



**ASSOCIAZIONE
RONDINE
CITTADELLA DELLA PACE**

**FINANCIAL STATEMENTS
AS OF 31/12/2018**

SUMMARY

BALANCE SHEET - ASSETS	-----2
BALANCE SHEET - LIABILITIES	-----3
INCOME STATEMENT	-----4
NOTES TO THE FINANCIAL STATEMENTS	-----5
FINANCIAL REPORT	-----18
AUDITORS' REPORT	-----20

BALANCE SHEET

ASSETS	As of 31/12/2018	As of 31/12/2017
A) Fixed assets	885,864	760,738
I Intangible assets:	252,643	198,851
1) Software	15,104	20,087
2) UN investment	101,833	0
3) Vodafone project	52,800	67,200
4) Other intangible assets	82,907	111,564
II Tangible assets:	418,070	346,736
1) Land and buildings	335,778	243,084
2) Plants and machines	25,161	32,364
3) Equipment	9,226	11,360
4) Furniture and furnishing	45,204	54,526
5) Vehicles	2,700	5,400
III Financial assets:	215,151	215,151
1) Investments	215,151	215,151
B) Circulating assets	489,967	302,076
I Stock:	5,316	382
1) Merchandising stock and books	5,316	382
II.a Receivables due from funding bodies:	123,574	228,679
1) Within the accounting period	123,574	228,679
2) After the accounting period	0	0
II.b Receivables due from others	6,010	32,663
1) Within the accounting period	6,010	32,663
2) After the accounting period	0	0
IV Liquid funds:	355,068	40,351
1) Bank and postal accounts	353,979	39,478
2) Cash and cash equivalents	1,089	873
C) Accrued income and deferred charges	10,585	6,092
Total assets	1,386,416	1,068,905

BALANCE SHEET

LIABILITIES	As of 31/12/2018	As of 31/12/2017
A) Net assets	795,827	581,746
I Endowment fund	2,869	2,870
II Restricted assets:	677,910	465,571
1) Restricted funds for projects	677,910	465,571
III Free assets:	115,048	113,306
1) Operating result of the current accounting period	1,743	842
2) Reserve fund	113,306	112,464
B) Employees' leaving entitlement	73,116	76,780
C) Payables due within the accounting period:	368,823	248,437
1) Due to banks	24,031	19,781
2) Due to other funding bodies	10,000	40,000
3) Due to suppliers and collaborators	270,083	154,249
4) Due to taxation and fiscal authorities	23,573	17,118
5) Due to social security and insurance bodies	22,152	15,298
6) Other payables due	18,985	1,991
D) Payables due after the accounting period:	103,922	123,698
1) Due to banks	103,922	123,698
2) Due to other funding bodies	0	0
E) Accrued expenses and deferred income	44,728	38,245
Total liabilities	1,386,416	1,068,905
INTERIM ACCOUNTS	935,000	1,030,000
Property mortgages	400,000	400,000
Bank overdrafts	585,000	630,000

INCOME STATEMENT

EXPENDITURE			PROCEEDS AND INCOME		
	As of 31/12/2018	As of 31/12/2017		As of 31/12/2018	As of 31/12/2017
1) Expenditure for institutional activities	1,240,250	935,393	1) From private and public bodies	1,835,764	1,477,815
1.1) Material purchase	28,858	2,756	1.1) From public bodies	94,767	146,660
1.2) Services	697,812	633,174	1.2) From foundations	655,707	617,596
1.3) Use of third party assets	26,255	4,516	1.3) From businesses and private bodies	935,229	616,419
1.4) Staff expenses	316,526	191,724	1.4) From individuals	128,306	73,058
1.5) Amortization	25,458	0	1.5) From members	4,930	12,560
1.6) Other operating costs	145,341	103,224	1.6) Other proceeds and income	16,826	11,523
2) Development and promotion expenditure	184,880	183,071	2) From public fundraising campaigns	0	10,583
2.1) Christmas campaign	0	3,634	2.1) Christmas campaign	0	10,583
2.2) Promotion and fundraising activities	184,880	179,437			
3) Expenditure for supplementary activities	0	0	3) Proceeds and income from supplementary activities	0	0
4) Financial and assets expenditure	16,643	19,072	4) Financial and assets income	4	172
4.1) Bank charges	11,681	6,897	4.1) From bank investments	4	172
4.2) Bank loans	4,962	12,175	4.2) From other financial investments		
4.3) Other assets			4.3) From other assets		
5) General support expenditure	376,124	336,749			
5.1) Material purchase	1,572	578			
5.2) Services	110,867	124,674			
5.3) Use of third party assets	8,594	10,722			
5.4) Staff	159,885	103,826			
5.5) Amortization	76,929	83,982			
5.6) Other costs	18,277	12,967			
Total pre-tax expenditure	1,817,898	1,474,285	Total proceeds	1,835,768	1,488,569
Pre-tax operating result	17,870	14,184			
Taxes	16,127	13,442			
Total expenditure after taxes	1,834,025	1,487,727			
After-tax operating result	1,743	842			
Net income	1,835,768	1,488,569	Net income	1,835,768	1,488,569

