

FINANCIAL STATEMENTS AT 31/12/2011

EXPLANATORY NOTES

INTRODUCTION

Dear Sirs,

These financial statements of “EMERGENCY ONG ONLUS”, based in Milan, in via Gerolamo Vida n. 11 (hereafter also “**Emergency**” or “**Association**”) refer to the year ended 31 December 2011 and post a negative result of €5,483,918, based on the following information shown in this document.

Association’s Activity

The Association is a non-governmental organization recognized under the law 26/02/1987 n°49 by the Ministry of Foreign Affairs – General Direction of Cooperation and Development – through the regulations 1999/128/001747/2P and 19999/128/002910/3; as such, the Association is by law an ONLUS (non-profit organization).

Pursuant to its Charter, the Association aims at:

- promoting a culture of peace and solidarity, also through the activity of volunteers on the territory;
- promoting the affirmation of human rights, also through initiatives aimed at their actual implementation;
- intervening in war zones with humanitarian initiatives in favour of the victims of conflicts – mainly civilian, of the injured and of all those who suffer from other social consequences deriving from conflicts or poverty such as hunger, malnutrition, diseases, lack of healthcare assistance and education;
- aiding the victims of natural calamities.

Emergency is a recognized association, chartered in the legal persons register at Prefettura di Milano, on 28/04/2005 n°594, page 973, volume III.

The Association is also listed in the “Register of associations and bodies which carry out activities in favour of immigrants” – first section, n°: A/622/2009/MI. This registration is the recognition of activities carried out by Emergency in favour of immigrants, initially at the Outpatient Clinic in Palermo and subsequently at other facilities in Italy: the Outpatient Clinic in Marghera and two mobile clinics.

Compilation Criteria

There are no laws or legal regulations in Italy on the compilation and contents of financial statements of non-profit organizations.

To overcome the substantial absence of normative references in the context of social financial reporting, the “Non-profit Organizations’ Commission”, established within the National Council of Certified Public Accountants, has drawn up two documents in order to provide some guidance and suggestions on the guidelines and principles for the compilation of the financial statements of associations and non-profit organizations in general, and to propose a system which is representative of the summary results of non-profit organizations.

In addition, on 11 February 2009, the Agency for non-profit associations (established by article n°1 of the Prime Minister's Decree of 26 September 2000, as a regulatory body for non-commercial bodies and non-profit organizations) approved the “guidelines and formats for the compilation of financial statements of non-profit organizations”, as a coordinating act issued pursuant to article 3, comma 1, letter a) of the Prime Minister's Decree of 21 March 2001 n°329.

These documents do not impose any binding obligation on non-profit organizations and, therefore, on this Association. However, they are an important reference for the compilation of financial statements, using the forms which are considered to be more appropriate and suitable to activities carried out.

As for this Association, the financial statements models, as proposed by the Agency for non-profit organizations and the National Council of Certified Accountants, while constituting an important reference, are not considered sufficient to express and highlight the complex activity carried out by the Association.

As a result, it was decided to follow, and adapt to this purpose, the provisions of the Civil Code for corporations, the accounting principles and the guidelines provided by the committees in charge, but without adopting any of the proposed outlines, and choosing the appropriate solutions

considering the administrative, economic and organizational characteristics of the Association itself.

Besides, the accounts recommendation on donations, bequests and other liberalities were applied. The recommendation was issued by the National Board of Public Accountants.

The financial statements for the year ended 31/12/2011, of which this document is an integral part pursuant to article 2423, paragraph 1 of the Civil Code, are consistent with accounting records duly kept and have been compiled in accordance with articles 2423, 2424-bis and 2425-bis of the Civil Code and according to the principles of compilation conforming to Article 2423-bis, paragraph 1, of the Civil Code and the accounting policies set out in Article 2426, of the Civil Code.

Any exceptions to the accounting standards and recommendations, if and as applied, are highlighted in the paragraph on the related issue which is the object of the dispensation.

The principle of accrual was adopted for the compilation of the financial statements, therefore, the transactions and other events have been listed in the accounts and attributed to the year which said transactions and events refer, and not the year in which the relative movements of cash (cash and payments) actually took place. This principle is waived only if all the certain and precise elements to make the surveys are unavailable.

The evaluation criteria adopted are in accordance with Art. 2426 of the Civil Code and are comparable with those employed in previous years.

The reclassification outline of the financial statements was adopted taking into consideration the purposes of the Association (non-profit), the activities it carries out, and the lack of a framework provided by law.

The items shown grouped in the balance sheet and income statement are commented on in this explanatory note. In this note, variations in their consistency are made explicit, when significant.

In addition it was decided to:

- Assess the single items with prudence and in anticipation of a normal continuity of the association, and taking into account the economic function, asset or liability item in question;
- Include only the profits truly made during the year;
- Determine the income and costs in respect of the accrual, regardless of their financial manifestation;
- Consider separately, for the purposes of the assessment, the heterogeneous elements included in various budget items.

Tax reliefs

The Association, being a recognized non-governmental organization, is a non-profit organization (Onlus) by operation of law and therefore it utilizes the special conditions for this sector such as:

- Art. 150 T.U.I.R. - Non-taxation of proceeds from the institutional activity in the pursuit of social solidarity purposes, as well as proceeds from directly related activities;
- Art. 10, Presidential Decree 633/1972 - exemption from taxation on the surplus value on the purchase of goods as gratuities;
- Art. 14, L. n° 49/1987 - tax exemption of VAT on purchases of goods intended for use abroad;
- Art. 27-bis chart attached to the Presidential Decree 642/1972 - exemption from stamp duty (bank statements, receipts, etc.)
- Art. 3, paragraph 1, Legislative Decree n° 346/19 90 - exemption from taxes on inheritances and donations;
- Tariff, first part, attached to the Presidential Decree 131/1986, - exemption from register tax for the purchase of tangible fixed assets if designed for the institutional activity of the Association;
- Exemption from the I.R.A.P. tax - arrangements for taxable basis of non-commercial entities in the regions of Lombardy (Article 1, paragraph 7 of Regional Law 18/12/2001 n° 27, confirmed by article 7, paragraphs 1 and 2, the regional law n° 14/07/2003 n.10) and Sicily (Article 7, paragraph 5, 26/03/2002 Regional Law n° 2);
- exemption from ICI (municipal real estate tax), (the conditions to benefit from this exemption do not apply to this non-profit organization), pursuant to article 7 of Legislative

Decree 504/1992, paragraph 1, letter i) – exemption to pay local taxes for buildings used by public and private organizations, that are not exclusively or mainly for the exercise of commercial activities, but are intended exclusively for the performance of welfare, healthcare and educational activities. [omission]; the tax section of the Court of Cassation by resolution n° 22894 of 10/11/2010 reasserted that the exemption from ICI tax is subordinate to the joint presence of an objective requirement (sole exercise of welfare or similar activities) and of a subjective requirement (exercise of the above mentioned activities by a public or private body which does not have as a sole or main object of activity the exercise of commercial activities); article 21 of Legislative Decree n° 460/1997 on the taxation of non-commercial entities and non-profit organizations also stipulates that municipalities, provinces, regions and the autonomous provinces of Trento and Bolzano may rule an exemption or reduction for non-profit organizations as regards taxes collected by said authorities and related obligations. The tax in question (ICI) will be replaced by IMU (Sole Local Tax) as from 2012, introduced by Law Decree 201/2011 (amended and converted into law 214 of 2011) that upholds the benefits previously granted to non-profit organizations as concerns ICI.

