund for Bequests” during the course of 2012 were the following:

Expense Fund for Bequests at 01/01/2012	153.808
Provisions in the course of 2012	75.393
Adjustments (write-offs)	(50)
Allowance Usage	(29.948)
Expense Allowance for Bequests at 31/12/2012	199.203

The “Bequest Depreciation Allowance” did not undergo any changes, as in the course of 2012 no further elements of risk arose compared to those previously evaluated.

Investment Activities

This budget item is made up of:

	31/12/2012	31/12/2011	Variation
Pioneer Fund ‘cautious line’	250.000	250.000	0
Restricted Account Bank of Bologna	300.000	200.000	100.000
Titles	0	196.446	(196.000)
Total Investment Activities	550.000	646.446	(96.446)
Of which fixed financial assets	0	0	0
Total Current Financial Assets	550.000	646.446	(96.446)

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

Variations in the distribution of investment activities are due to payment received through the Italian Treasury Bonds belonging to the association for a total amount of € 196,446 and of the placement of another € 100,000 in a restricted account at the Bank of Bologna.

Cash and Cash Equivalents

The budget item entitled “Cash and Cash Equivalents” is recorded at € 26,147 and is made up of currency and equivalents available at the National headquarters, along with the currency in cash boxes existent in loco for certain projects, which has been recorded using the exchange rate applicable to the date of statement closure, as is divided in the following manner:

31/12/2012	31/12/2011	Variation
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Main Cash Box	2.719	4.800	(2081)
Stamps and Stamp Duties	10.380	578	9802
Checks to Cash		11.880	(11.880)
Foreign Currency Cash Box	1.811	1.981	(170)
Rome office Cash Box	9	108	(99)
Project Cash Boxes in loco	11.228	51.584	(40.356)
Total at Statement Closure	26.147	70.931	(44.784)

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

	Main Cash Box
Total at beginning of year	4.800
Deposits	64.334
Withdrawals	(66.416)
Total at closure of fiscal year	2.719

Bank and Postal Accounts

The budget item "Bank and Postal Accounts" is recorded at a total amount of € 2,959,513 and is subdivided in the following manner:

	31/12/2012	31/12/2011	Variation
Bank accounts	2.218.081	2.789.647	(571.566)
Postal accounts	597.860	226.540	371.320
Other postal accounts (CMP)	34.409	30.043	4.366
Pre-paid Cards	3.242	3.242	0
Total on premises at closure of fiscal year	2.853.591	3.049.472	(195.881)
Project bank accounts in loco	105.921	336.386	(230.465)
Total at closure of fiscal year	2.959.513	3.385.858	(426.345)

Reduction in the total amount of this budget item (€ 426,345 less than the total at 31 December 2011) is due to a number of factors, among which: the consistent decrease in contributions made in 2012 compared to 2011 (only partially compensated by receipt of bequests), and a stricter financial monitoring of currency available abroad.

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

	Bank Accounts	Postal Accounts	Other Postal Accounts (CMP)	Prepaid Cards	TOTAL
Total at beginning of year	2.789.647	226.540	30.043	3.242	3.049.472
Deposits	6.556.551	1.410.759	98.002	0	8.065.311
Withdrawals	(7.128.117)	(1.039.439)	(93.636)	0	(8.261.192)
Total at closure of year	2.218.081	597.860	34.409	3.242	2.853.591

The total amount present in bank accounts abroad at 31 December 2012 is € 105,921; and the total amount of the budget item "Bank and Postal Accounts" is € 2,959,913.

Positive Accruals

This budget item amounts to € 37,854, compared to € 27,183 at 31 December 2011, and refers to insurance and utilities pertaining to the following year as well as any positive difference between the cost and historical values at net of short-term private banking investments (historical values are registered within investment activities). At closure of this fiscal year, positive accruals related to the

Pioneer Fund amounted to € 19,164.06, while insurance premiums relative to 2013 account for € 16,023.

NET ASSETS AND LIABILITIES

NET ASSETS

As a result of a € 1,277 surplus for the year 2012, AIFO's net assets increased from € 4,796,243 at 31 December 2011 to € 4,797,520 at 31 December 2012.

They comprise the following:

Designated Project Funds

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

The amount represents cost estimates for the 2013 year, at net of any contributions on the part of donors.