NOTES TO THE FINANCIAL STATEMENTS **for the accounting period ending on 31/12/2018**

FOREWORD

Rondine Citadel of Peace is a volunteer association registered on December 1, 1997 in the Regional Register of Volunteer Associations, Arezzo Provincial Section, No. 154, and is regulated by the framework law No. 266/91 on volunteer bodies. Following the approval of Legislative Decree No. 460/97 it automatically acquired the title of ONLUS (non-profit organization of social utility). On October 13, 2008 it was registered in the Register of Legal Entities of the Arezzo Prefecture, page 17, No. 131.

Being a volunteer organization, with Legislative Decree No. 117/2017 entering into effect on January 1, 2018, Rondine has automatically become a Third Sector Entity.

The Association's legal headquarters are located in Arezzo, Località Rondine, 1.

FORM AND CONTENT OF THESE FINANCIAL STATEMENTS

The Association draws up its Financial Statements in compliance with articles 20, 21 e 22 of its Statute and with reference to the guidelines approved by the Council of the Italian Governmental Agency for the Not-for-Profit Sector on February 11, 2009, called "Financial Statements Guidelines and Schemes for Not-for-profit Organisations", and taking into account the new Legislative Decree 117/17, Art. 13.

The financial statements for the year ended on 31/12/2018 are composed of a Balance Sheet complying with the rules established for corporations by article 2424 of the Italian Civil Code and adjusted to respond to the necessities of not-for-profit organizations; an Income Statement consisting of separate and opposed sections; Notes to the financial statements; and a Financial Report. Data relating to the last two accounting years are shown in a comparative format and the most relevant fluctuations are commented on in the Notes. Evaluation criteria and accounting principles are the same as in the previous accounting year, however, the format is different due to the adoption of the previously mentioned guidelines.

The Income Statement is divided into activity areas in order to better represent the procurement and utilisation of resources throughout the activity implementation process. Activity areas are:

Typical activities: proceeds and expenditure deriving from Rondine's institutional activities as stated in its Statute and mission.

Promotional and fundraising activities: proceeds and expenditure deriving from activities carried out by Rondine to raise funds and promote its activities with institutions and private citizens, in order to secure financial resources to be used for the achievement of its institutional goals.

Supplementary activities: activities which are different from, but complementary to, the institutional ones; their aim is to secure financial resources to be used for the achievement of institutional goals.

Asset and financial activities: asset and financial management activities which are instrumental to institutional activities.

General support activities: direction and management activities ensuring the stability of basic organisational conditions in order to guarantee the Association's continuity.

The Income Statement is drawn up on an accrual basis, i.e. without taking into account collections and disbursement relating to proceeds and expenditure.

EVALUATION CRITERIA

Fixed assets are valued at their acquisition cost, VAT included (VAT not deductible according to Presidential Decree No. 633/72, article 72 on the Value Added Tax because of the Association's nature and activity) and net of amortization. Fixed assets amortization is based on technical and economical rates which are determined taking into account the residual utilization perspectives.

Intangible assets

Multi-year expenditure in activity sectors considered as strategic for pursuing the Association's mission and for future sustainability. Amortization is based on the forecast duration of the investment's effect. Intangible assets also include software costs and maintenance of third party assets.

Type	Amortization rate
Software	20%
Third party assets	15%
Studies, research and concepts	15-20%

Tangible assets

Assets relating to the organization's premises are recorded in these Financial Statements at purchase value. Further tangible assets are listed in the following table

Type	Amortization rate
Lightweight constructions	5%
Furniture and equipment	15%
Electronic equipment	20%
Vehicles	25%
Other equipment	15%
Furniture and furnishings	15%
Buildings	1.5%
Maintenance of third party assets	15%
Plants and machines	10%

Financial assets

The value of financial assets corresponds to the endowment fund's portion deriving from fixed assets ascribed by the Association to the Rondine Foundation assets. The value was established on the basis of the historical value, net of amortisation funds, of the assets given on a free loan. This item also includes investments in limited liability companies. Financial assets are recorded at their nominal value.

Receivables

Receivables are recorded at their nominal value and divided into short-term and medium-term receivables depending on their forecast collection date.

Liquid funds

Bank accounts, postal accounts and cash are recorded at their nominal value and in their actual amounts.

Accrued income and deferred charges

Accrued income and deferred charges are shares of proceeds or expenditures spreading over two or more accounting years. They are calculated according to time-basis accounting principles

Net assets**Free assets**

Free assets include the operating result of the current period and of the previous periods.