For private citizens/donors the applicable tax reliefs are stated either by:

- Art. 14 D.L. 35/2005 converted with amendments into Law n° 80, May 14, 2005: deductibility of donations in cash or in kind by private citizens and legal persons subject to corporate income tax to non-profit organizations up to 10% of the stated income and not above 70,000 euro per year;
- Art. 10, item g) Income Tax Code T.U.I.R.: deductibility of contributions and donations by private citizens in favour of NGOs for amounts not exceeding 2% of the total declared income;
- Art. 15, paragraph 1, item i-bis) of the Income Tax Code T.U.I.R.: deduction of 19% of cash donations made by private citizens in favour of non-profit organizations for an amount not exceeding 2,065.83 euros.

Being a non-profit organization, the Association participates in the allocation of proceeds from the 5/1000 on individual tax returns (I.R.Pe.F.).

INFORMATION ON THE BALANCE SHEET ITEMS (ASSETS AND LIABILITIES)

A – ASSETS

1. Accounting policies

Assets are recorded at their purchase and/or production cost and adjusted by corresponding accumulated amortisation fund.

The production cost of any capitalised fixed assets and the incremental costs of depreciable assets include all costs directly attributable to said assets. The value was calculated by summing up the cost of materials, of direct labour, and of the portion of production costs directly attributable to the asset.

Fixed assets received as donations were valued at their market value.

In the event that, regardless of the depreciation already recorded, there is a permanent loss of value, the fixed asset is written down accordingly. If in subsequent financial years the assumptions for the devaluation fail, the original value is reinstated, adjusted only by depreciations. In particular, there were no reassessment operations, either voluntarily or required by law.

Tangible assets are subdivided into two categories and, more precisely, in:

A II – Tangible fixed assets used in operational missions;

A III – Tangible fixed assets used in general support activities.

2. Depreciation criteria

The depreciation charges, charged to the income statement, were calculated considering the use, destination and economic-technical duration of the assets, based on the criterion of their remaining useful life.

Depreciation related to:

- assets used for general activities in foreign missions have been fully depreciated in the year of acquisition;
- assets used in Italian missions, at the Centre for Cardiac Surgery in Khartoum and at the headquarters are depreciated at the following rates:
 - Software: 33,33%
 - Concessions and licenses: 20%
 - Improvements third-party assets: 25%
 - Property assets: 10%
 - Plants: 15%
 - Equipment: 20%
 - Electronic machinery: 20%
 - Furniture: 12%
- assets (received through donations or bequests) are not depreciated.

The decision to fully depreciate the assets used during the missions is determined by the nature of the assets in question, that is, assets that can be freely donated to local authorities at the end of the mission, or existing in places with a high "country risk". For this reason, such assets are considered "non-returnable", seeing that it is not possible to transfer them back to Italy at the end of the mission. In addition, having prudently considered the country risk, it is difficult to claim an ownership right protected by the local authorities. Finally, according to contracts entered into with international cooperation agencies or with the local authorities, the assets still in operation at the end of the mission are to be considered as assets that can be freely donated to the local authorities.

On the other hand, the choice to write off over several years the fixed assets relative to the hospital at the Centre for Cardiac Surgery in Khartoum is the result of the following considerations:

- a. agreements entered into with the local government (which provide for a twenty-year concession of the land where the facility was built and the direct involvement of the local authorities in supporting the project);
- b. the country risk, as Sudan, also based on the data of the United Nations' Human Development Index, is ranked in a - relatively - less needy position compared to the other countries where the Association operates and manages its hospitals;
- c. the nature of the facility (hi-tech centre);
- d. the specific humanitarian program (a programme with a regional impact in Sudan and in the neighbouring countries that will only be completed in the following years with the construction of a network of satellite healthcare centres).

It should be noted that, in reference to the items recorded in the assets section of the balance sheet, and considered to be assets that can be freely donated to the local authorities, it was deemed appropriate to list their net worth in the memorandum accounts in order to emphasise the limited availability for this Association.

3. Detail of the items

A.I – INTANGIBLE FIXED ASSETS

The change, compared to the previous year, is as follows:

Items	Net initial accounting value	Net final accounting value	Variations
A.I.3 Industrial patents and similar intellectual property rights	71,676	53,433	-18,243
A.I.5 Other intangible fixed assets	92,588	141,219	48,631
Totals	164,264	194,652	30,388

The transactions carried out during the financial year are listed in the following table:

Items	Initial historical cost	Initial accumulated amortisation	Net initial accounting value	Change in the historical cost during the financial year	Final historical cost	Depreciation in the year	Accumulated depreciation at the end of the year	Net final accounting value
A.I.3 Industrial patents and similar intellectual property rights	352,243	280,567	71,676	21,084	373,327	39,327	319,894	53,433
A.I.5 Other intangible fixed assets	454,921	362,332	92,588	112,253	567,174	63,622	425,954	141,219
TOTALS	807,164	642,899	164,264	133,337	940,501	102,949	745,848	194,652

Increases in 2011 totalled €133,337.

Depreciation recorded in 2011 amounted to €102,949.

Costs incurred for industrial patents and similar intellectual property rights refer to the purchase of licenses needed for the management software intended for administrative and institutional purposes, in addition to the costs for creating the website.

Other intangible assets consist of improvements to leased assets, and refer to, for the greater amount, the Marghera (VE) facility, used as an Outpatient Clinic.

