WE WORLD GVC ONLUS

Registered office Via Serio 6 – Milano (MI)
Tax code 97241280151
Economic and Administrative Register no. 1759079
VAT no. 03993130966

BALANCE SHEET AS AT 31/12/18

STATEMENT OF ASSETS AND LIABILITIES (in euros)

ASSETS	31/12/18	31/12/17
B) FIXED ASSETS		
B.I. INTANGIBLE FIXED ASSETS		
B.I.1 Plant costs	88,792	0
B.I.2 Development costs	26,582	0
B.I.3 Patent, industrial and intellectual property rights	31,233	0
B.I.4 Concessions, licences, trademarks and similar rights	50,412	110,065
B.I.7 Others	1,218	0
TOTAL INTANGIBLE FIXED ASSETS	**198,237**	**110,065**
B.II. TANGIBLE FIXED ASSETS		
B.II.1 Land and buildings	1,876,304	1,969,770
B.II.2 Plant and machinery	1,880	3,258
B.II.4 Other goods	53,299	32,339
TOTAL TANGIBLE FIXED ASSETS	**1,931,483**	**2,005,367**
B.III. FINANCIAL FIXED ASSETS		
B.III.1 Holdings	16,985	525
B.III.2 Receivables	15,920	1,580
B.III.3 Other securities	16,025,037	18,072,136
TOTAL FINANCIAL FIXED ASSETS	**16,057,942**	**18,074,241**
TOTAL FIXED ASSETS	**18,187,662**	**20,189,673**

C) WORKING CAPITAL

C.I. INVENTORY		
C.I.1 Raw materials, auxiliaries and consumables	1,309	4,862
TOTAL INVENTORY	**1,309**	**4,862**
C.II. RECEIVABLES NOT INCLUDED IN FIXED ASSETS		
C.II.1 Receivables from Sources of funding within 12 months	12,070,040	1,656,020
C.II.1 Receivables from Sources of funding beyond 12 months	14,289,746	0
C.II.4 bis) Tax receivables	38,782	506
C.II.5-quater From others	2,889,920	1,390,537
TOTAL RECEIVABLES NOT INCLUDED IN FIXED ASSETS	**29,288,488**	**3,047,063**
C.III. FINANCIAL ASSETS NOT INCLUDED IN FIXED ASSETS	***0***	***0***
C.IV. CASH/LIQUID ASSETS		
C.IV.1 Bank and Post Office deposits	8,860,070	1,575,993
C.IV.3 Cash and cash equivalents	51,731	1,490
TOTAL CASH/LIQUID ASSETS	**8,911,801**	**1,577,483**
TOTAL WORKING CAPITAL	**38,201,598**	**4,629,408**
D) PREPAID EXPENSES AND ACCRUED INCOME		
D.2 Other prepaid expenses and accrued income	6,500,842	198,013
TOTAL PREPAID EXPENSES AND ACCRUED INCOME	**6,500,842**	**198,013**
TOTAL ASSETS	**62,890,102**	**25,017,094**

LIABILITIES	31/12/18	31/12/17
A) SHAREHOLDERS EQUITY		
Unrestricted funds	**851,819**	**319,519**
I. Share capital	300,000	300,000
Endowment fund pursuant to Pres. Dec. no. 36 dated 10/02/2000	*300,000*	*300,000*
V. Statutory reserves	*217,574*	0
VIII. Surplus (deficit) carried forward	*312,506*	0
IX. Operating surplus (deficit)	21,739	19,519
Restricted funds	**57,692,259**	**23,355,742**
V. Statutory reserves	3,763,272	3,763,273
Third party earmarked funds	*3,763,272*	*3,763,273*
VI. Other reserves, shown separately	53,928,987	19,592,469
Third party earmarked funds	*40,996,021*	*6,648,176*
Funds pending allocation	*12,932,966*	*12,932,966*
Funds restricted by institutional bodies	*0*	*11,327*
TOTAL SHAREHOLDERS EQUITY	**58,544,078**	**23,675,261**
B) FUNDS FOR RISKS AND CHARGES	**85,000**	**0**
C) STAFF LEAVING INDEMNITY (TFR)	**845,897**	**499,299**
D) PAYABLES		
D.4 Payables to banks	760,316	1,711
D.7 Payables to suppliers	644,540	515,889
D.12 Tax payables	259,162	114,004
D.13 Social security payables	175,968	52,632
D.14 Other payables	1,474,954	97,231
TOTAL PAYABLES	**3,314,940**	**781,467**
E) ACCRUALS AND DEFERRED INCOME		
E.2 Accruals and deferred income	100,187	61,067
TOTAL ACCRUALS AND DEFERRED INCOME	**100,187**	**61,067**
TOTAL LIABILITIES	**62,890,102**	**25,017,094**

INCOME STATEMENT (in euros)