Restricted assets

Restricted assets are funds received in 2018 and deferred to the following year whose utilization is restricted by contracts, covenants and agreements established with the relevant funding bodies.

Employees' leaving entitlement

Payables actually due to the association's staff. The working agreement in force is the UNEBA working contract (Uneba = National Union of Volunteer and Welfare Bodies).

The fund refers to the total of individual allowances due to employees as of 31/12/2018 who decided to leave the fund to Rondine without allocating it to supplementary social security institutions.

Payables

Payables are recorded at their nominal value

Interim accounts

Interim accounts are mortgages and bank overdrafts recorded at their nominal value.

Proceeds and expenditure

Proceeds and expenditure are recorded on an accrual basis according to their reference period. Expenditure is divided into management areas whilst proceeds are detailed on a source basis. They are presented in separate and opposed sections.

COMMENTS ON THE MOST RELEVANT ITEMS

ASSETS

FIXED ASSETS

Tangible and intangible assets

The following table summarizes the accounting situation of Associazione Rondine's assets.

Description	As of 31/12/17	Increase	Decrease	As of 31/12/18	31/12/17 fund	Increase	Decrease	31/03/18 fund
Software	29,397	-	-	29,397	9,310	4,984	-	14,294
Vodafone project	96,000	-	-	96,000	28,800	14,400	-	43,200
UN '18 project	-	127,292	-	127,292	-	25,458	-	25,458
Other intangible assets	216,598	-	-	216,598	105,034	28,658	-	133,692
Intangible assets	341,995	127,292	-	469,287	143,144	73,500	-	216,644
Land and buildings	364,701	100,222	-	464,923	121,616	7,529	-	129,145
Plant and machines	138,028	-	-	138,028	105,663	7,203	-	112,866
Equipment	36,083	-	-	36,083	24,722	2,134	-	26,856
Furniture and furnishings	226,218	-	-	226,218	171,692	9,322	-	181,014
Vehicles	10,800	-	-	10,800	5,400	2,700	-	8,100
Tangible assets	775,829	100,222	-	775,829	429,094	28,888	-	457,982
Total	1,117,824	227,514	-	1,345,338	572,238	102,387	-	674,625

Two important events happened in 2018. The first one, pertaining to Intangible Assets, is the capitalization of a journey to the United States and Canada. The journey was organized after the Italian Representation to the UN invited Rondine to take part in the celebration of the 70th Anniversary of the Universal Declaration of Human Rights. On that occasion the appeal "Leaders for Peace" was launched to ask Member States to divert a symbolic sum from their defence budgets and finance scholarships for the education of new global leaders. The total expenses, including organisation costs, side events and the journey of Rondine representatives to America, amounted to € 127,292. Further costs have been registered under specific projects and have not been capitalized. This investment is amortized over 5 years according to a repayment plan whose goal consists in entering the US market and reinforcing and developing the Canadian one, with the aim of carrying out fundraising activities and promoting the Rondine educational method in foreign universities.

The second important fact pertains to Land and Buildings. Thanks to the remarkable support offered by the Italian Bishops' Conference, we were able to purchase a run-down building worth € 48,000 and located in Rondine (Real Estate Registry of Arezzo, Section A, Sheet 58, Parcel 41), as well as an adjoining plot of land worth € 2,000 (Real Estate Registry of Arezzo, Section A, Sheet 58, Parcel 134). The purchase is not mortgaged and was stipulated on 23/01/2018. A second purchase concerning a plot of land for agricultural and woodland use, for a total Ha. 5.19.70 (five hectares, nineteen ares, seventy centiares) and worth € 75,000 was stipulated on 31/08/2018. This plot of land is situated very close to the village of Rondine (Real Estate Registry of Arezzo, Section A, Sheet 56, Parcels 28, 29, 30, 31, 32, 86, 87, 88 and 90). The plots of land purchased with the contribution of the Italian Bishops Conference are registered in these Financial Statements net of the contribution, thus not incrementing the value of the item "Land and Buildings". This, on the contrary, includes the purchase of the above-mentioned building and the related

restoration and project activities already started in 2018.

Financial assets

Financial assets amount to € 215,121 detailed as follows, with no variations in comparison to 2017:

Investment description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Banca Popolare Etica	1,110	0	0	1,110
Fondazione Rondine contribution	214,041	0	0	214,041
Total	215,151	0	0	215,151

The main component is represented by real estate contributions in the Rondine Foundation assets, the value of which was established on the basis of the historical costs, net of amortisation funds, of the assets given on a free loan. It is essential to remind that Associazione Rondine participated in the creation of the Rondine Foundation (Fondazione Rondine) in collaboration with the Arezzo Municipality, the Province and the Diocese of Arezzo in order to ensure the maintenance of the real estate assets used by the Association. The latter should thus be able to concentrate its efforts totally on pursuing its institutional goals. In the event that the Foundation be terminated, its residual assets would be divided according to the Foundation's statutory provisions.