A.II – TANGIBLE FIXED ASSETS USED IN OPERATIONAL MISSIONS

The change, compared to the previous year, is as follows:

Items	Net initial accounting value	Net final accounting value	Variations
A.II.1 Land and buildings	3,789,960	1,867,485	-1,922,475
A.II.2 Plants and hospital machinery	1,160,507	123,438	-1,037,069
A.II.3 Hospital equipment	514,554	1,013,206	498,652
A.II.4 Other tangible fixed assets	322,478	361,508	39,030
A.II.5 Under construction and advances	436,767	1,742,326	1,305,559
Totals	6,224,266	5,107,962	-1,116,304

The item referred to above decreased during the financial year from €6,224,266 to €5,107,962. Acquisitions were systematically planned during the financial year. The related financial commitments were taken on in line with the hedging needs of the investments.

The transactions carried out during the financial year are listed in the following table:

Items	Initial historical cost	Initial accumulated depreciation	Net initial accounting value	Changes in historical cost in the financial year	Final historical cost	Depreciation in the year	Accumulated depreciation at the end of the year	Net final accounting value
A.II.1 Land and buildings	12,172,725	8,382,765	3,789,960	92,316	12,265,041	773,147	10,397,556	1,867,485
A.II.2 Plants and hospital machinery	9,300,532	8,140,025	1,160,507	65,637	9,366,169	1,102,706	9,242,731	123,438
A.II.3 Hospital equipment	6,152,770	5,638,216	514,554	145,502	6,298,272	888,010	5,285,066	1,013,206
A.II.4 Other tangible fixed assets	1,659,726	1,337,247	322,478	209,585	1,869,311	170,556	1,507,803	361,508
A.II.5 Under construction and advances	436,767	0	436,767	1,305,559	1,742,326	0	0	1,742,326
Totals	29,722,519	23,498,253	6,224,266	1,818,599	31,541,118	2,934,419	26,433,156	5,107,962

The item "Land and buildings", equal to €1,867,485 (item A.II.1), mainly refers to costs relative to buildings set up as hospital facilities and boarding houses for the various missions around the world. Most of this sum refers to the Salam Centre for Cardiac Surgery in Khartoum.

The item "Plants and hospital machinery", equal to €123,438 (item A.II.2), mainly includes supplies, general equipment and existing plants at the various hospitals and boarding houses for the various missions in different countries around the world.

The item "Hospital equipment", equal to €1,013,206 (item A.II.3), includes medical equipment and equipment of various kinds used in different missions in countries around the world.

The item "Other assets", amounting to €361,508 (item A.II.4), includes, among others, telecommunications equipment, motor vehicles, electronic machinery and various types of furniture used at the various missions in different countries around the world.

The item "Under construction and advances", equal to €1,742,326 (item A.II.5), mainly contains the costs incurred for the construction of the Paediatric Centre in Port Sudan.

The changes in the historical cost of the item "Land and buildings" (item A.II.1), equal to €92,316 only concern increases mainly for the hospital in Lashkar-gah, Afghanistan, and at the paediatric centre in Bangui, Central African Republic.

Depreciation, calculated with the criteria defined in paragraph 2, amounts to €773,147.

The changes in the historical cost of the item "Plants and hospital machinery" (item A.II.2), equal to €65,637 only concern an increase due mainly to the purchase of machinery for the Centre for Cardiac Surgery in Khartoum, Sudan.

Depreciation, calculated with the criteria defined in paragraph 2, amounts to €1,102,706.

The changes in the historical cost of the item "Hospital equipment" (item A.II.3), equal to €145,502 (item A.II.3), only refer to an increase due mainly to the purchase of assets for the Salam Centre for Cardiac Surgery in Khartoum and partly for the maternity centre at Anabah.

Depreciation, calculated with the criteria defined in paragraph 2, amounts to €888,010.

The changes in the historical cost of the item "Other assets", equal to €209,585 (item A.II.4), refer only to an increase due mainly to purchases for the Centre for Cardiac Surgery in Khartoum, for mobile clinics in Italy, and for telecommunications equipment for various missions. Depreciation, calculated with the criteria defined in paragraph 2, amounts to €170,556.

The item "Under construction and advances", (item A.II.5), increased with reference to costs incurred for the construction of the Paediatric Centre in Port Sudan, that began in July 2010. These costs will remain posted to this item until this Centre will be completed.

A.III – TANGIBLE FIXED ASSETS USED IN GENERAL SUPPORT ACTIVITIES

The change, compared to the previous year, is as follows:

Items	Net initial accounting value	Net final accounting value	Variations
A.III.1 Land and buildings	2,046,447	2,461,903	415,456
A.III.3 Equipment	44,353	37,313	-7,040
A.III.4 Other tangible fixed assets	103,932	102,196	-1,736
Totals	2,194,732	2,601,412	409,680

The item in question increased during the financial year from €2,194,732 to €2,601,412. Acquisitions were systematically planned during the financial year. The related financial commitments were taken on in line with the hedging needs of the investments.

The transactions carried out during the financial year are listed in the following table:

Items	Initial historical cost	Initial depreciation fund	Net initial accounting value	Changes in historical cost in the financial year	Final historical cost	Depreciation in the year	Depreciation fund at the end of the year	Net final accounting value
A.III.1 Land and buildings	2,046,447	0	2,046,447	415,456	2,461,903	0	0	2,461,903
A.III.3 Equipment	92,646	48,293	44,353	125	92,771	6,610	55,457	37,313
A.III.4 Other tangible fixed assets	725,775	621,843	103,932	37,553	763,328	28,862	661,131	102,196
Totals	2,864,868	670,136	2,194,732	453,134	3,318,002	35,472	716,589	2,601,412

The item "Land and buildings", amounting to €2,461,903 (item A.III.1), refers primarily to non-capital buildings, received as donations or inheritance from third parties, which are entered at the amount equal to the cadastral surveys or inferred from the donation deeds, at the same time increasing the reserve for donations and gratuities.

The changes in the historical cost of the item "Land and buildings" (item A.II.1), equal to €415,456 refer to the values of properties received during the financial year, for €485,698 net of disposals made for €70,243. Together with the posting of the higher value of the profit item of the balance sheet, the "Reserves for donations and gratuities" were posted in the liabilities section of this balance sheet.

As mentioned above, this item is not depreciated.