Designated project funds have seen the following variations:

2013 year	Cost Estimate 2013	Coverage in 2013 of co- financers	AIFO Designated Project Funds for 2013	AIFO Designated Project Funds for 2012	Variation
	A	B	C = A - B	D	E = C - D
Pledged funds for short-term projects	2.936.801	1.263.095	1.673.706	249.971	1.423.735
Pledged funds for short-term dev. edu. projects	10.242	0	10.242	12.774	(2.532)
Total funds pledged for short-term projects	2.947.043	1.263.095	1.683.948	262.745	1.421.203

The substantial increase of this budget item at 31 December 2012 with respect to the closing amount registered for 2011 (from € 262,745 to € 1,683,948) is not due to an actual increase in AIFO designated project funds from 2012 to 2013, but to an extremely low project cost estimate made at the end of 2011, caused by a discrepancy occurring between presentation of the 2011 Statement and approval of the forecasted budget for 2012.

Fixed Reserve

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

Unrestricted Net Assets

"Unrestricted Net Assets" include the residual part of liabilities, which is not bound as "Designated Project Funds" or "Fixed Reserve" and is made up of the following items at 31 December 2012:

	31/12/2012	31/12/2011	Variation
Available Funds	1.663.337	3.008.657	1.345.320
Revaluation Reserve, 185/08 Law	848.958	848.958	0
Surpluses/Deficits	1.277	75.883	(74.606)
Total Unrestricted Net Assets	2.513.572	3.933.499	(1.419.927)

The decrease in unrestricted net assets compared to the previous fiscal year is due to the increase of the budget item "Designated Project Funds", whose variations have been reported above.

RISKS AND COSTS ALLOWANCE

The only budget item present in this category for 2012 is that of "Project Accounting Risk Funds", whose variations throughout the year were as follows:

Allowance at 01/01/2012	56.530
Write-offs for accounting approvals or credit depreciations	(36.476)
Surplus for projects	10.631
Allowance at 31/12/2012	30.686

SEVERANCE PAYMENT FUND (TFR)

As mentioned above in the evaluation criteria, this budget item reports the entire amount of severance pay pertinent to employees, volunteers, and humanitarian aid workers employed in projects abroad. In 2012 the amount of € 507,861 is entirely made up of TFR funds for employees, as that of volunteers and humanitarian aid workers has a value of zero.

Variations in this budget item are as follows:

TFR at 01/01/2012	497.395
Usage during year	(45.424)
Surplus for year	55.889
Fund at 31/12/2011	507.861

DEBTS

This budget item, which decreased by €134,258 when compared to 31 December 2011, is broken down as follows:

	31/12/2012	31/12/2011	Variation
Suppliers	72.495	170.629	(98.134)
Other Debts	106.560	135.579	(29.019)
Debts toward Social Security Inst.	59.722	69.043	(9.321)
Tax Debts	49.242	45.881	2.217
Total Debts	288.019	421.133	(134.258)

The difference registered with respect to the previous year is mainly due to the item "Suppliers", which was lower than that of the previous year.

NEGATIVE ACCRUALS

The budget item for the amount of 1,688,730 includes negative accruals and contributions pledged by donors relative to projects to be carried out during the following year or those to come.

This item decreases by the amount used during the fiscal year for project implementation and increases in the event of approved projects with a duration of several years by the amount to be "suspended" in as far as it is relevant to successive years.

	31/12/2012	31/12/2011	Variation
Various negative accruals	10.061	14.386	(4.325)
Deferred short-term project credits	1.056.444	1.712.761	(656.317)
Deferred long-term project credits	622.225	1.049.673	(427.448)
Total negative accruals	1.688.730	2.776.820	(1.088.090)

The reduction of this budget item with respect to the previous year is due to the drastic reduction of multi-year co-financed projects. More specifically, no contributions were registered for projects co-financed by the European Union in 2012.

INTERIM ACCOUNTS

Funds committed to projects at 31 December 2012 are the following:

	31/12/2012	31/12/2011	Variation
Short-Term Funds Committed to Projects	1.476.783	1.962.732	(485.949)
Long-Term Funds Committed to Projects	778.747	1.334.269	(555.522)
Development Education	10.242	12.774	(2.532)
Total Interim Accounts	<u>2.265.771</u>	<u>3.309.775</u>	<u>(1.044.004)</u>

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

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

At 31 December 2012 the amount of bank guarantees received from third parties in favor of the Association upon donor request is zero and therefore no titles related to bank guarantees are present. At 31 December 2012 a € 500,000 limit for bank guarantees is available to AIFO.