CIRCULATING ASSETS

Stock

Merchandising stock

At the end of 2018 we registered the remaining merchandising material produced during the year.

Stock	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Merchandising and books	382	4.934		5.316
Total	382	4.934	0	5.316

Receivables due from funding bodies:

Within the accounting period

Receivables due from public and private funding bodies for conventions/agreements stipulated in order to implement mission activities

Within the accounting period	As of 31/12/2017	As of 31/12/2018	Receivables due for over 12 months as of 21/12/2018
Funding bodies	228,679	123,574	0
Total	228,679	123,574	0

After the accounting period

None.

Due from others

Within the accounting period

The item "Deposits for purchase agreements", opened in 2017, was closed in 2018 with two purchase agreements. The first one, stipulated on 23/1/2018, pertains to the purchase of a building situated in Rondine and making the object of a € 15,000 deposit in 2017. The second purchase concerns a plot of land adjoining to the village of Rondine, with a total surface of Ha 5.19.70; a deposit of € 15,000 had been paid in 2017 for this purchase, too. Other receivables consist in advance payment for third parties, the so-called Renzi bonus, caution money, etc.

Due from others	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Deposits for purchase agreements	30,000	-	30,000	-
Others	2,663	3,347		6,010
Total	32,663	3,347	30,000	6,010

After the accounting period

None.

Liquid funds

Liquid funds available as of 31/12/2017 amount to € 35,068 made up as follows::

Description	As of 31/12/2017	As of 31/12/2018
CASH AND CASH EQUIVALENTS	873	1,440
Cash	658	577
Currency	0	512
Unicredit prepaid card	215	351
BANK AND POSTAL ACCOUNTS	39,478	353,628
Unicredit Banca corporate	3,336	141,797
Banca Popolare Etica	14,398	137,805

Description	As of 31/12/2017	As of 31/12/2018
Banca Popolare Etica – dedicated current account for the “Leaders for Peace” campaign	-	10,000
Pay Pal	-	715
Banca Prossima	12,123	42,207
Cassa di Risparmio di Lucca	2,742	14,537
Ubi Banca former Banca Etruria (closed)	4,819	0
Banca Popolare di Cortona	490	5,612
Unipol Banca (closed)	348	0
Postal account	421	955
Bank transfer in transit	800	0
Total liquid funds	40,351	355,068

During the year 2018 we closed some bank accounts in order to rationalise administrative operations and financial costs.

ACCRUED INCOME AND DEFERRED CHARGES

Deferred charges amounting to € 10,585 made up as follows: € 2,590 for insurance policies, € 7,014 for rents and € 981 for a training course which will end in 2019.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Deferred charges	6,092	4,493	-	10,585
Total	6,092	4,493	-	10,585

LIABILITIES

NET ASSETS

Endowment fund

The initial endowment fund amounts to € 2,870.

Restricted assets

Restricted assets are funds deferred to the following year whose utilization is restricted by contracts, covenants and agreements established with the relevant funding bodies which delivered their contributions to cover costs still to be paid.

RESTRICTED ASSETS	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Vodafone project	67.200		14.400	52.800
Fondazione FAI project	185.728	0	185.728	0
IV anno scolastico d'eccellenza	58.720	82.418	58.720	82.418
Diritto a non Fuggire - Mali CEI	46.359	178.747	46.359	178.746
Diritto a non Fuggire - Nigeria CEI	0	40.055		40.055
CEI contribution for refurbishment 2016	68.540		19.376	49.163
Vodafone Metodo Rondine Foundation	39.025	0	39.025	0
Vodafone Networking Foundation	0	86.191		86.191
WH Ital Preziosi project	0	25.000		25.000
Percorso Ulisse - Regione Toscana project	0	7.100		7.100
Laudato SII – CEI project	0	126.437		126.437

RESTRICTED ASSETS	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Enel per WH Foundation project	0	30.000		30.000
TOTAL	465.572	575.947	363.608	677.910

Free assets

The operating result is a surplus of € 1.743. The free assets are detailed in the following table and made up of the present operating result and the reserve created over the years when surpluses were allocated to the reserve fund.