As of December 31, 2011, the non-capital properties are listed in the following tables:

LAND

Location	Typology	Share of ownership	Sheet	Cadastral map	Land ownership income	Agrarian income	Balance sheet value
Rogeno (Lecco)	Agricultural land	500/1000	9	494	4.61	4.92	60.50
Rogeno (Lecco)	Agricultural land	500/1000	9	508	4.84	5.16	63.50
Rogeno (Lecco)	Agricultural land/land planted with trees	500/1000	9	514	17.74	18.78	232.88
Rogeno (Lecco)	grass land	500/1000	9	545	4.88	4.27	64.00
Monte Marengo (Lecco)	coppice	333/1000	9	547	0.85	0.10	7.42
Monte Marengo (Lecco)	coppice	333/1000	9	548	0.44	0.05	3.83
Charvensod (Aosta)	tall trees irrigated grass land	1000/1000	2020	136 137	3.39	7.28	1,000
Torrenova (Messina)	farmland residential zoning	500/1000	13	165	276.24	92.41	48,625
Carpasio (Imola)	chestnut wood/ fruit orchard 2	1000/1000	8	129	6.07	3.64	683
Carpasio (Imola)	irrigated/ploughed agricultural land U	1000/1000	8	157	1.37	1.88	154
Carpasio (Imola)	coppice 1	1000/1000	8	74	0.04	0.01	5
Carpasio (Imola)	agricultural land 2	1000/1000	8	50	3.56	5.69	401
Carpasio (Imola)	building in ruins	1000/1000	8	52	0.00	0.00	0.00
Carpasio (Imola)	irrigated agricultural land	1000/1000	9	33	0.96	1.92	108
Carpasio (Imola)	irrigated/ploughed agricultural land U	1000/1000	8	129	0.31	0.43	35
Carpasio (Imola)	chestnut wood/ fruit orchard 4	1000/1000	8	129	1.09	0.66	123
Montaldo di Mondovì (Cuneo)	coppice 2	1/32	22	159	0.99	0.59	3.25
Montaldo di Mondovì (Cuneo)	agricultural land 3	1/64	3	39	0.64	1.14	1.05
Montaldo di Mondovì (Cuneo)	cast fruit tree 4	1/64	4	390	0.53	0.19	0.87
Montaldo di Mondovì (Cuneo)	cast fruit tree 4	1/64	4	460	0.50	0.18	0.82
Montaldo di Mondovì (Cuneo)	cast fruit tree 4	1/64	11	198	0.83	0.30	1.36
Montaldo di Mondovì (Cuneo)	cast fruit tree 4	1/64	22	8	3.74	1.34	6.14
Montaldo di Mondovì (Cuneo)	coppice 2	1/64	22	14	3.03	1.82	4.97
Roburent (Cuneo)	agricultural land 4	11/432	13	153	1.52	5.26	4.06
Roburent (Cuneo)	agricultural land 4	11/432	13	158	0.24	0.84	0.64
Roburent (Cuneo)	coppice 3	11/432	16	14	0.21	0.13	0.56
Roburent (Cuneo)	grass land 5	11/432	16	15	0.62	0.95	1.66
<p><i>The Charvensod land was valued based on the value specified in the deed of donation. The Torrenova land was valued according to the assessed cadastral valuation. The Carpasio, Rogeno and Monte Marengo lands were valued according to the assessed cadastral valuation.</i></p>							

BUILDINGS

Location	Category	Share of ownership	Sheet	Land parcel	Sub.	Cat./class	Cadastral rent	Balance sheet value
Calolziocorte (Lecco)	shed	500/1000	CA/1	1407	28	C/6	34.40	1,806.00
Calolziocorte (Lecco)	housing unit	500/1000	CA/1	1407	21	A/3	289.22	15,183.00
Calolziocorte (Lecco)	shed	500/1000	CA/1	1482	45	C/6	21.02	1,103.55
Calolziocorte (Lecco)	housing unit	333/1000	CA/1	1407	702	A/3	325.37	11,385.50
Calolziocorte (Lecco)	shed	333/1000	CO/1	1311	12	C/6	45.86	1605.10
Calolziocorte (Lecco)	housing unit	333/1000	CO/1	1311	7	A/3	361.52	16,652.50
Calolziocorte (Lecco)	housing unit	500/1000	CA/2	1446	16	A/3	433.82	22,774.50
Calolziocorte (Lecco)	shed	111/1000	CA/2	961	2	C/6	22.93	267.52
Calolziocorte (Lecco)	shed	111/1000	CA/2	961	3	C/6	32.49	379.05
Calolziocorte (Lecco)	housing unit	111/1000	CA/2	961	21	A/3	361.52	4,217.50
Lecco (Lecco)	shed	500/1000	CAS/2	804	3	C/6	70.50	3,701.25
Lecco (Lecco)	housing unit	500/1000	CAS/2	728	1	A/3	263.39	13,827.98
Seregno (Milan)	housing unit	1/6	17	508	702	A/4	169.91	2,973.43
Seregno (Milan)	housing unit	5/24	17	506	702	A/4	169.91	3,716.78
Seregno (Milan)	store	5/24	17	506	703	C/2	137.58	3,009.56
Milan (Milan)	housing unit	333/1000	225	242	17	A/4	253.06	8,857.10
Scandicci (Florence)	housing unit	250/1000	68	562	14	A/2 – 2	298.25	56,610
Scandicci (Florence)	housing unit	250/1000	68	562	29	A/2 – 2	298.25	50,760
Scandicci (Florence)	housing unit	250/1000	68	562	30	A/2 – 2	298.25	44,100
Scandicci (Florence)	housing unit	250/1000	68	562	31	A/2 – 2	244.03	39,560
Scandicci (Florence)	housing unit	250/1000	68	562	32	A/2 – 2	216.91	39,010
Scandicci (Florence)	housing unit	250/1000	68	562	34	A/2 – 2	298.25	44,100
Scandicci (Florence)	housing unit	250/1000	68	562	35	A/2 – 2	244.03	39,560
Scandicci (Florence)	housing unit	250/1000	68	562	36	A/2 – 2	216.91	39,010
Scandicci (Florence)	housing unit	250/1000	68	562	37	A/2 – 2	298.25	59,920
Scandicci (Florence)	housing unit	250/1000	68	562	38	A/2 – 2	298.25	46,060
Scandicci (Florence)	housing unit	250/1000	68	562	39	A/2 – 2	244.03	41,280
Scandicci (Florence)	housing unit	250/1000	68	562	40	A/2 – 2	216.91	40,670
Scandicci (Florence)	housing unit	250/1000	68	562	41	A/2 – 2	298.25	52,920
Scandicci (Florence)	housing unit	250/1000	68	562	42	A/2 – 2	298.25	46,060
Scandicci (Florence)	housing unit	250/1000	68	562	43	A/2 – 2	244.03	41,280
Scandicci (Florence)	housing unit	250/1000	68	562	44	A/2 – 2	216.91	40,670