	31/12/18	31/12/17
A) PRODUCTION VALUE		
A.1 Revenue from institutional activities	29,362,567	10,516,413
A.5 Other revenue and income from related activities	346,969	305,406
TOTAL PRODUCTION VALUE	**29,709,536**	**10,821,819**
B) MANAGEMENT CHARGES	***27,205,813***	***8,992,351***
B.6 For institutional activities	24,091,316	6,438,641
B.7 For services	3,052,130	2,528,767
B.8 For the use of third-party assets	62,367	24,943
B.9 FOR PERSONNEL	**2,113,849**	**1,673,482**
B.9.a Salaries and wages	1,524,265	1,230,549
B.9.b Social security	453,696	339,418
B.9.c Staff leaving indemnity	130,299	99,072
B.9.e Other personnel costs	5,589	4,443
B.10 AMORTIZATION AND DEPRECIATION	**228,552**	**174,391**
B.10.a Depreciation of intangible fixed assets	102,257	60,789
B.10.b Amortization of tangible fixed assets	126,295	113,602
B.11 Inventory variations in raw materials, auxiliaries, consumables and goods	3,552	-632
B.12 Provisions for risks	0	0
B.14 Sundry management charges	99,231	191,605
TOTAL MANAGEMENT CHARGES	**29,650,997**	**11,031,197**
ADDED VALUE	**58,539**	**-209,378**
C) FINANCIAL REVENUE AND CHARGES		
C.16 Other financial revenue	**418,809**	**457,712**
C.16.b From securities included in fixed assets	413,022	456,240
C.16.d Other revenues	5,787	1,472
C.17 Interest and other financial charges	**425,609**	**226,399**
C.17.a Interest and other financial charges	316,051	226,355
C.17.bis Profits and losses from foreign exchange	109,558	44
TOTAL FINANCIAL REVENUE AND CHARGES	**-6,800**	**231,313**
PRE-TAX PROFIT	**51,739**	**21,935**
22) Income tax for the period	30.000	2.416
23) OPERATING SURPLUS (DEFICIT)	**21.739**	**19.519**

MANAGEMENT REPORT AS AT 31 DECEMBER 2018	31/12/18	31/12/17
ROUTINE ACTIVITIES		
REVENUES		
Institutional	8,688,348	9,461,059
Public/private entities	20,440,008	857,488
Other revenues	24,352	1,086
TOTAL REVENUES	**29,152,708**	**10,319,633**
CHARGES		
Purchasing	6,673	1,199
Services	1,106,290	948,176
Personnel	1,741,433	1,668,926
Sundry management charges	102,090	85,654
For projects	24,067,250	6,371,144
TOTAL CHARGES	**27,023,736**	**9,075,099**
PROMOTIONAL ACTIVITIES		
REVENUES		
Campaigns	91,477	196,682
Other revenues	414,841	290,932
TOTAL REVENUES	**506,318**	**487,614**
CHARGES		
Purchasing	322	356
Services	66,746	95,410
Personnel	35,163	57,451
Sundry management charges	24,861	0
TOTAL CHARGES	**127,092**	**153,217**
FINANCIAL AND CAPITAL ASSETS		
REVENUES		
Financial/Capital	501,382	456,000
TOTAL REVENUES	**501,382**	**456,000**
CHARGES		
Services	0	9,028
Sundry management charges	165,326	78,906
Financial/Capital	342,674	147,209
TOTAL CHARGES	**508,000**	**235,143**
GENERAL SUPPORT ACTIVITIES		
REVENUES		
Other revenues	53,233	16,095
Financial/Capital	722	953
TOTAL REVENUES	**53,955**	**17,048**
CHARGES		
Purchasing	23,171	3,526
Services	920,585	655,976
Use of third-party assets	44,216	0
Personnel	1,230,756	781,955
Sundry management charges	64,306	181,469
Amortization	220,762	174,391
Income tax for the period	30,000	0
TOTAL CHARGES	**2,533,796**	**1,797,317**
TOTAL REVENUES	***30,214,363***	***11,280,295***
TOTAL CHARGES	***30,192,624***	***11,260,776***
OPERATING RESULT	***21,739***	***19,519***

FINANCIAL STATEMENT	2018	2017
A. Financial flows from operations (indirect method)		
Profit (loss) for the period	21,739	19,519
Income tax	30,000	2,416
Interest paid/(interest received)	6,800	-231,313
1. Profit (loss) for the period before income tax, interest, dividends and capital gains/losses on disposals	**58,539**	**-209,378**
Adjustments for non-monetary items		
Provisions to funds	140,662	99,072
Amortization of fixed assets	228,552	174,391
Other adjustments for non-monetary items	64,821	0
2. Financial flows before variations in net working capital	**492,574**	**64,085**
Variations in net working capital		
Decrease/(increase) in inventory	3,553	-632
Decrease/(increase) of receivables from sources of funding	-4,138,323	-103,303
Increase/(decrease) of restricted funds	3,723,430	-2,437,307
Increase/(decrease) of payables to suppliers	-68,906	-89,377
Decrease/(increase) in prepaid expenses and accrued income	-798,566	2,846
Increase/(decrease) in accruals and deferred income	27,101	6,479
Other variations in net working capital	1,793,037	199,142
3. Financial flow after variations in net working capital	**1,033,900**	**-2,358,067**
Other adjustments		
Interest received/(paid)	-6,800	231,313
(Income tax paid)	-30,000	-2,416
(Use of funds)	-98,013	-66,104
Financial flow from operations (A)	**899,087**	**-2,195,274**
B. Financial flows from investment activities		
Tangible fixed assets		
(Investments)	-38,908	-8,737
Disposals	1,052	5,751
Intangible fixed assets		
(Investments)	-112,757	-13,526
Disposals	0	1,364
Financial fixed assets		
(Investments)	-1,369,838	-5,157,071
Disposals	3,487,776	5,106,393
Financial flow from investment activities (B)	**1,967,325**	**-65,826**
C. Financial flows from funding activities		
From third parties		
Increase (decrease) in short-term payables to banks	-95,138	1,355
Financial flow from funding activities (C)	**-95,138**	**1,355**
Increase (decrease) in cash/liquid assets (A ± B ± C)	**2,771,274**	**-2,259,745**
Impact of foreign exchange on cash/liquid assets		
Cash and liquid assets at the beginning of the period	**6,140,527**	**3,837,228**
including:		
Bank and Post Office deposits	1,575,993	3,834,578
Cash and cash equivalents	1,490	2,650
Cash and liquid assets from merger	4,563,044	
Cash and liquid assets at the end of the period	**8,911,801**	**1,577,483**
including:		
Bank and Post Office deposits	8,860,070	1,575,993
Cash and cash equivalents	51,731	1,490
Variation in cash/liquid assets	**2,771,274**	**-2,259,745**

Remarks on the Financial Statement

Cash/liquid assets at the beginning of 2018 include the liquid assets acquired through the merger described in the Supplementary Notes. Variations to individual items during the period have been suitably adjusted to remove the distorting effects of the merger, so the real variations during the period can be seen.
Variations in 2017 refer to the management of WeWorld alone.