STATEMENT OF ACTIVITIES

REVENUES

Donations received from individuals

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

Donations received from individuals deriving from these activities are equal to € 2,386,862 for the fiscal year in question.

This budget item accounts for the association's highest level of revenues, and the amount recorded for the fiscal year under examination is lower than that of the previous year by € 685,239: 22% less. This decrease can partly be attributed to the extraordinary nature of revenues registered in 2011, in large part conditioned by a large donation received during that fiscal year. At the same time, taking the year 2010 into consideration, for donations received totaled € 2,801,205, there is no doubt that donations are in decline in the longer term. For this reason, the organization has put a series of initiatives into place aimed at reversing this trend.

In the first trimester of 2013, donations received underwent a slight increase of 2.2% compared to those received in the same period of the previous year.

Revenues from the 5/1000 tax

In 2012 the Internal Revenue Service published and liquidated revenues deriving from the 5/1000 tax. The amount received by AIFO was € 125,538, an 18% decrease when compared to the previous year.

Contributions from Private Associations

This budget item, equal to € 495,721, has decreased by € 150,445 with respect to the previous year. The reduction was determined by the lesser impact of contributions made by private associations and the CEI. The remainder of the amount concerns contributions made by ILEP-affiliated associations.

Contributions from the Italian Ministry of Foreign Affairs (MAAEE)

In 2012 this budget item is equal to € 39,599 and represents contributions received from the MAAEE related to activities in progress during the fiscal year. The decrease in funds compared to the previous year, when the budget item was equal to 171,188, is mainly due to the conclusion of activities related to the Vietnam RBC project (where a new project has emerged in the meanwhile) and in Brazil:

	2012	2011	Variation
Brazil Tocantins Project	0	136.419	(136.419)
Vietnam RBC Project	0	34.769	(34.769)
Vietnam RBC 2012 Project	36.760	0	36.760
MAE RIDS Project	2.799		2.799
Total contributions from MAAEE	39.559	171.188	(131.629)

In the course of 2012, 2 new projects were approved by the MAAEE: MAE RIDS (total MAE co-financing equal to € 24,640), and Vietnam RBC 2012 (total MAE co-financing equal to € 237,558). These contributions had an impact on Revenues and Expenses in proportion to the state of progress of activity implementation.

Contributions from the European Union and other International Donors

Contributions from the European Union in 2012, compared to those of the previous fiscal year and divided by relative project, are the following:

	2012	2011	Variation
Mongolia RBC Project	0	8.651	(8.651)
Mongolia RBC 2011-2014 Project	190.422	52.414	138.008

Guinea Bissau Gabu Project	143.600	9.807	133.793
China Mental Health Project	4.848	7.223	(2.375)
Vietnam Disability and Human Rights Project	139.192	121.108	18.084
CBR Mental Health Research Project	96.673	2.591	94.082
Liberia RBC Project	198.876	187.011	11.865
Total EU contributions	773.611	388.805	384.806
Contributions from other international Donors	0	35.982	(35.982)
Total contributions from International Donors	773.611	424.787	348.824

EC co-financed projects that produced revenues in 2012 were approved during the course of 2011 and 2010, and will be completed between 2013 and 2014. No revenues were recorded relative to new projects beginning in 2012.

Contributions from local entities and Regions

This budget item, equal to € 35,307 refers to contributions from Municipalities, Provinces, and Regions. It underwent a reduction of € 52,870 compared to the previous year.

Contributions from local entities and Regions through groups

Contributions pertaining to 2012 received through groups amount to € 98,872, and are distributed as follows:

- Egypt CBR Project: € 19,613 (Rome Municipality through the Lazio Group);
- China Handa Project: € 5,009 (Province of Trento through the Rovereto Group);
- India Mandva Project: € 4,230 (Rovereto Municipality through the Rovereto Group);
- Brazil Goias Velho Childhood Project: € 70,019 (Province of Trento through the Rovereto Group).

Bequests

Revenues deriving from bequests amount to a total of € 655,394: an increase of €619,384 compared to 2011.