FREE ASSETS	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Operating result	842	1,743	842	1,743
Reserve fund	112,464	842		113,306
Total	113,306	2,585	842	115,048

EMPLOYEES' LEAVING ENTITLEMENT

The employees' leaving indemnity fund is created to fully cover liabilities towards employees in compliance with current legislation. The following table shows the value of sums delivered to staff and allocated to the fund.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
E.L.E.	76,780	24,687	28,351	73,116
Total	76,780	24,687	28,351	73,116

PAYABLES DUE WITHIN THE ACCOUNTING PERIOD

Due to banks

This item includes the capital shares of loan on premises whose payment took place in 2018. It also includes a number of debts related to the use of credit cards, and an instalment of interest payables accrued in 2018 and to be paid off in 2019.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Bank loan Banca Popolare Etica	19,108	670	-	19,778
Credit cards	244	3,665	-	3,909
2018 Interest payables to be paid off	429	-	85	344
Total	19,781	4,336	85	24,031

Due to other funding bodies

This item includes two interest-free loans provided by two Association members and renewed annually. One of them was reimbursed in December 2018. The following table shows the updated situation.

Due to other funding bodies	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Giuseppe Cassini	30,000	-	30,000	-
Ivana Ciabatti	10,000	-		10,000
Total	40,000	-	30,000	10,000

Due to suppliers and collaborators

Debts deriving from the purchase of goods and services, or due to invoices to be received and to internal staff and collaborators. Details are as follows:

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Due to staff	25,147	1,074	-	26,221
Due to suppliers	129,102	114,760	-	243,862
Total	154,249	115,834	-	270,083

Due to taxation and fiscal authorities

Sums payable to taxation and fiscal authorities as of 31/12/2018 amount to € 23,573 detailed as follows:

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
IRAP (<i>Regional tax on productive activities</i>)	1,320	1,488	-	2,808
IRPEF (<i>Personal income tax</i>)	15,698	4,951	-	20,649
Substitute tax ELE	100	16	-	116
Total	17,118	6,455	-	23,573

Due to social security and insurance bodies

Social security and insurance charges as of 31/12/2018 amount to € 22,152 detailed as follows:

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Inail (<i>National Institute for the Insurance against Accidents at Work</i>)	360	741		1,101
Inps (<i>National Social Security Service</i>)	14,772	6,017		20,789
Complementary pension fund (<i>E.L.E.</i>)	116	96		262
Total	15,298	6,854	-	22,152

Other payables due

Payables due to collaborators for cost reimbursements to be paid.

PAYABLES DUE AFTER THE ACCOUNTING PERIOD

Due to banks and other funding bodies

Instalments due for a bank loan amounting to € 200,000 for the purchase of a portion of building made up of three real estate units and the following restoration works. The building is located in Rondine, 9 and composed of:

- First unit: three halls, a hallway, restrooms, a laundry-depository, a loggia and under-stair closet on the first floor;
- Second unit: a living room-kitchen, a bedroom and a bathroom on the first floor; three bedrooms and three bathrooms on the second floor;
- Third unit: a living room-kitchen, two bedrooms, two bathrooms and a hallway on the first floor; a small private outside area.

The loan was opened with Banca Popolare Etica on September 9, 2014 with a mortgage loan of € 400,000. Duration: 10 years (ending in 2024).

Due to banks after the accounting period	Initial value year 2014	Balance as of 31/12/2017	Balance as of 31/12/2018	Capital share 2018	Interest share 2018
Bank loan	200,000	123,698	103,922	19,107	4,614
Total	200,000	123,698	103,922	19,107	4,614

ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses amount to € 44,728. Of these, € 44,457 are related to staff expenses: untaken leaves and holidays, accrued 14th monthly pay and related contributions. The remaining € 271 are bank expenses.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Accrued expenses	34,821	9,636	-	44,457
Deferred income	3,424	-	3,153	271
Total	38,245	9,636	3,153	44,728

INTERIM ACCOUNTS

Mortgages

The mortgage on the building owned by the Association and located in Rondine, 9 Arezzo (Real Estate Registry of the Municipality of Arezzo - Section A, sheet 58, parcel 50, sub. 2) is linked to the bank loan opened with Banca Popolare Etica for the purchase of premises.

Mortgages	Beneficiaries	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Premises in Rondine, 9	Banca Popolare Etica	400,000			400,000
Total		400,000	-	-	400,000

Bank credit lines

Over the years the organisation has opened credit lines with the main credit institutes in order to disinvest contracts and covenants with its main donors and provide the liquid funds which are necessary for the management of activities. Further credit lines are available for current accounts overdrafts. No warranties have been required for these operations. During the year 2018 we reduced the number of banks we deal with in order to better manage financial and administrative flows, and renegotiated some plafond.

Credit lines	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
<i>Current account overdrafts</i>	<i>330,000</i>	<i>-</i>	<i>45,000</i>	<i>285,000</i>
Unicredit	150,000			150,000
Banca Popolare Etica	10,000			50,000
Banco Popolare di Milano, former Cari.Lucca	15,000			15,000
Banca Popolare di Cortona	20,000			20,000
Ubi Banca, former Banca Etruria	30,000		30,000	0
Banca Prossima	50,000			50,000
Unipol	15,000		15,000	0
<i>Advance contracts/invoices overdrafts</i>	<i>300,000</i>	<i>-</i>	<i>-</i>	<i>300,000</i>
Banca Popolare Etica	200,000			200,000
Cari.Lucca	100,000			100,000
Total	630,000	-	45,000	585,000

INCOME STATEMENT

EXPENDITURE

This item refers to expenditure pertaining to the accounting period from 1/1/2018 to 31/12/2018

Expenditure from institutional activities

Expenditure incurred for institutional activities in connection with projects promoted by Rondine. They are divided into the following categories:

Material purchase: printed matters, stationery, photocopies, and any cost deriving from the purchase of material.