For a clearer understanding of the cash flows during the period, see the Table after the Supplementary Notes with the pro forma data.

Due to the reclassification of comparative data as set out in the remarks on the Balance Sheet, data representation in the financial statement for the previous period has been accordingly adjusted.
Specifically, the items involved are as follows: receivables from sources of funding, accruals and deferred income, other variations in net working capital and variations in restricted funds.

SUPPLEMENTARY NOTES

***Balance Sheet as at* 31/12/2018**
(Amounts in euros)

Introduction

In line with the principle of continuity, we adopted the form of reporting recommended in the "Guidelines and schedules for drawing up the Financial Statements of non-profit entities" of the Agency for the Tertiary Sector, appropriately integrated by the first Accounting Principle for the drafting of the Financial Statements of non-profit entities headed "Systematic framework for the drafting and submission of the Financial Statements of non-profit entities"; this principle is the basis for the application of the subsequent principles to the accounting of individual items in the Financial Statements.
In compliance with the above recommendations, the contents of the documents comprising the Financial Statements does not derogate from the regulations set out in section 2423 and following sections of the Italian Civil Code, as amended by Legislative Decrees no. 127 and 526 dated respectively 09.04.1991 and 30.12.1992.
The Financial Statements were drawn up in compliance with the provisions of section 2423 and following sections of the Civil Code, suitably integrated by the Accounting Principles of the Italian Accounting Body (OIC), the provisions applicable to non-profit, socially useful organizations (Legislative Decree no. 460/97) and the recommendations of professional bodies.
Previous periods reflect the effects of the "Accountancy Reforms" introduced by European Directive 2013/34 as published in the Official Gazette and enshrined in Legislative Decree no. 139/15. This Decree integrated and amended the general regulations of the Civil Code for the drafting of Financial Statements in relation to the schedules, the evaluation criteria, the contents of the Supplementary Notes and the Management Report.
During the previous period, Legislative Decree no. 117/17 was introduced, reforming the Tertiary Sector with the aim of harmonizing the regulations governing non-profit entities.
In order for the Reform to be fully effective a number of Ministerial Decrees are still required, including the decree establishing the Unified Register of the Tertiary Sector (RUNTS). Registration, albeit voluntary, gives the status of Tertiary Sector Entity (ETS) obliging the entity to comply with the relevant regulations which will introduce new measures for Financial Statements and taxation.

Therefore, pending a clear and applicable definition of the documents comprising the Financial Statements of Tertiary Sector Entities according to the above regulations, these Financial Statements for the period were drawn up with the same schedules as for 2017.

The Financial Statements for the period therefore comprise the Balance Sheet as at **31 December 2018**, the Income Statement and the Statement of Revenues and Charges, in separate and side-by-side sections as at **31 December 2018,** as well as the Profit and Loss Account and the following Annexes to the Financial Statements:
- Supplementary Notes
- Management Report (aka Mission or Moral Statement)
- Pro-Forma data

For a clearer understanding of the information set out in these Supplementary Notes, and as stated in advance in the equivalent document for the 2017 period, it is pointed out that on 1 December 2018 the merger by incorporation of *Associazione Gruppo di Volontariato Civile* - GVC ONG/ONLUS (hereafter "GVC") with headquarters in Bologna took legal effect. For tax and accounting purposes, the effects of the merger began on 1 January 2018.
GVC is a non-government organization working in Italy and the rest of the world on projects mainly funded by Italian, European and United Nations related public institutions. The projects carried out by GVC are related to development and technical assistance, humanitarian aid, DRR (disaster risk reduction), LRRD (linking relief, rehabilitation and development), volunteer work, advocacy and educating for global citizenship. The rationale behind the merger was the desire of WE WORLD and GVC to continue their many years of work for the "disadvantaged" adopting a new organizational model and pooling their experience and skills in order to increase the effect and social utility of their activities, as well as to improve their fund-raising capacity.

For a proper comparison of the assets, liabilities and data set out for the previous period, the effects of the merger, as briefly described in these Supplementary Notes, should therefore be borne in mind.
For a better understanding of the data and for comparison purposes, a "pro-forma" balance sheet for 2017 has also been drawn up in order to retroactively apply the effects of the merger to the data, assets and liabilities as if the merger had been carried out on 1 January 2017. For further details, see the Annex with "pro-forma data" after these Supplementary Notes.

Furthermore, for a more accurate representation of the accounting data for the entity created by the merger, WeWorld-GVC Onlus, as at 31.12.2018, some items in the Financial Statements have been reclassified. The same was done for the previous period in order to guarantee the comparability of the data in the Financial Statements. Below, the effects of this reclassification are explained item by item in relation to:

- Receivables from Sources of funding and Receivables from others
- Deferred Income and restricted third-party funds – other reserves.

Content and form of the Financial Statements
The Statement of Assets and Liabilities shows individual items according to the criterion of increasing liquidity. On a climbing scale, the Income Statement shows costs and revenues for the period.
The Financial Statement, as Accounting Statements, shows the reasons for positive and negative variations in cash/liquid assets in a given period.
The Statement of Revenues and Charges, with sections set out side-by-side, provides information in the "management areas" about the resources acquired and used during the period.