Scandicci (Florence)	housing unit	250/1000	68	562	46	A/2 – 2	352.48	73,320
Scandicci (Florence)	shed	250/1000	68	562	47	C/6 – 6	57.95	6,750
Scandicci (Florence)	shed	250/1000	68	562	48	C/6 – 6	57.95	6,750
Scandicci (Florence)	shed	250/1000	68	562	49	C/6 – 6	57.95	6,750
Scandicci (Florence)	shed	250/1000	68	562	50	C/6 – 6	44.31	5,625
Scandicci (Florence)	shed	250/1000	68	562	51	C/6 – 6	47.72	5,625
Scandicci (Florence)	workshop	250/1000	68	562	55	C/3	916.14	54,960
Pelago (Florence)	housing unit	250/1000	3	219-229	201	A/7 – 5	632.66	124,788
Pelago (Florence)	shed	250/1000	3	229	22	C/6 – 4	65.85	12,562
Forte de' Marmi (Lucca)	housing unit	250/1000	2	65		A/3 – 5	1,398.57	287,000
Menconico (Pavia)	housing unit	1000/1000	29	346		A/7 – 2	650.74	39,118
Varzi (Pavia)	housing unit	1000/1000	6	635	20	A/3 – 2	105.36	6,333
Varzi (Pavia)	shed	1000/1000	6	1060	6	C/6 – 2	31.76	1,909
The real estate properties in Menconico and Varzi are owned as bare property. The balance sheet therefore shows the cadastral value, net of the estimated usufruct.								

Location	Category	Share of ownership	Sheet	Land parcel	Sub.	Cat./class	Cadastral rent	Balance sheet value
Trapani (Trapani)	housing unit	1000/1000	307	472	6	A/3 – 6	650.74	100,000
<i>The building in Trapani was valued based on the value specified in the deed of donation.</i>								

Location	Category	Share of ownership	Sheet	Land parcel	Sub.	Cat./class	Cadastral rent	Balance sheet value
Carpasio (IM)	housing unit	1000/1000	9	516	2	A/4 – 2	125.50	15,060
Carpasio (IM)	shed	1000/1000	9	493	4	C/2 – 1	26.13	3,293
Brescia	housing unit	1000/1000	89	223	13	A/2	774.69	81,342
Brescia	shed	1000/1000	89	224	4	C/6	53.20	5,586
Latina	shed (covered parking area)	1/7	282	121	12	C/6 - 1	269.59	4,044
Latina	housing unit	1000/1000	282	121	7	A/2 - 4	661.06	69,411
Riva Ligure	housing unit	833/1000	2	603	6	A/3	207.87	21,817
Sanremo	housing unit	833/1000	33	668	29	A/3	488.05	51,225
Sanremo	office	833/1000	44	38	2	A/10	2,985.12	156,656
Sanremo	housing unit	833/1000	44	38	3	A/2	661.06	69,377
Sanremo	housing unit	833/1000	44	38	4	A/2	743.70	78,057
Florence	housing unit	4/9	125	107	8	A/4	479.01	26,824
Monterotondo	housing unit	2/27	31	827	1	A/4	262.10	2,446.30
Monterotondo	warehouse	2/27	31	872	2	C/2	131.85	1,230.60
Monterotondo	housing unit	2/27	31	872	3	A/4	449.32	4,193.70
Monterotondo	warehouse	2/27	31	1605	1	C/2	23.96	223.60
Monterotondo	warehouse	2/27	31	1605	2	C/2	17.97	167.70
<i>The buildings in Carpasio, Arluno and Brescia were valued based on the cadastral surveys.</i>								

At the end of the financial year, certain inventory procedures were underway for the purposes of accepting the additional properties with benefit of inventory; certain properties were sold during the course of 2011 [Desenzano del Garda – Vinciguerra bequest; Arluno – Sansottera bequest; Pralungo - Varesio bequest].

Since all these properties are not instrumental to the Association's activity, their tax situation is currently the following:

- Both the land and the buildings generate land and real estate revenues that are ordinarily taxed;
- The Carpasio (IM) and Charvensod (AO) lands, as well as the real estate units in Carpasio (IM) and in Trapani, were acquired through donation, therefore, in case of transfer, they can potentially generate taxable capital gains as they can be classified among the different revenues referred to in article 67 T.u.i.r. (Italian Consolidated Law on Income Taxes);
- Land at Monte Marenzo (Lecco), Rogeno (Lecco) and Torrenova (Messina), and the real estate units in Calolziocorte (Lecco), Lecco, Seregno (Milan), Desenzano del Garda (Brescia), Scandicci (Florence), Pelago (Florence), Forte dei Marmi (Lucca), Menconico

(Pavia), Varzi (Pavia), Arluno (Milan), Brescia and Milan were received through inheritance or legacy, consequently they do not generate taxable capital gains.

The item "Equipment", equal to €92,771 (item A.III.3), mainly refers to various kinds of equipment at the Milan and Rome offices.

The changes in the historical cost of the item "Equipment" was negligible, compared to the previous year.

The item "Other assets", equal to €763,328 (item A.III.4), mainly refers to computers, vehicles and other electronic machinery for the Milan and Rome offices.

The changes in the historical cost of the item "Other assets" amount to €37,553 refers to purchases mainly for computers, vehicles and electronic machinery for €44,053, net of sales of vehicles, for €6,500.

A.IV – FINANCIAL FIXED ASSETS

The Association holds a share in the Banca Popolare Etica Soc. Coop. a r.l. – located at the address of Piazzetta Beato Giordano Forzatè, Padua, where it has also opened a bank account. The shareholding amounts to €568, valued at the acquisition cost.

The Association also holds a share of €500 as an investor partner in the Cooperative Dieci Dicembre Soc.Coop. a r.l.

There are no control or affiliation relationships with other companies.

B – WORKING CAPITAL

B.I – RECEIVABLES

1. Accounting policies

Credits were valued and recorded at their estimated fair market value. The adjustment of the nominal value of the receivables to their estimated fair market value is obtained by a special bad debt provision, taking into consideration the general economic conditions of the sector as well as the country risk.

The only item that changed, and its relevant variation compared to the previous financial year, is shown below:

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
B.I.5 Due from others	5,421,307	3,017,465	2,403,842
Totals	5,421,307	3,017,465	2,403,842

The item in question increased during the financial year from €3,017,465 to €5,421,307 for the reasons indicated below.