When proceedings deriving from bequests are analyzed in relation to the costs relative to their management (which will be examined in the “Expenses” section), net revenues deriving from bequest management can be measured:

	2012	2011	Variation
Gross revenues from bequests	655.394	36.010	619.384
Consultancy costs for bequests	(42.553)	(42.319)	(234)
Other management expenses	(91.709)	(24.646)	(67.063)
Net Revenues for bequests	521.132	(30.955)	552.087

Despite a consistent increase in management expenses related to bequests (which will be examined in more detail below), bequests resulted in revenues and not expenses, in contrast with the previous fiscal year.

Variations in Residual Funds

This budget item, amounting to € 25,587, is entirely due to the variation of residual inventories in storage.

EXPENSES

Introductory Note

Beginning this fiscal year, in conformity with the proposal contained in the document *Guidelines and Schemes for Drafting Statements of Financial Position for Non-Profit Organizations*, it has been decided to represent the Statement of Activities following a *classification of expenses incurred by area*. This structuring, which changes the presentational lay out of Expenses used by AIFO up to this point, foresees classification into homogeneous activity segments:

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

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

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

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

Campaigns

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

Expenses incurred for campaigns amount to a total of € 515,723, an increase of € 152,824, 45% more, compared to the previous year.

This variation is in large part due to an increase in costs related to WLD, which rose by 24% compared to 2011. The reasons for this can be found in the increase in the cost of products (namely of honey) determined by a higher price of the product itself, but also by a larger quantity ordered.

Increases are also registered in the Items "Bidder Contacts and Developments" and "5x1000". These increases are due to consultancy costs tied to communication and promotion aimed at the diffusion and reinforcement of AIFO's image.

Cost breakdown:

	2012	2011	Variation
WLD	368.748	297.100	71.648
5 /1000	26.938	4.533	22.405
Bidder Contracts and Developments	101.893	53.674	48.219
WDD - World Disability Day	0	592.25	(592)
Big Donors	18.144	0	18.144
Total campaign expenses	515.723	355.899	159.824

Publications

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

Expenses incurred for Publications amount to € 203,301: € 20,381 less than those of 2011. This item is broken down in the following manner:

	2012	2011	Variation
Friends of Follereau	186.397	217.158	(30.761)
Annual Report	6.383	6.523	(140)
AIFO collection – La Meridiana	10.520	0	10.520
Total Publication Expenses	203.301	223.681	(20.380)

Savings on Publication costs are due to a reduction in publication and shipping costs for the magazine *Friends of Follereau*. This reduction was brought about in December 2012 by the creation of a lighter format for the magazine with consequent savings in printing and shipping costs.

Expenses in the item “AIFO collection” are tied to publication of the book *Eutopia, Society of Love*.

Bequests

Following are the expenses incurred in bequest management:

	2012	2011	Variation
Legal consultancy for inheritance	42.553	42.319	234
Travel Expenses	56	130	(74)
Production of materials	1.331	0	1.331
Expense allowances for bequests	75.393	24.516	50.877
ICI/IMU taxes	14.929	4.334	10.595
Other	0	21.368	(21.368)
Total Expenses Bequests	134.262	92.667	41.595

The increase in expenses related to bequest management is in large part due to the increase in expense allowances, which were altered to fit cost estimates related to what will be spent as a consequence of the management e maintenance of inherited real estate as well as the legal costs derived from legal proceedings in progress.

Institutional Activities

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

Expenses related to institutional activities increased with respect to the previous year by € 13,122. This increase is tied to higher costs related to assembly functions (an increase in travel cost reimbursement), regional coordination (increases in costs incurred by regional coordination committees), and institutional relationships (an increase in membership dues).

	2012	2011	Variation
General Assembly	17.304	12.767	4.537
Board of Trustees	18.911	19.242	(331)
Board of Auditors	11.333	10.266	1.067
Statement Certification	13.336	12.933	403
Regional Coordination	5.971	1.052	4.919
Members	10.548	11.413	(865)
Institutional Relationships	39.231	35.839	3.392
Total Institutional Activity Expenses	116.634	103.512	13.122

Cooperation Projects

The expenses of cooperation projects amount to € 2,716,615, rising by 4% compared to 2011.