The "management areas" of **We World-GVC Onlus** are as follows:

- **routine or institutional activities**
- **promotional activities and fundraising**
- **financial management activities**
- **general support activities**

The Supplementary Notes, drawn up pursuant to section 2427 of the Civil Code, also include all the information deemed necessary to provide an accurate interpretation of the Financial

Statements.
The Supplementary Notes includes changes in items in shareholders equity and provides information on how the institutional mission is carried out as well as the use of funds during the period.
Pursuant to the provisions of section 25, paragraph 5, of Legislative Decree 460/97, the amount of revenues collected during the year required that the Financial Statements must be accompanied by the Report of the Board of Statutory Auditors.

On a voluntary basis, the Financial Statements were submitted to auditors PricewaterhouseCoopers S.p.A.

Criteria adopted for drawing up the Financial Statements
The Financial Statements were drawn up applying national accounting principles integrated, where necessary, by the recommendations of the National Council of Chartered Accountants and Expert Bookkeepers specifically applicable to non-profit organizations.
The Financial Statements were drawn up applying the same evaluation criteria and the same accounting principles as used for the previous period. Where a different criterion is used, the reason is given and the effect in accounting terms is quantified.
Items in the Financial Statements were evaluated on the basis of the general criteria of prudence and on the accrual basis, presupposing the continuation of activities and, where required by the law, with the consent of the Board of Statutory Auditors.
The application of the principle of prudence means that elements comprising items under assets or liabilities have been evaluated singly in order to prevent the offsetting of losses requiring inclusion against profits not to be included because they did not materialize.
On the accrual basis of accounting, the effect of transactions and other events was entered into the accounts in the period in which these transactions and events occurred and not the period when the merely monetary changes (collections and payments) occurred.
Revenues and charges for the period are recorded irrespective of the date of collection or payment and risks and losses for the period are shown even if they materialized after the end of the period.
Assets destined for long-term use are shown among the fixed assets. Below, the evaluation criteria and related accounting principles are set out for the most significant items in the Balance Sheet.
The criteria – particularly for evaluation - adopted for the drafting of the Financial Statements for the period ended **31 December 2018** are the same as for the Financial Statements for the previous period; for changes in accounting principles in order to show accounting data as at 31.12.2018 homogeneously after the merger and consequent recalculation of the comparative data, see the sections below, particularly “Foundation Assets” and “Accruals and Deferred Income”.

Evaluation criteria

The criteria applied to evaluate items in the Financial Statements and the adjustments of amounts comply with the provisions of the Civil Code which should be consulted.

1.B - FIXED ASSETS

1.B.1 - INTANGIBLE FIXED ASSETS

These are shown at their historic acquisition cost including related charges, including in-house costs, as directly arising, net of the depreciation during the periods and recorded directly in individual items.
The depreciation of intangible fixed assets was calculated pursuant to this pre-established plan:

ITEMS IN INTANGIBLE FIXED ASSETS	PERIOD
Plant costs	5 years – straight line
Development costs	5 years – straight line
Use of original works	5 years – straight line
Capitalized software, licences and trademarks	5 years – straight line

Net intangible fixed assets as at 31 December 2018 underwent the following changes during the period:

	Net value as at 31.12.17	Increase due to merger	Capitalized acquisition	Write-offs/write-downs	Dep.	Net value as at 31.12.18
Plant and expansion costs	0	0	110,990	0	-22,198	88,792
Development costs	0	35,443	0	0	-8,861	26,582
Patent and intellectual property rights	0	42,229	0	0	-10,996	31,233
Concessions, licences, trademarks and the like	110,065	0	549	0	-60,202	50,412
Other intangible fixed assets	0	0	1,218	0	0	1,218
Total	**110,065**	**77,672**	**112,757**	**0**	**-102,257**	**198,237**

The increase in 2018 to the item “Plant and expansion costs” is due to the costs incurred during the period both by We World Onlus (hereafter “WW” or the “Foundation”), and by GVC due to the merger completed in December and were recorded with the consent of the Board of Statutory Auditors.

1.B.2 - TANGIBLE FIXED ASSETS

These are shown at their acquisition cost plus related charges, adjusted by the corresponding amortization funds. The amounts shown in the Financial Statements take account of the supplementary charges and costs incurred for the use of the fixed asset.
The amortization of tangible fixed assets, to be used over a limited amount of time, was carried out in compliance with this pre-established plan and the related rates set out below:

ITEMS IN TANGIBLE FIXED ASSETS	% rate
Buildings	3%
Specific plant	20%
Sundry equipment	7.5%
Furniture and furnishings	12% - 20%
Electronic office equipment	20%
Mobile phones	50%

For fixed assets acquired during the period the amortization rates applied were reduced by half, due to the shorter period of use. The applied rates are deemed appropriate, in light of the remaining period of use, to represent the degree of obsolescence of the assets. These rates are the same as for the previous period.

In terms of historic costs, tangible fixed assets underwent the following changes during the period ended 31 December 2018:

	Initial historic cost	Increase due to merger	Acquisition	Elimination /disposals	Final historic cost
Land and buildings	3,115,573	0	0	0	3,115,573
Plant and machinery	96,630	19,045	0	0	115,675
Other tangible assets	163,002	289,497	38,908	13,123	478,284
Total	**3,375,205**	**308,542**	**38,908**	**13,123**	**3,709,532**

The changes in amortization funds were as follows:

	Initial value of amort. fund	Increase due to merger	Amort. during the period	Use of the fund	Final value of amort. fund
Land and buildings	1,145,803	0	93,466	0	1,239,269
Plant and machinery	93,372	19,045	1,378	0	113,795
Other tangible assets	130,663	274,942	31,450	12,070	424,985
Total	**1,369,838**	**293,987**	**126,295**	**12,070**	**1,778,050**

Hence the net values in the Financial Statements are as follows:

	31.12.17	31.12.18
Land and buildings	1,969,770	1,876,304
Plant and machinery	3,258	1,880
Other tangible assets	32,339	53,299
Total	**2,005,367**	**1,931,483**

During the period there were no significant changes in tangible assets available for use in the headquarters of the Foundation.