2. Detail of the items

B.I.4) – RECEIVABLES FOR PROCEEDS FROM THE 5/1000 ON INDIVIDUAL TAX RETURNS

During the 2011 financial year the Italian Ministry of Labour and Social Policies paid out funds originating from the allocation of proceeds from the 5/1000 on individual tax returns (IRPEF), donated by taxpayers in 2009 based on 2008 income, including the portion attributable to "remnants" for a total of €8,074,263. The entire amount was already collected at the date on which these financial statements were drawn up.

At the closing date of the financial statements no information was provided concerning the allocation of funds donated by taxpayers in 2010 based on their 2009 income. Consequently, at the time of preparation of these financial statements, there is no certainty that allows to account for the relevant proceeds. Please refer to the paragraph concerning the events which occurred after the closing of the financial year.

B.I.5) – RECEIVABLES DUE FROM OTHERS

The balance of receivables due from others amounts to €5,421,307, up from the previous financial year, with a net change of €2,403,842.

The balance mainly consists of:

- contributions receivable of €597,877
- receivables due from social security institutions of €444,487
- receivables due from clients of €390,570
- receivables due from Fondazione Smemoranda of €970,000
- receivables due from Fondazione Prosolidar of €2,980,000
- other receivables for a total of €38,373

The item Contributions receivable refers to recognised contributions yet to be paid. The contributions are of various kinds and include contributions from the SMS campaign, which are yet to be received from the telephone companies. The counterbalance for such amounts is posted in the "missions fund" if referred to projects to be carried out after December 31, 2011. Contributions receivable also include payments to be made by groups of volunteers for current initiatives and other donations awaiting their actual disbursement.

Receivables due from social security institutions refer to the credit accrued by the Association towards INPS (Italian Institute for Social Security) for social security contributions paid on behalf of doctors in mission abroad from 2005 to 2009, following the settlement of a dispute between INPS and ENPAM (National Insurance and Assistance Association for Doctors) concerning which agency was the actual beneficiary of such contributions (it later turned out to be ENPAM). Against this receivable, accrued from 2005 to 2009, a payable due to doctors was recorded, as the doctors will be reimbursed the amounts according to a multiple-year plan.

Receivables due from clients increased compared to the previous year, due to the higher volumes of the Association's business activities, and in particular the sale solidarity wedding favours on its e-commerce site.

The receivables from Fondazione Smemoranda include the residual amount approved by said organization in support of the "Programma Italia" (Italy Programme), decreased by € 200,000.00 following the payment of a contribution for this amount in 2011. This receivable was included in the "Missions Fund" for the corresponding amount as it is a project that started in 2011, and will be developed in future years.

The receivables from the Fondazione Prosolidar (Prosolidar Foundation) concerns funds that will be received and allocated to future projects based in Uganda. A counterbalance for the entire amount was posted in the "Missions Fund".

"Other receivables" include travel expense advances and prepaid credit cards, credit notes to be received, deposits and other receivables due from third parties.

B.II – INVENTORIES

1. Accounting policies

Raw materials, ancillary materials, finished products and gadgets are recorded at the average weighted purchase cost.

Inventories of drugs and medical supplies are valued at the last purchase price.

2. Detail of the items

Inventories represent the value of existing material as of 31/12/2011 both at the operational missions (for medicines, medical supplies, prostheses and supplies), and at the headquarters and local groups (for promotional material).

Inventories were valued for a total of €3,720,494, with a decrease of €477,826 compared to the previous financial year.

Inventories of medicines, medical supplies and prostheses amounted to €3,072,923.

Inventories of materials for fundraising operations amounted to €647,571.

In detail, the change in inventories as of 31/12/2011 was as follows:

Type of inventories	31/12/2011	31/12/2010	Variation
Medicines and medical equipment	2,773,547	2,934,079	-160,532
Materials for prostheses	299,376	130,595	168,781
Material for fundraising activities at the headquarters	523,818	763,272	-239,454
Material for fundraising activities at the local groups	123,753	370,374	-246,621
Totals	3,720,494	4,198,320	-477,826

The amount for inventories of medicines and medical supplies decreased, indicating the greater efficiency in managing resources and the warehouse at the Centre for Cardiac Surgery in Khartoum. The Salam Centre for Cardiac Surgery in Khartoum managed and supplied pharmaceutical material for the hospitals in Nyala and Mayo.

Inventories of materials for fundraising also decreased due to a greater efficiency achieved after an initial stage of managing commercial activities, despite an increase in relative revenues.

Inventories of material for fundraising with local groups decreased, continuing the downward trend that has been underway for several years now, the result of greater efficiency in the accounting management of the groups.

B.III – AVAILABLE FUNDS

1. Accounting policies

The balance of this item represents the availability of cash and the existence of cash and securities at the end of the financial year.

Receivables originally expressed in foreign currency, recorded at the exchange rates in effect on the date on which they arose, are adjusted to reflect current exchange rates at the end of the financial year.

Gains and losses arising from the conversion of receivables are credited and debited, respectively in the Profit and Loss Statement under item F38 "Gains from foreign currency transactions" and F39 "Losses from foreign currency transactions".

2. Detail of the items

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
B.III.1 Cash and cash equivalents	69,076	190,994	-121,918
B.III.2 Bank and postal deposits	393,786	833,175	-439,389
B.III.2 Other bank and postal deposits	1,241,412	2,614,686	-1,373,274
B.III.4 Other short-term available funds	0	51,053	-51,053
Totals	1,704,273	3,689,908	-1,985,635

In addition to cash and cash equivalents, this section also includes items relating to bank and postal accounts, with a separate listing of accounts with a specific purpose, i.e. accounts used for specific fundraising campaigns and whose available funds have already been allocated, except for any temporary cash requirements that the administrative body shall evaluate from time to time and then shall arrange for reinstating.

Available funds at the end of the financial year decreased by a total of €1,985,635 compared to the previous year, amounting to €1,704,273. This amount mainly includes donations from individuals received in total for Christmas, proceeds from Christmas market sales and other donations of significant value.

Cash balances also decreased by €121,918, to stand at €69,076.

C – ACCRUALS AND DEFERRALS

C – Accrued income and prepaid expenses

1. Accounting policies

Accrued income and prepaid expenses were determined according to the criterion of the actual accrual period.

For long-term accruals and deferrals, the conditions that had determined their original entry were verified, adopting the appropriate changes, where necessary.

Accruals and prepayments measure proceeds and charges whose competence is anticipated or deferred compared to the actual date of the payment and/or of the document; they are irrespective

of the date of payment or collection of related proceeds and charges, common to two or more financial years and prorated over the applicable time.