Following is a breakdown of expenses incurred in 2012 by project:

ILEP Cod	Type	Area	Country	Title	Cost 2012 (in €)
1100001	Leprosy	Africa	COMOROS ISLANDS	POMONI	55.249
1119002	Leprosy	Africa	CAMEROUN	SOCIAL PROGRAMME	15.000
1143903	Leprosy	Africa	D.R.CONGO	KIMBAU	4.000
1145911	Leprosy	Africa	D.R.CONGO	ITURI	4.000
1230006	Rehabilitation	Africa	EGYPT	CBR	31.608
1240001	Leprosy	Africa	ERITREA	DIGSA	5.000
1390001	Rehabilitation	Africa	KENYA	KOROGOCHO RBC	21.339
1390010	Leprosy	Africa	KENYA	KADEM	148.282
1399002	Leprosy	Africa	KENYA	PN	5.000
1430003	Rehabilitation	Africa	LIBERIA	CBR	714
1430004	Rehabilitation	Africa	LIBERIA	CBR UE	260.608
1439901	Rehabilitation	Africa	LIBERIA	DPO UE	14.607
1490008	Leprosy	Africa	MADAGASCAR	IMADY	5.000
1490017	Leprosy	Africa	MADAGASCAR	MORAMANGA	5.000
1490027	Leprosy	Africa	MADAGASCAR	ISOANALA	5.000
1519006	Leprosy	Africa	MOZAMBIQUE	NAMPULA	149.783
1519008	Leprosy	Africa	MOZAMBIQUE	CABO DELGADO	19.259
1519011	Leprosy	Africa	MOZAMBIQUE	MANICA IV	64.747
1609001	Leprosy	Africa	GUINEA BISSAU	P.N.	63.511
1609901	Leprosy	Africa	GUINEA BISSAU	GUINEA BISSAU UE	180.302
2239001	Leprosy	Latin America	NICARAGUA	MANAGUA	9.000
3060190	Leprosy	Latin America	BRAZIL	ACRE	3.199
3060490	Leprosy	Latin America	BRAZIL	BAHIA	2.088
3060790	Leprosy	Latin America	BRAZIL	GOIAS	6.896
3061209	Rehabilitation	Latin America	BRAZIL	SANTAREM CBR	3.000
3061290	Leprosy	Latin America	BRAZIL	PARA	34.356
3062116		Latin America	BRAZIL	GAMAH	3.000
3062702	Leprosy	Latin America	BRAZIL	PORTO NACIONAL COMSAUDE	25.000
3069102	Institutional Support	Latin America	BRAZIL	COORDINAMENTO	78.744
4070002	Leprosy	Asia	MYANMAR	NONG KANG	2.000
4070003	Leprosy	Asia	MYANMAR	ST. THERESA	2.000
4070005	Leprosy	Asia	MYANMAR	LOILEM S.J.C.	2.000
4120003	Leprosy	Asia	CHINA	HANDA	43.000
4129011	Leprosy	Asia	CHINA	YUNNAN YNCDC	10.000
4129901	Rehabilitation	Asia	CHINA	EU MENTAL HEALTH	24.601
4240512	Rehabilitation	Asia	INDONESIA	CBR	38.000
4250123	Leprosy	Asia	INDIA	GUDIVADA/SANT CATALD	15.300
4250166	Leprosy	Asia	INDIA	NIDADAVOLE	9.700
4250178	Leprosy	Asia	INDIA	KOLLAPUR	12.600
4250198	Leprosy	Asia	INDIA	ANDHARA PRADESH NLEP	3.400
4250210	Rehabilitation	Asia	INDIA	ASSAM CBR	36.000
4250299	Leprosy	Asia	INDIA	ASSAM NLEP	42.000
4250502	Leprosy	Asia	INDIA	COCHIN IMA	13.800
4250711	Leprosy	Asia	INDIA	KARIGIRI	1.400
4250716	Leprosy	Asia	INDIA	KUMBAKONAM	17.000
4250828	Leprosy	Asia	INDIA	BOMBAY SION	5.000
4250832	Leprosy	Asia	INDIA	BOMBAY VIMALA	5.000
4251001	Leprosy	Asia	INDIA	SUMANA HALLI	11.000
4251008	Leprosy	Asia	INDIA	MANGALORE	4.500