1.B.3 – FINANCIAL FIXED ASSETS

The financial products held were evaluated at the acquisition cost plus related charges, such as those for banking and financial brokerage, and for securities without the interest instalments accrued at the acquisition date, which are shown separately and calculated on the accrual basis.
Revenues from securities, coupons and interest accrued during the period are shown on the accrual basis separated into the related prepaid expenses and accrued income.
The Table below shows a breakdown of “other securities” as at 31/12/2018:

Product	Amount
Funds	1,648,243
Bonds	99,607
Insurance policies	13,313,835
Asset management	963,352
	16,025,037

These items are classified in fixed assets since they represent amounts in excess of requirement for the day-to-day operations of the Foundation and hence are a long-term investment of company assets.
During the period some investments were disposed of; the reduction in financial fixed assets is

partially offset by the increase in liquid assets as at 31.12.18. For further details, see the attached Financial Statement.

1.C.1 - INVENTORY

This refers to material for the activities of the Foundation, shown at the acquisition cost and used for promotional and communications purposes.

1.C.2 - RECEIVABLES NOT INCLUDED AMONG FIXED ASSETS

Receivables are shown in the Financial Statements at the estimated collection value, pursuant to the provisions of section 2426 of the Civil Code.

No receivables have a due date beyond five years.

The main amounts comprising this item are as follows:

a. Receivables from Sources of funding

Receivables from sources of funding shown in working capital include the receivables for projects approved mainly by Italian, European and United Nations related public institutions, but not yet received at the end of the period.

The item includes the amounts related to projects developed by WW and by GVC. Note that in the Financial Statements of WW for the previous period these sums were classified among "Receivables from others". To guarantee the comparability of the data in the Financial Statements, the items in the previous Financial Statements were similarly reclassified, and hence "Receivables from others" amounted to 1,656,020 euros.

Changes during the period were as follows:

Receivables from sources of funding	Amount
Receivables at 31/12/17	1,656,020
Increase due to GVC merger	20,565,443
Variation during the period	4,138,323
Balance as at 31/12/18	**26,359,786**

Receivables are set out below by credit line as at 31 December 2018, and according to due date, within and beyond the following period:

Item	Receivables within 12 months	Receivables beyond 12 months
Mae promoted projects	428,269	431,963
Mae – Italian cooperation projects	321,386	1,399,721
EU – ECHO projects	313,662	1,367,131
EU - other DG projects	8,813,561	7,814,712
Local Authority projects	259,341	369,105
United Nations projects	900,297	318,300
Other projects	1,033,525	2,588,813
Total	**12,070,041**	**14,289,745**

The corresponding restricted funds from sources of funding are shown among the liabilities, in relation to project revenues to be collected in future periods. In this connection, see under the heading "Foundation Assets".

b. Receivables from others

Receivables from others include receivables from other NGOs and/or local counterparties and refer to instalments from partners for projects not yet reported on at the end of the period.

Item	31.12.18
Receivables from other NGOs and/or local counterparties	2,803,636
Mission ceiling	3,392
Other Receivables	82,892
Total	**2,889,920**

Changes during the period were as follows:

Receivables from others	Amount
Receivables at 31/12/17	1,390,537
Increase due to GVC merger	2,583,849
Variation during the period	(1,084,466)
Balance as at 31/12/18	**2,889,920**

1.C.4 – CASH/LIQUID ASSETS

Cash and liquid assets, comprising bank and Post Office deposits, are shown at the realizable value equal to their par value.

Cash in foreign currency is shown in the Financial Statements at the exchange rate on the date of the Financial Statements. Pursuant to Accounting Principles this means differences in foreign exchange (Italian Foreign Exchange Office euro/foreign currency rate as at 31.12.2018) are also shown.

Bank deposits are also the current accounts in various countries in which the Foundation carries out its activities.

Changes during the period are as follows:

Cash/liquid assets	Amount
Value at 31/12/17	1,577,483
Increase due to GVC merger	4,563,044
Variation during the period	2,771,274
Balance as at 31/12/18	**8,911,801**

The variation during the period is due to the cash flow from operations influenced partly by the financial dynamics relating to the activities of GVC, the dates on which funding is released by sources of funding and the financial flows from investments.

Liquid assets comprise:

Item	31.12.18
Banks in Italy	5,736,530
Local banks	3,123,540
Cash in hand at headquarter	8,620
Cash held in situ	43,111
Total	**8,911,801**

For further details about changes during the period see the attached Financial Statement.

1.D – PREPAID EXPENSES AND ACCRUED INCOME
These were calculated according on the basis of the period in which the sums accrued.

Changes during the period were as follows:

Prepaid expenses and accrued income	Amount
Value at 31/12/17	198,013
Increase due to GVC merger	5,504,263
Variation during the period	798,566
Balance as at 31/12/18	**6,500,842**

The item comprises:

	Situation as at 31/12/18
Accrued income for financial activities	265,682
Accrued income	5
Prepaid expenses for projects	6,206,363
Prepaid expenses	28,792
Total	**6,500,842**

The item “Accrued income for projects” refers to prepayments for projects i.e. costs incurred for a number of funding sources, where the funding has not yet been received or has only been partially received.
The item does not include Prepaid expenses and accrued income for a period of over 5 years.