2. Detail of the items

The change, compared to the previous year, is as follows:

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
C.I.2 Accruals and prepayments	67,234	33,037	34,197
<i>Totals</i>	<i>67,234</i>	<i>33,037</i>	<i>34,197</i>

The item prepaid expenses equal to €67,234 increased by €34,197 compared to the end of the previous financial year and include prepayments calculated for insurance premiums and maintenance fees.

INFORMATION ON BALANCE SHEET ITEMS/LIABILITIES

A – NET EQUITY

The enclosed table lists the movements that generated variations in the net equity items (items A of the liabilities)

Items	Initial balance	Allocation of result for the financial year	Increases	Decreases	Final balance
Endowment fund	8,801	0	0	0	8,801
Reserves for donations and gratuities:					
a) for capital assets	61,827	0	12,325	24,262	49,890
b) for non-capital assets	1,784,622	0	485,699	70,243	2,200,078
Reserves for operating surplus from previous financial years	4,351,807	3,323,412	1	0	7,675,220
Reserves for operating surplus from previous financial years	0	0	0	0	0
Other reserves	0	0	0	0	0
Operating Surplus (Loss) from previous financial years	0	0	0	0	0
Surplus (Loss) for the financial	3,323,412	0	-5,483,918	3,323,412	-5,483,918
Totals	9,530,470	3,323,412	-4,985,894	3,417,917	4,450,071

The reserve for donations and gratuities for non-capital assets whose items, as we would like to remind, are entered as a counterbalance for assets considered to be non-capital assets received through inheritance or donation, increased (to account for properties received) by €485,699 during the financial year and decreased (to account for properties sold) by €70,243.

The only movement in item "Reserves for operating surplus from previous financial years" refers to the coverage of the loss incurred during the year ended 31/12/2010.

B - PAYABLES

1. Accounting policies

Payables are recognised at their nominal value and, if necessary, adjusted in case of returned goods or billing adjustments.

The payables originally entered in foreign currency, recorded based on the exchange rates in effect on the date on which they arose, are adjusted to reflect the exchange rates in effect at the

close of the financial statements, and the relevant gains or losses are charged to the profit and loss statement.

2. Detail of the items

B.I – Foreign payables for operational missions

Items	31/12/2011	31/12/2010	Variation
B.I.5 Trade payables	350,556	208,499	142,057
B.I.8 Post-employment benefit, personnel assisting operational missions	14,906	0	14,906
TOTALS	365,461	208,499	156,963

The item refers to the exposure of operational missions for purchases made on site, in the country where the mission is being carried out.

This table only shows payables incurred abroad.

Please note that the exposure has increased compared to the previous year, amounting to €365,461, with an increase of €156,963. The reason for this is mainly attributable to a residual payable for the supply of medicines in Afghanistan.

A new professional assistant was hired for Sierra Leone.

B.II – Payables from cultural activity, operational facility and procurement of goods and services for operational missions

Items	31/12/2011	31/12/2010	Variation
B.II.1 Payables due to banks	514,306	88,821	425,485
B.II.2 Payables due to other financial backers	1,788	18,275	-16,487
B.II.3 Trade payables	4,176,481	2,628,706	1,547,625
B.II.4 Payables due to operational facility's staff	454,637	355,721	98,766
B.II.5 Payables due to social security and welfare institutions	166,173	126,707	39,466
B.II.6 Termination benefits for operational facility's staff (TFR Fund)	333,740	273,727	60,013
B.II.7 Tax payables	194,159	122,969	71,190
B.II.8 Other payables	542,561	713,188	-170,627
TOTALS	6,383,843	4,328,114	2,055,429

The balance at 31/12/2011 amounted to €6,383,843, increasing by €2,055,429 over the previous year.

The most significant items are the payables due to suppliers for goods and services for the headquarters and for the missions (payables incurred in Italy) and payables due to headquarters' staff and associates. Payables due to banks increased significantly due to the fact that excess liquidity was not sufficient to cover the Association's financial requirements.

The increase in the item "Other payables" (B.II.8) as of 31/12/2011 is due to the amount that Emergency will have to disburse to doctors for contributions payable to ENPAM; as regards this payable, a receivable was recorded for Emergency due from INPS in the assets section of this balance sheet, as already explained in the section on "Other receivables".

All payables are due within the following financial year, except for the item listed in section B.II.6, "Termination benefits for operational facility's staff", and the item listed in section B.II.8, which refers to the repayment of INPS portions to expatriate personnel. These two items are part of a long-term programme.

Below please find detailed information concerning the changes in termination benefits for the facility's operational staff.

Name	Previous fund	Accrued during the year	Contributions as per Italian Law 297/82	Additional fund	Substitute tax	Advances/balances for the year	Indemnity leaving fund	Movements
B.II.6 Termination benefits for operational facility's staff (TFR)								
Cultural	82,116	30,501	1,931	4,061	332	11,282	95,012	
Local groups management	26,667	8,822	543	1,565	114		33,268	
Headquarters	106,819	47,653	3,048	3,746	453	7,082	140,145	
Operational activity	58,733	33,703	2,410	4,123	196	20,393	65,315	
TOTALS	274,335	120,679	7,932	13,495	1,095	38,757	333,740	

C – PROVISIONS FOR RISKS AND CHARGES

1. Accounting policies

The provisions for risks and charges are allocated to cover losses or payables whose existence is certain or probable, but for which, nevertheless, at year's end it was not possible to determine the amount or the date of occurrence.

If necessary, the risks and losses for the year are taken into account, even though they might have surfaced after the closing of the financial year, but before the financial statements were drawn up.

In evaluating these provisions, the general criteria of prudence and competence were complied with, and no generic risk funds lacking economic justification have been set up.

Potential liabilities were recorded in the provisions as their occurrence was deemed likely and the amount of the relevant charge could be reasonably estimated.

2. Detail of the items

At the end of the 2011 financial year, the situation is as follows:

Items	Initial balance	Decrease	Increase	Final balance
For future missions	1,290,317	200,000	2,980,000	4,070,317
For current missions	3,934,528	676,708	0	3,257,820
Other	200,000	0	0	200,000
Totals	5,424,845	876,708	2,980,000	7,528,137

The amounts indicated in "Provisions for risks and charges" are indicated by destination. Therefore, it was deemed appropriate, and in line with previous years, to record the fund for future missions separately from the fund for current missions (including both risks and charges in this item), in addition to a residual item "Others", which in 2011 and like previous years, included only an amount connected with a risk relative to a lawsuit.