4251012	Leprosy	Asia	INDIA	BELLARY	20.000
4251034	Leprosy	Asia	INDIA	MANDYA LEBBRA/CBR	29.500
4251039	Rehabilitation	Asia	INDIA	MALAVALLI CBR	23.000
4251098	Leprosy	Asia	INDIA	KARNATAKA NLEP	7.500
4251197	Leprosy	Asia	INDIA	ORISSA NLEP	15.000
4251698	Leprosy	Asia	INDIA	WEST BENGAL NLEP	4.000
4259001	Leprosy	Asia	INDIA	NP NATIONAL LEVEL	9.500
4259102	Institutional Support	Asia	INDIA	COORDINATION	67.335
4259904	Rehabilitation	Asia	INDIA	MUDHOL KJES RBC	10.000
4259906	Rehabilitation	Asia	INDIA	WE CARE RBC	9.000
4509001	Rehabilitation	Asia	MONGOLIA	CBR	58.642
4509101	Institutional Support	Asia	MONGOLIA	COORDINATION	208
4509903	Rehabilitation	Asia	MONGOLIA	MONGOLIA CBR UE 2011-2014	237.286
4530008	Rehabilitation	Asia	NEPAL	WATCH CBR	45.000
4550010	Leprosy	Asia	BANGLADESH	KHULNA	12.000
4550017	Rehabilitation	Asia	BANGLADESH	CHITTAGONG	7.000
4829901	Rehabilitation	Asia	VIETNAM	VIETNAM CBR	23.105
4829903	Rehabilitation	Asia	VIETNAM	DISABILITY e HUMAN RIGHTS EU	144.540
4829904	Rehabilitation	Asia	VIETNAM	VIETNAM CBR MAE 2012	42.078
5020001	Leprosy	Europe	ITALY	OSP. S.MARTINO GE IMMIGRANTS	479
5020004	Rehabilitation	Europe	ITALY	GUIDELINES MAAEE RIDS	2.999
5029701	Institutional Support	Europe	ITALY	SIHAN	38
5029902	Institutional Support	Asia	CHINA	SOLDARITY AND SERVICE - CHINA	6.000
5029903	Emergency	Europe	ITALY	AAA ABRUZZO EARTHQUAKE	21.623
7030113	Research	Europe	ITALY	LAB. SERIOL. GE	13.071
7090019	Research	Asia	INDIA	CBR IMPACT RESEARCH MANDYA	43.135
7209901	Research	Various	VARIOUS	MENTAL HEALTH RESEARCH EU	112.936
8020414	Training	Various	VARIOUS	INFO MAT AIFO	201
8040104	Training	Europe	VARIOUS	LEPROSY REVIEW	1.500
8040109	Training	Europe	ITALY	HEALTH COOP. NOTEBOOKS	121
8049901	Training	Various	VARIOUS	MAKING DEVELOPMENT INCLUSIVE	4.242
9000005	Other Leprosy	Various	VARIOUS	SS. MASSES	2.690
9000144	Institutional Support	Various	VARIOUS	MEETINGS ILEP/WHO/VARIOUS	3.893
9000201	Rehabilitation	Various	VARIOUS	WHO VULNERABLE GROUPS	5.191
9000202	Institutional Support	Various	VARIOUS	NEW PROJECT DRAFTING	1.200
9000203	Training	Europe	ITALY	WORKSHOP	7.597
9000209	Leprosy	Various	VARIOUS	ASSEMBLY OF PEOPLES	3.347
9011001	Childhood	Africa	COMOROS ISLANDS	CHILDHOOD COMORE	900
9011018	Childhood	Africa	D.R.CONGO	CHILDHOOD GOMA RDC	8.500
9013013	Childhood	Latin America	BRAZIL	CHILDHOOD GOIAS VELHO	91.302
9013017	Childhood	Latin America	BRAZIL	KURUMi ABAETETUBA CEI	35.765
9014014	Childhood	Asia	INDIA	CHILDHOOD BIDAR	20.000
9014015	Childhood	Asia	INDIA	CHILDHOOD CHAINPUR	19.000
9014018	Childhood	Asia	INDIA	CHLDHOOD NAYEE ASHA	24.600
TOTAL					2.716.615

Development Education Projects (DE)

Expenses relative to DE projects amount to € 20,141, and decrease by € 84,431 with respect to 2011.

This reduction is almost entirely due to the implementation during the 2011 fiscal year of the XXIV AIFO National Convention, activity which did not take place in 2012.
The following table illustrates the cost breakdown by project.