2.A FOUNDATION ASSETS
In connection with the particular type of organization, the assets include sums paid in by shareholders at the incorporation date and the funding received in 1999, the first year of activity, by Fundaciòn Privada Intervida (Spain) in pursuit of the aims set out in the Articles of Association.
During the period 2009 Intervita Onlus obtained legal status from the Milan Prefecture and was registered as a legal entity under number 1018 page 5238 vol 5.
On 22 March 2013 the entity was registered as a Foundations in Milan Prefecture following examination of the application.

On 31 May 2014, the change of name (from Intervita Onlus to We World Onlus) has been entered in the register of legal entities of the Milan Prefecture, and the endowment fund was restricted pursuant to Presidential Decree DPR 361/2000.
On 1 December 2018 the merger by incorporation of Associazione G.V.C. ONG/ONLUS into the WE WORLD ONLUS Foundation took legal effect, as set out in the Deed of Merger dated 24 October 2018, notarized by Dr. Guido Peregalli, Notary in Milan, after registration of the aforementioned Deed of Merger in the Milan and Bologna Prefectures.

SCHEDULE OF CHANGES IN THE ITEMS COMPRISING SHAREHOLDERS EQUITY (UNRESTRICTED AND RESTRICTED).

The changes in unrestricted shareholders equity were as follows:

Unrestricted funds	Initial endow-ment fund	Endow-ment fund pursuant to DPR 361/2000	Statutory reserves	Surplus/de-ficit carried forward	Surplus/de-ficit for the period	Total
Start of 2018	0	300,000	0	19,519	0	**319,519**
Increase due to GVC merger	0	0	217,574	312,506	0	**530,080**
Allocation/Use	0	0		-19,519	0	**-19,519**
Surplus in 2018	0	0		0	21,739	**21,739**
Situation at the end of 2018	**0**	**300,000**	**217,574**	**312,506**	**21,739**	**851,819**

Compared to 2017, the statutory reserves of GVC increased by 150,000 euros due to the release of restricted funds following a decision of institutional bodies. These funds were restricted in order to obtain legal status for GVC at the request of the Bologna Prefecture, a restriction that was no longer required after the merger.
In line with the recommendations of the National Council of Chartered Accountants and Expert Bookkeepers, the breakdown of restricted funds is set out below.

Restricted funds	Third party restricted funds	Voluntary reserves	Funds restricted by institutional bodies	Funds pending allocation	Total
Start of 2018	10,411,449	0	11,327	12,932,966	**23,355,742**
Increase due to GVC merger	30,593,569	0	0	0	**30,593,569**
Variation due to allocations	3,754,275	0	-11,327	0	**3,742,948**
Surplus in 2018	0	0	0	0	**0**
Situation at the end of 2018	**44,759,293**	**0**	**0**	**12,932,966**	**57,692,259**

The item “Funds restricted by third parties” includes both sums entered into the accounts as “Statutory Reserves” and sums under the heading “Other reserves shown separately”.
“Third party restricted funds” and “Funds pending allocation” can be used for solidarity projects managed by WeWorld-GVC Onlus after approval by the Board of Directors.

Third party restricted funds include funds allocated against receivables from sources of funding included among the assets in the Financial Statements as well as funds received in advance for ongoing projects where they are larger than the expenses incurred.

Changes during the period are due to the reversing out of funds after completion of ongoing projects at the end of the previous period, collections over the period and the allocation of new funds for ongoing funds as at 31/12/18.

Following the merger, partly to adopt the same criteria for the drafting of Financial Statements by the two NGOs, accounting in 2018 complies with Recommendation 2 of the Non-profit Committee of the National Council of Chartered Accountants and Expert Bookkeepers, the, for non-profit organizations, which includes revenues received but not used at the end of the period under shareholders equity and among restricted reserve funds. The Financial Statements of WW for the previous period did not reflect this recommendation.
To guarantee the comparability of the data in the Financial Statements those of the previous period were amended by reclassifying the item "Third Party restricted funds" and the sums previously shown under "Deferred Income" amounting to 6,648,175 euros.

2.B - FUNDS FOR RISKS AND CHARGES
This fund represents the estimated risks related to the possibility of sustaining additional charges for costs that cannot be covered by donors.

2.C – STAFF LEAVING INDEMNITY (TFR)
This represents the debt to employees in compliance with the law and current employment contracts, taking into consideration all forms of continuous remuneration.
The fund corresponds to the total of individual indemnities payable to employees at the date of the Financial Statements, net of advances paid, and corresponds to the amount that would have been paid to employees if they had left employment at that date.
TFR is calculated pursuant to section 2120 of the Civil Code, in light of the specific terms of contracts and professional categories, and includes the annual quotas accrued and revaluation based on ISTAT (the National Statistics Institute) coefficients.
The change during the period was as follows:

TFR Fund	Amount
Value at 31/12/17	499,299
Increase due to GVC merger	303,949
Variation during the period	42,649
Balance as at 31/12/18	**845,897**

The variation is due to the accrual during the period net of some payments following termination of employment and some advances paid.

2.D - PAYABLES
Payables are shown in the Financial Statements at par value; adopting the amortization method would not have had a significant impact.

No payables are due beyond five years and no payables are backed by guarantees on company real estate assets.

The main amounts in this item are as follows:

2.D.4 Payables to banks

The variation during the period is as follows:

Payables to banks	Amount
Value at 31/12/17	1,711
Increase due to GVC merger	853,743
Variation during the period	(95,138)
Balance as at 31/12/18	**760,316**

Payables to banks reflect negative balances due mainly to cash requirements related to the prior purchasing projects of GVC.

2.D.7 Payables to suppliers

The variation during the period is as follows:

Payables to suppliers	Amount
Value at 31/12/17	515,889
Increase due to GVC merger	197,557
Variation during the period	(68,906)
Balance as at 31/12/18	**644,540**

The amount includes invoices received totaling 241,708 euros.