Services: utilities, miscellaneous services, professionals, mission and travel expenses.

Use of third party assets: rent and hiring expenses

Staff: expenses for internal staff and term-contract recurring collaborators.

Other operating costs: miscellaneous office expenditures, magazines and subscriptions.

The difference in comparison to previous year is due to the registration, in 2016, of losses amounting to € 102,707 deriving from non-collectable credits that are now re-classified according to the new legislation that regulates the drawing up of Financial Statements, i.e. Legislative Decree No. 139/2015.

The following table shows the difference to the previous year divided per type of expenditure.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Material purchase	2,756	26,102		28,858
Services	633,174	64,638		697,812
Use of third party assets	4,516	21,739		26,255
Staff	191,724	124,802		316,526
Amortization	-	25,458		25,458
Other operating costs	103,224	42,117		145,341
Total	935,393	304,857	-	1,240,250

Development and promotional expenses

This general definition includes both public fundraising campaigns carried out by the Association as well as direct costs and costs for the staff charged with fundraising and promotion. More specifically:

Item 2.1 refers to expenditure for public fundraising campaigns carried out during the accounting period and described in the income section.

Item 2.2 Communication and fundraising activities

This item includes all necessary costs for the organization of Rondine's external communication events and development and fundraising activities. External communication activities mainly consist in the production of institutional communication material, press office activities, website and social networks management. Costs directly connected to the realization of these activities refer to internal staff and production materials. Development and fundraising activities mainly focused on the search for new private and public funding bodies and the strengthening of relationships with already acquired donors (Foundations, companies and other entities). Intensive work has been done among individual citizens to increase the number of Association members who presently sum up to 433.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Members	378	59	4	433
Totale	378	59	4	433

An additional important task is the reception of the very many visitors who come to the village of Rondine, either spontaneously or in school groups or through other initiatives, in order to witness, if just for one day, this unique experience which has no equivalent at international level.

Expenditure for supplementary activities

No supplementary activities were organized in connection to the institutional ones.

Financial and assets expenditure

Costs for current accounts management and operations, pertaining to both bank and postal accounts, and for interests due on loans, borrowings and withholding taxes. We never resorted to bank overdrafts during 2018. The following table shows expenditure details:

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
For bank accounts	6,897	4,784		11,681
For bank loans	12,175		7,213	4,962
For other assets	0			
Total	19,072	4,784	7,213	16,643

General support expenditure

Expenditure relating to Rondine's general management and presidential office, general and project-specific administration, secretarial work, logistics, and any expense pertaining to the management of premises owned by or given on a free loan to the Association. They are divided into the following categories:

Material purchase: printed matters, stationery, photocopies, and any cost deriving from the purchase of material.

Services: utilities, miscellaneous services, professional and occasional collaborators, vouchers, travel expenses.

Use of third party assets: rent and hiring expenses

Staff: employees and project workers.

Amortization: depreciation of goods belonging to tangible and intangible assets pertaining to the accounting period.

Other operating costs: miscellaneous office expenditures, cost reimbursements, losses, etc.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Materials	578	994		1,572
Services	124,674		13,807	110,867
Use of third party assets	10,722		2,128	8,594
Staff	103,826	56,059		159,885
Amortization	83,982		7,053	76,929
Other operating costs	12,967	5,310		18,277
Total	336,749	62,363	22,988	376,124

Taxes

The following table contains details of Rondine's tax expenditure. More specifically, Irap is calculated on the cost of employed and occasional staff; Ires pertains to the building owned by the Association.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Irap (Regional tax on productive activities)	13,123	2,767		15,890
Ires (Corporate income tax)	319		82	237
Total	13,442	2,767	82	16,127

Staff

A relevant section of these financial statements is made up by the cost of staff. The following table shows staff expenditure, the number of working agreement signed during 2018 and the number of working agreements resulting in a full-time duration of 12 months (i.e. the sum of part-time contracts and temporary contracts for less than 1 year).

The increase in the cost of staff is due mainly to two components:

- The recruitment of a senior employee;
- The definition of a transactional working relationship.