	2012	2011	Variation
Witnesses of Solidarity	2.288	6.438	(4.150)
Convention	-	84.954	(84.954)
Peace Caravan	1.541	-	1.541
Civil Service	1.481	1.493	(12)
Various Activities	-	480	(480)
Summer Camps	3.039	2.354	685
Training Courses for members	240	-	240
DE materials	3.283	-	3.283
Exhibits	989	6.956	(5.967)
Schools	7.280	1.897	5.383
Total DE project expenses	20.141	104.572	(84.431)

Structural Expenses

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

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

	2012	2011	Variation
Direction	135.497	142.519	(7.022)
Administration	145.692	140.300	5.392
General Services and Territory	256.620	268.226	(11.606)
Services for Projects Abroad	244.658	354.728	(110.070)
Education and Communication	157.835	150.957	6.878
General Costs Bologna Office	134.534	110.057	24.477
General Costs Roma Office	14.800	16.332	(1.532)
New Accounting Program	29.157	0	29.157
Training	15.905	0	15.905
TOTAL	1.134.699	1.183.119	(48.421)

The expenses of office staff, divided over the different organizational parts, amount to a total of € 889,475: 78% of structural costs.

Depreciations, located within the item "General Costs Bologna Office" amount to a total of € 53,069 (€ 50,931 in 2011).

This breakdown illustrates an overall reduction of structural expenses between 2011 and 2012 equal to € 48,421: -4%.

The reduction is determined by a lowering of office staff expenses compared to 2011 due to two main factors:

- The reduction of staff because of one staff member's retirement in the Services for Projects Abroad department,
- The maternity leaves of two staff members, also in the Services for Projects Abroad department.

This expense reduction from 2011 to 2012 related to staff members, equal to € - 110,602, is partially compensated by an increase in other structural expenses, such as: those related to function of the Bologna Office (+ € 24,477); those related to start up of the new digital Accounting program (+ € 29,157); those necessary to run the training courses for employees (+ € 15,905).

Financial Management

	2012	2011	Variation
INTEREST RECEIVABLE ON BANK AND POSTAL ACCOUNTS	18.223	26.550	-8.327
<i>Interest payable on bank and postal accounts</i>	-16	-1	-15
<i>Charges on bank and postal accounts</i>	-6.511	-7.825	1.314
BANK AND POSTAL ACCOUNT EXPENSES	-6.528	-7.826	1.298
Result, management of bank and postal accounts	11.695	18.724	-7.029
INCOME FROM INVESTMENT FUNDS AND SECURITIES	22.951	9.256	13.695
<i>Charges on investment funds and securities</i>	0	0	0
<i>Commissions on invest. funds and securities</i>	-11	-22	11
INVESTMENT FUNDS AND SECURITIES EXPENSES	-11	-22	11
Result, management of investment funds and securities	22.940	9.234	13.706
Charges on bank guarantees	0	0	0
RESULT: FINANCIAL MANAGEMENT	34.635	27.958	6.677

Financial management includes interest receivable and interest payable on accounts, bank charges, charges on bank guarantees, and income and charges related to investment funds and securities. In 2012 the resulting net amount was positive, registered at € 34,635, and an improvement with respect to 2011 (where this amount was equal to € 27,958), mainly because of higher income deriving from mature investment funds and securities, where an increase of € 13,695 was recorded, which compensated for the reduction of interest receivable (- € 7,029).

Allowances and Released Allowances

	2012	2011	Variation
Depreciation Allowance	-33.955	0	-33.955
Accounting Allowance	-10.630	-19.644	9.014
Total Allowances	-44.585	-19.644	-24.941
Release of Accounting Allowance	36.476	13.205	23.271
Total revenue for released allowances	36.476	13.205	23.271
ALLOWANCES AT NET OF RELEASED ALLOWANCES	-8.110	-6.438	-1.670

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

During the 2012 fiscal year, a total of € 44,485 of risk allowances were recorded: € 24,941 more than what was recorded in 2011. The creation of these allowances was due to the depreciation of credit from private associations, for which a failure to materialize is assumed (the breakdown can be found in the section dedicated to credit analysis), and to approval of new projects co-financed by the MAE, who suggested the possibility, as is procedure for AIFO, to create an allowance for accounting risks. At the same time, accounting allowances for completed projects were released.