2.D.14 Other payables

The variation during the period is as follows:

Payables to others	Amount
Value at 31/12/17	97,231
Increase due to GVC merger	769,342
Variation during the period	608,381
Balance as at 31/12/18	**1,474,954**

Other payables comprise:

Other payables	31.12.18
Payables to employees and collaborators	515,763
Payables to other NGOs and/or local counterparties	875,132
Other payables	84,059
Total	**1,474,954**

This item in the Financial Statements includes debts to employees both for salaries as yet unpaid and the amount for holidays yet to be taken at the end of the period.

2.E – ACCRUALS AND DEFERRED INCOME

Accruals and deferred income are shown in the Financial Statements on the accrual basis in relation to the related costs and revenues.
Beginning in the tax year 2007 and until 2017 WeWorld entered into the accounts the portion of donations not used at the end of the period for a given project or not freely available, as deferred donations or deferred income among liabilities. It was included in the operating result of the Foundation for the following period. The accounting method complied with the criteria for the evaluation of donations in the Financial Statements for the period for non-profit organizations according to Recommendation 2 of the Non-profit Committee of the National Council of Chartered Accountants and Expert Bookkeepers.
Following the merger, to adopt homogeneous criteria for the drafting of Financial Statements, the accounting method used in 2018 complies with Recommendation 2 of the Non-profit Committee of the National Council of Chartered Accountants and Expert Bookkeepers, the, for non-profit organizations, which includes revenues received but not used at the end of the period under shareholders equity and among restricted reserve funds.
To guarantee comparability of the data in the Financial Statements, the same method was applied to the previous period, reclassifying amounts previously entered under the heading "Deferred Income" as Restricted Reserves totaling 6,648,175 euros.

The variation during the period is as follows:

Accruals and deferred income	Amount
Value at 31/12/17	61,067
Increase due to GVC merger	12,019
Variation during the period	27,101
Balance as at 31/12/18	**100,187**

The breakdown of accruals and deferred income is as follows:

Other payables	31.12.18
Accruals on financial assets	86,205
Deferred income	13,982
Total	**100,187**

No items among the accruals and deferred income has a duration of over 5 years.

3.A – PRODUCTION VALUE

ENTERING REVENUES

Cash donations from natural persons or legal entities to the Foundation are carried out without a corresponding transfer of goods and/or provision of services.

Contributions from private legal entities are shown in the Financial Statements on the basis of a formal decision to make the donation, the duration of the project or the financial commitment.

The use of revenues from donations can be restricted or unrestricted.

1. Unrestricted donations, i.e. without limitations or constraints imposed by the donor, are entered into the accounts among the revenues for the period in which they are received or the

right is obtained, enforceable in law, to receive them.

2. Restricted donations are subject to the wishes of the donor or an external third party and the limitations or constraints imposed by them for their use. For WeWorld until the previous Financial Statements they were entered among the revenues for the period or in the period in which they were received or the right to receive them was obtained, provided they could be reliably measured, irrespective of constraints or limitations on their use or time of use. As for GVC for many years, in the Financial Statements for 2018 they are included among revenues at the moment they are paid and, at the end of the period, the portion not used is reclassified as “Third party restricted funds” under the heading Restricted Funds.
3. Revenues relating to funds derived from 5 per thousand contributions on annual income tax returns are shown on the basis of the publication of definitive lists by the Tax Authorities. The Foundation is called upon to keep a dedicated and separate record – with illustrative report – of these donations, clearly and transparently indicating how these donations were used. This document must be drawn up within a year of receipt of the contribution (section 8 of Prime Ministerial Decree dated 19/3/2008 and subsequent amendments).

Revenues of a financial nature are shown on the accrual basis.

INCLUSION AND EVALUATION CRITERIA

Entering cash donations into the accounts contributes to the truthful and accurate representation of the assets and financial position of the Foundation, highlights the degree of attractiveness (**Consent**) that the Institute is able to create and maintain to investors in solidarity and benefactors (**Donors**).

There are no problems regarding the evaluation of cash donations paid by bank and Post Office transfers, as well as other bank remittances (standing debit orders and credit cards).

REPRESENTATION CRITERIA

At the moment a cash donation is received, it is a entered into the accounts under liquid assets offset against revenues for institutional activities.

The portion of the donation that has not been used at the end of the period for a dedicated project or which cannot be used freely, is adjusted as a deferred donation under “Third party restricted funds”, one of the categories of Restricted Funds. The sum is used to calculate the operating result for the following period.

Donations comprising goods to be used over a period of several years are shown as proceeds and included among the fixed assets under the suitable heading. The value of the goods is subject to normal amortization, based on their remaining useful life.

For further details and qualitative and quantitative data regarding the donations received and their use, see the Mission Statement.

ENTERING CHARGES

Charges are shown in the Financial Statements according to the principles of prudence and on the accrual basis. Charges for social solidarity projects are related to spending commitments to carry out works or a series of works in a single project over one or more years.

The costs for various projects were entered into the accounts for GVC with the same criteria used for recording other charges relating to the organizational set-up irrespective of where the project is carried out, in Italy or elsewhere, showing the detailed costs incurred in the various countries in which the Foundation works, whilst for WeWorld the total interim figures sent by the various countries are included in the accounts. Therefore, when funds are sent to the various countries or partners for WeWorld projects or for originally GVC projects is no longer relevant.

INFORMATION ON TAX EXEMPTIONS

The Foundation benefits from the tax regulations enshrined in Legislative Decree 460/1997 regarding socially useful NPOs.
For **VAT** purposes, cash donations made by the Foundation are exempt.
For **IRES/IRAP** purposes, the Foundation benefits from tax relief for socially useful NPOs as set out in section 150 of Presidential Decree 917/86.