As a consequence, this is a purely extraordinary cost increase.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Staff expenditure	406,343	126,102		532,445
Contract workers	15,180	80,947		96,127
Total net of IRAP	421,523	207,049	0	421,523
No. of employees during the year	19	5	4	20
No. of "Full time equivalents"	14,17	3,76		17,93
Average contract cost not of IRAP	29,748			35,057

In 2018 the average number of working hours has increased in comparison to 2017 on a full-time basis of 38 hours per week. The number of disrupted contracts is 4, including employed staff and contract workers. Several new contracts were stipulated during the second half of 2018.

PROCEEDS AND INCOME

Proceeds from private and public bodies

The proceeds required for the management of Rondine's activities are registered according to the legal form of the funding bodies which provide their contributions. The following table shows them divided per source.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Public bodies	136,660		61,600	75,060
Fiscal authority – "5 per mille"	17,012	2,695		19,707
Foundations	627,596	28,111		655,707
Private businesses and entities	616,419	318,810		935,229
Individuals	56,045	72,261		128,306
Membership fees	12,560		7,630	4,930
Other proceeds	11,523	5,303		16,826
Total	1,477,815	427,180	69,230	1,835,764

The item "Public bodies" shows a decrease which is due to the termination of youth exchange projects supported by the Ministry of Foreign Affairs.

On August 16, 2018 the fiscal authorities delivered us the **0.5% of income tax contributions** pertaining to 2017 and amounting to € 19,707.15, with a € 2,695 increase in comparison to the previous year.

This sum is allocated to supporting the educational process in the World House - International Hall of Residence and the students' stay in Rondine.

The remarkable increase of the item "Private businesses and entities" is due to the considerable contribution of the Italian Bishops Conference, an entity that supports Rondine in many ways: the European Language School, two triennial projects concerning 6 Malian and 2 Nigerian students staying in Rondine, support to training activities and for the maintenance and creation of new and more appropriate premises hosting the international World House. 2018 also brought us new supporters from the business sector, in addition to the companies that have supported Rondine for a long time Rondine and, starting from this year, are also contributing to the campaign "Leaders for Peace".

Proceeds from public fundraising activities

No public fundraising campaign carried out in 2018.

Proceeds from supplementary activities

No supplementary activities were organized in connection to the institutional ones.

Financial and assets income

No variations registered in the interests on bank accounts.

Description	As of 31/12/2017	Increase	Decrease	As of 31/12/2018
Bank investments	172		168	4
Financial investments				0
Other assets				0
Total	172	-	168	4

Operating result after taxation

The operating result of the accounting period ending on 31/12/2018 is a surplus of € 17,870 before taxation. Taking into account the Irap and Ires taxes amounting to € 16,127, the same result after taxation is a surplus of € 1,743 which we propose be added up to the Reserve Fund.

RENDICONTO FINANZIARIO

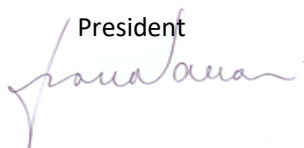
Descrizione	Al 31.12.2018
A. Financial flow resulting from the income management (indirect method)	
Surplus (loss) of the accounting period	1,743
Income taxes	16,127
Interests payable (receivables)	16,643
(Shares of profits)	
(Capital gains)/Capital losses deriving from the sale of activities	-
1. Surplus (loss) of the accounting period before income taxes, interests, shares of profits and capital gains/losses from the sale of activities	34,513
Adjustments for non-monetary items with no counterbalance in the net circulating capital	
Allocations to funds	24,687
Amortisation of fixes assets	102,387
Write-downs for long-term value depreciation	-
Other adjustments for non-monetary items	
2. Financial flow before changes to the net working capital	127,074
Changes to the net working capital	
Decrease/(increase) in inventories	- 4,934
Decrease/(increase) in receivables due from customers	105,105
Increase/(decrease) of payables to suppliers	115,834
Decrease/(increase) accrued income and deferred charges	- 4,493
Increase/(decrease) accrued expenses and deferred income	11,483
Other variations of the net working capital	- 17,887
3. Financial flow after changes to the net working capital	205,108
Other adjustments	
Interests received/(paid)	- 16,639
(Income taxes paid)	- 16,127
Received shares of profits	
Use of funds	- 32,015
4. Financial flow after other adjustments	- 64,781
Financial flow of income management (A)	301,914
B. Financial flow resulting from investment activities	
Tangible fixed assets	- 33,356
(Investments)	- 100,222
Sales proceeds of disinvestments	-
Intangible fixed assets	- 127,292
(Investments)	- 127,292
Sales proceeds of disinvestments	-
Financial fixed assets	-
(Investments)	-
Sales proceeds of disinvestments	-
Non fixed financial activities	-
(Investments)	-

Descrizione	Al 31.12.2018
Sales proceeds of disinvestments	-
Financial flow of investment activities (B)	- 160,648
C. Financial flow deriving from funding activities	
Third party assets	
Increase(decrease) short-term payables to banks	- 19,112
Opening of credit lines	-
Loan reimbursements	-19,776
Own assets	
Capital increase	-
Sale (purchase) of own shares	-
Revenues not pertaining to the period and allocated to a Restricted Fund	212,339
Financial flow of funding activities (C)	173,451
Increase(decrease) of liquid funds (a ± b ± c)	314,451
Liquid funds as of January 1st	40,351
Liquid funds as of December 31st	355,068

These Financial Statements, made up of a Balance Sheet, an Income Statement, Notes to the Financial Statements and a Financial Report, are a truthful and correct representation of the assets situation and the accounting period results, and agree with entries in accounting ledgers.