Revenues and Expenses of Exceptional Nature

	2012	2011	Variation
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Revenues from favorable exchange rates	74	0	74
Surplus assets	244.924	24.096	220.828
Exceptional Revenues	244.997	24.096	220.901
Exceptional charges	-419	-3.031	2.612
Expenses from unfavorable exchange rates	-14	-389	375
Surplus liability	-17.142	-6.470	-10.672
Expenses on bequests	-690	0	-690
Exceptional Expenses	-18.266	-9.890	-8.376
TOT EXCEPTIONAL REVENUES AND EXPENSES	226.731	14.206	212.525

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

Overall Exceptional Revenues amount to € 244,997 in 2012, and are mainly related to the following elements:

- € 228,065 deriving from the positive outcome of an out-of-court settlement over a labor-related lawsuit emerging in the previous years;
- € 6,426 for credit deriving from receipt of a rental payment on real estate inherited by AIFO, for an amount related to a year prior to 2012 (those pertaining to 2012 were recorded within credits from bequests).

The remaining amount refers to various less substantial factors.

Exceptional expenses amount to 18,266 and mainly refer to the following factors:

- € 8,200 for a correction of contribution Credit from Rovereto Group, carried out in 2010 but wrongly accounted for in this year as a Donation;
- € 4,024 for the payment of a balance relative to utilities directly related to previous fiscal years.

The remaining amount refers to various less substantial factors.

Tax Obligations

The budget item "Tax obligations", equal to € 46,457, includes reserve funds for payment for IRES and IRAP taxes, and all taxes receivable interests from bank accounts and investments. It does not include ICI/IMU property tax amounts (which have been included in bequest costs), or the waste management tax (which has been accounted for within the costs of Bologna and Rome offices, within the structural costs section). Compared to the previous fiscal year, there is a € 8,322 increase in tax obligations. This difference is due to the creation of a reserve for payment of taxation on revenue equal to € 134,000, generated by the sale of a building area inherited in the course of the year (Bolis bequest).

Staff

AIFO staff is hired according to the National Collective Labor Contract (*Contratto Collettivo Nazionale di Lavoro*) for service and distribution industry employees. At 31/12/2012 hired staff at the association was equal to 22 individuals; in both 2012 and 2011 there is one member of staff registered as under permanent unpaid leave. During the course of 2012 the Association registered 8 expatriate project staff members and one temporary staff member in Italy. As regards voluntary work, this are registered only when pertinent to co-financed projects. Difficult to quantify are the thousands of volunteers who help support AIFO in activities ranging from those which are specialized, complex and qualified, to those related to information, education and fund raising. The same consideration can be applied to members of the Board of Trustees, who carry out their activities on a voluntary basis, in accordance with AIFO's charter, which calls for a total distinction between technical staff (paid) and members (volunteer). In 2012 the Association incurred costs of € 889,475 for staff members, while in the previous year this cost was equal to € 1,000,077.

Results for the Fiscal Year

The 2012 fiscal year closed with revenue of € 1,277: € 74,606 less than that of the previous year. A look at institutional results reveals an expenditure of € 205,524: € 283,816 more than the year before.

The reasons for this is largely due to a decline in donations (- 22%), only partially compensated for by an increase in the *Bequests* budget line.

Final results become favorable again only in the amount of revenues of an exceptional nature, specifically regarding surplus assets (+ € 220, 901 compared to 2011). However, these are to be considered by their nature as unrepeatable in future years. In this regard it is important to note that in the presence of a consistent contraction of institutional income, which could have quickly suggested a parallel reduction in the organization's operational expenses, this did not take place, as these expenses remained consistent or increased slightly. Cooperation project expenses, specifically, which are measure of the organization's commitment to its mission, increased by € 98,850. A similar increase can be seen in the "Campaigns" item. The reason behind this decision, while keeping with the financial sustainability of the organization, can be found in the will to maintain acquired technical and geographic placements, projects in progress, relationships with counterparts, and a consolidation of the image of AIFO in Italy and where it operates abroad, which would have been badly compromised and recoverable with difficulty had the organization opted for a line of disinvestment and/or the reduction of its activities.

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

Anna Maria Pisano
President
Associazione Italiana Amici di Raoul Follereau