Tax relief allowed for third parties making donations to the Foundation
Deductions for donations pursuant to Legislative Decree 117 dated 3 July 2017:

1. From the gross income tax for natural persons a deduction of 30 percent of the charges incurred by the taxpayer for cash donations and donations in kind to non-commercial entities in the Tertiary sector as specified in section 79, paragraph 5, for an overall amount in each tax period of no more than 30,000 euros. The deduction is allowed for cash donations provided the payment is made by bank or Post Office remittance or other payment method as specified in section 23 of Legislative Decree 241 dated 9 July 1997.
2. Cash donations or donations in kind to non-commercial entities in the Tertiary sector as specified in section 79, paragraph 5, from natural person, entities or companies are deductible from the overall net income of the donor up to a limit of 10 percent of the declared total income. If the deduction is higher than the total declared income, after all deductions, the excess can be calculated as an increase in the deductible amount from the income of up to four subsequent periods, up to the total of the excess amounts.

During the tax period, numerous natural persons and companies made donations for institutional purposes. In compliance with the regulations governing the sector, the Foundation:
1) kept a systematic and chronological record of the donations received, with an identity code, the date, nature of the donation, amount and payment method;
2) kept one-by-one records without grouping data, either by donor or payment method;
3) on request, provided receipts specifying the amount and how it will be spent;
4) drew up the Financial Statements to accurately reflect the assets and economic and financial position of the Foundation.

OTHER INFORMATION

List of subsidiaries and associated companies

The Foundation does not have subsidiaries or possess a holding in any other company.

Information about financial instruments

Pursuant to section 2427 bis of the Civil Code, as at 31 December 2018, the Foundation has no derivatives.

Directors and Statutory Auditors fees

The amount of the Directors and Board of Statutory Auditors fees is set out below:

Directors fees	59,640
Board of Statutory Auditors fees	25,146

COMPOSITION OF PERSONNEL

The Table below gives a breakdown of personnel as at 31/12/2018.

	Outside Italy		Italy		TOTAL
TYPE OF CONTRACT	**F**	**M**	**F**	**M**	
Fixed-term			3	3	**6**
Open-ended			27	24	**51**
Coordinated continuous cooperation	40	28	11	7	**86**
TOTAL	**40**	**28**	**41**	**34**	**143**

The overall number of employees is significantly up on the previous year, but the effects of the merger should be borne in mind; the combined figure for WeWorld and GVC employees as at 31/12/17 was 61, including fixed-term and open-ended employment contracts. The number of people on contracts for coordinated continuous cooperation is also considerably up due to the merger and will continue to vary over the year on the basis of project needs particularly in developing countries.

MANAGEMENT REPORT

With a view to improving its analytical capacity, some time ago the organization adopted the “Guidelines and schedules for drafting the Financial Statements of Non-profit Entities” recommended by the Agency for socially useful NPOs, adding to the usual Financial Statements the Management report.

This schedule gives a numerical picture of the activities of the Foundation broken down into “areas of activity”.

In order to comment on the 2018 tax period itis necessary to compare the data for the year with the data in the “pro-forma” Financial Statements for 2017 (see the relevant Annex), which include data for both WeWorld and GVC; there would be no point in comparing the data with WeWorld 2017 data without taking GVC into account, although the regulations and accounting principles applied would have this effect.

In terms of managing of routine activities, there was a significant increase in managed volumes, a direct consequence of the significant increase in contracts with public sources of funding for institutional projects starting in 2016, when the value of stipulated contracts exceeded 20 million euros. This was also the case in 2017 and 2018 and is expected to continue in the future. Clearly, this impacts on revenues and charges for routine activities.

The above has more than offset the decrease in revenues related to distance support and promotional activities (with a corresponding decrease in charges).

Financial revenues are slightly up, offsetting the fall in yield from financial markets with an increase in life insurance policies. However, there was a significant increase in financial charges, with a loss of over 150 thousand euros on foreign exchange mainly in relation to projects in Syria,

where the political situation has led to huge volatility in the exchange rate and significant differences in the rates applied by banks and rates indicated by the Italian Foreign Exchange Union (used for accounting purposes in relation to operations abroad).
General support charges were down on 2017 due to a number of factors, including higher charges incurred in 2017 in the amount of 152 thousand euros for the closure of a contract and improved efficiency in carrying out institutional activities.

Significant events after closing the Financial Statements

In the first few months of 2019, the focus was on harmonizing the processes and organizational charts of WeWorld and GVC. From the management point of view software was chosen for general accounting purposes and for the administrative management of projects. It is now being used in almost all countries.
The process began for the transfer of the accreditation of GVC with leading institutional donors to WeWorld, in order to guarantee ongoing framework agreements and maintain the ability to obtain funds from Italian and foreign public donors. The process was positively concluded with all the most important AICS agencies, the European Commission, the United Nations and with various embassies and foreign governments.

Analysis of efficiency indices

The following efficiency indices were calculated according to the criteria of the Italian Donations Institute set out in its "Investigation of the efficiency indices of associated organizations", and are compared with the averages for the sector resulting from the investigation.

IID indices*	Sector average for Intern. coop	Sector average for fundraising	We World
Institutional charges / Total charges	82%	73%	91%
Fundraising charges / Total charges	8%	11%	1%
General support charges / Total charges	10%	16%	8%

(*) Calculated on the basis of Total charges, excluding financial charges – 2014 data

Final remarks

Dear Directors,
In light of the above, we recommend approval of the Financial Statements and the accompanying documents and the allocation of profits for the period to unrestricted funds under the heading "Surplus carried forward".

WeWorld G.V.C. Onlus
The Chairman
Marco Chiesara
signed