For the Board of Directors

Prof. Franco Vaccari
President



Rondine Association
 Citadel of Peace
 Volunteer Organization – Non-profit Organization of social utility
 Recognized Association
 With headquarters in Loc. Rondine, 1 – 52100 Arezzo
 Tax code 92006970518

Auditors' Report on the Financial Statements for the year ending on Dec. 31, 2018

Dear Members of the RONDINE ASSOCIATION,

The Financial Statements for the accounting year ending on December 31, 2018, submitted to your approval by the Board of Directors, shows a surplus of € 1,743.

During the year 2018 our activity was guided by the rules of conduct contained in the document "Independent control within non-profit entities and the professional contribution of chartered public accountants", recommended by the National Council of Chartered Public Accountants (C.N.D.C.E.C., Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili)

More specifically:

- We monitored the respect of law, of the Association's Articles of association and Statute, and of the principles of proper administration and operation of the Organization.
- We controlled the single management activities and their consistency with accounting entries, and we acknowledge that the approved actions are in line with legal provisions and the Association's Statute and are not ostensibly risky, ventured, involved in potential conflicts of interest, or of such a nature as to threaten the integrity of the Association's assets.
- We acquired knowledge and we supervised the most relevant activities without identifying any irregularity.
- Basing on the information obtained from the area managers and our analysis of the Association's documents, we assessed and controlled the adequacy of the administrative and accounting system and the reliability of the latter in correctly reporting management activities. We do not have any particular remark on this subject.
- In compliance with the above-mentioned CNDCEC document, we verified the correspondence between the Financial Statements and the facts and information that we have learned about in the fulfilment of our duty. The audit was performed in order to acquire all necessary elements to determine if the Financial Statements provided a reasonable basis for us to express our professional opinion.

For all the above-mentioned reasons, the Board of Auditors was invited to all Board of Directors meetings and got to know their deliberations; it also paid quarterly visits to the Association to perform periodic controls.

We particularly wish to draw your attention to the following:

The Balance sheet shows a positive result consisting in a surplus of € 1,743 summarized as follows:

Assets	Euro	1,386,416
Liabilities	Euro	590,589
- Net assets (net of profit)	Euro	794,084
- Surplus (loss)	Euro	1,743
Accounts, obligations, risks and other interim accounts	Euro	935,000

The items contained in the Income Statement are summarized as follows:

Proceeds from private and public entities	Euro	1,835,764
Proceeds from public fundraising campaigns	Euro	0
Financial assets	Euro	4
Expenditure for institutional activities	Euro	1,240,250)
Development and promotion expenditure	Euro	(184,880)
Financial and assets expenditure	Euro	(16,643)
General support expenditure	Euro	(376,124)
Taxes	Euro	(16,127)
Operating result	Euro	1,743

In the section concerning banks and funding bodies, the following items have been registered:

Bank account balance and advance sums on receivables	Euro	24,031
Mortgages on bank loans	Euro	103,922
Total due to banks	Euro	127,953
Due to other funding bodies	Euro	(10,000)

We conducted the audit on the Financial Statements for the accounting year ending on December 31, 2018. In our judgement, and basing on the audit's results, the Financial Statements fairly and correctly represent the Association's financial and assets situation as of December 31, 2018 and the operating result obtained.

In compliance with the principles contained in the Italian regulatory system as to what concerns ethics and independence in the drawing up of Financial Statements, we are independent from the Association. In our opinion, we have acquired sufficient and appropriate probatory material on which to base our judgement.

During the audit, conducted in compliance with the international auditing principles ISA Italia, we expressed our professional judgement and maintained adequate professional skepticism throughout the auditing process. In addition to this,

- we identified and assessed the risk of significant mistakes in the Financial Statements;
- we evaluated the appropriateness of the accounting principles and the reliability of accounting estimates applied by the Administrators;
- we assessed the format, structure and content of the Financial Statements in their entirety;

Taking into account all the elements listed as far, we invite the Assembly to approve the Financial Statements for the year ending on December 31, 2018, in the formulation provided by the Administrators.

Arezzo, April 13, 2019

The Board of Auditors

Luca Parenti _____

Marcella Galvani _____

Gianfranco Neri _____