The final balance of the item "For future missions" (C.I.2), amounting to €4,070,317, reflects the economic value of existing future charges as of 31/12/2011 as these relate to future missions, as detailed below:

- €970,000 refer to the residual contribution approved by the Fondazione Smemoranda for development of the "Programma Italia" programme in 2010, recorded under receivables; during the financial year, the fund did not increase, but €200,000 was used, as contributions were received;
- €120,317 refer to contributions received in 2010 thanks to the fundraising campaign "INTER FOR EMERGENCY – THE CHAMPIONS LEAGUE FOR THE CHILDREN OF GOMA" intended to finance a Paediatric Centre in Goma, which has yet to begin as of 31 December 2011;
- €2,980,000 refer to the contribution approved by Fondazione Prosolidar and allocated to development of a centre in Uganda. The entire amount was allocated in 2011. It was not used as the project has not yet begun.

The final balance of the item "For future missions" (C.I.3), amounting to €3.257.820, reflects the economic value of existing future charges as of 31/12/2011 as these relate to future missions, as detailed below:

- €3,200,000 refer to the risk of the possibility that the Sudanese government may default on the contribution in support for the Salam Centre for Cardiac Surgery in Khartoum. Said default would imply higher costs for the Association; compared to the previous year, no conditions occurred that could change the risk connected with this activity.
- The amount of €57,820 refers to the contribution received in 2010 as the result of a fundraising campaign via phone text messages –"Solidarity SMS"- to support the renovation works at the Surgical Centre already operational in Sierra Leone. In 2011, this amount was decreased by €676,708, equal to the total cost incurred for renovation work.

The final balance of the "Other" risks and charges (C.I.4), amounting to €200,000, refers to a possible lawsuit, the risk level of which has remained unchanged compared to the previous year, as the risk of a legal dispute being initiated concerning the amount of the legacy payment for the Bettini succession still exists.

The change in funds as of 31 December 2011, as regards the increase of €2,980,000 was recorded as a counterbalance in receivables entered in the financial statements as further described in the section in these notes. As regards the decrease of €200,000, the change was recorded as a contra-entry in receivables already in the financial statements. Finally, the decrease of €676,708 relative to costs for renovation work at the surgical centre in Sierra Leone was recorded as a contra-entry in payables to suppliers.

D – ACCRUALS AND DEFERRALS

1. Accounting policies

Accrued income and prepaid expenses were determined according to the criterion of the actual accrual period.

For long-term accruals and deferrals, the conditions that had determined their original entry were verified, adopting the appropriate changes, where necessary. Accruals and prepayments measure proceeds and charges, whose accounting is anticipated or deferred compared to the actual date of the payment and/or of the document; they are irrespective of the date of payment or collection of related proceeds and charges, common to two or more financial years, and prorated over the applicable time.

2. Detail of the items

The change, compared to the previous year, is as follows:

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
D.I.1 Accruals and deferrals	90,893	31,133	59,760
<i>Totals</i>	<i>90,893</i>	<i>31,133</i>	<i>59,760</i>

The amount of €90,893, recorded in item D of liabilities, refers to accrued payables for insurance premiums relating to staff on missions as of 31/12/2011 for which, on the same date, the insurance company had yet to ask for payment of the premium, which was then paid after the close of this financial statement. The amount was calculated based on certain data and depending on the duration of the insurance policy. Compared to the previous year, an increase of €59,760 was recorded.

MEMORANDUM ACCOUNTS

1. Accounting policies

Commitments were recorded in the memorandum accounts at their nominal value, inferred from the relevant documentation.

Third-party assets held at the Association's premises were valued at the value inferred from existing documentation.

The risks related to issued securities, whether personal security or security on assets, are recorded in the memorandum accounts for an amount equal to the amount of the same guarantees.

2. Detail of the items

The detail of the items is as follows:

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
Assets that can be freely donated	3,067,338	5,440,395	-2,373,057
Third-party assets	66,894	74,764	- 7,870
Performance Guarantees	239,000	150,000	89,000
Totals	3,383,232	5,665,159	2,271,927

The memorandum accounts include the value of assets that can be freely donated, net of the related accumulated depreciation, as said fixed assets, used in missions, will be donated to local institutions and authorities once the project is completed.

The increases in these assets mainly concern plants, equipment, furniture and furnishing as well as vehicles for the Centre for Cardiac Surgery in Khartoum, in Sudan, as well as various kinds of equipment for the centre in Anabah, Afghanistan.

Assets that can be freely donated intended for the Centre for Cardiac Surgery in Khartoum are depreciated as previously explained.

Lease and rental costs of the Association include the value of rentals still due relative to tangible assets (printers/photocopiers) purchased under an operating lease for €66,894. During the financial year, additional tangible assets were leased for the Rome office.

Risks also include a bank guarantee issued by Banca Popolare di Sondrio for the amount of €230,000 in favour of the company Centro Direzionale Valtorta S.r.l. and in the interest of the Association as collateral for the rent paid for the Milan headquarters, and for the amount of €9,000 for the rent of premises used as an info point in Turin.

INFORMATION ON THE ITEMS OF THE INCOME STATEMENT

GENERAL INFORMATION

The structure and content of the financial statements for the year ended 31/12/2011 are as follows:

INSTITUTIONAL ACTIVITY

- A – Fundraising: it groups together items relating to donations and contributions received by the Association, with fundraising activities, contributions from bequests or donations and with proceeds from the commercial activity;
- B – Fundraising costs: it groups together direct costs incurred for fundraising activities and costs incurred in the management of the commercial activity;

- C - Costs for operational missions: it groups together direct costs for the functioning of operational missions, such as medicines, hospital material, directly related services, and staff, in addition to the depreciation of tangible assets used in operational missions;
- D - Costs for publications, cultural activities and management of local groups: this group concerns the Association's institutional activity and mainly includes costs incurred for various Emergency publications, organisation of cultural events, training courses for volunteers, management of local groups and staff employed in this sector;

MANAGEMENT AND GENERAL SUPPORT ACTIVITIES

- E - Management and general support activities costs: this item refers to costs incurred for the headquarters that provide support to the Association's institutional activity. It mainly includes expenses incurred for the facilities in Milan and in Rome (rent, personnel costs and accumulated depreciation of tangible fixed assets used for general support).
- F - Financial income and expenses: these two items mainly result from the algebraic sum of profits and losses on foreign currency exchanges as well as interests payable and receivable.
- G - Extraordinary income and expenses: these items mainly concern capital gains and losses from the disposal of assets, as well as contingent assets and liabilities.
- H - Income taxes: this item includes the taxes for the financial year.

Please find below a summary of the economic data:

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
Institutional activity – fundraising	26,134,350	29,304,784	-3,170,134
Institutional activity – fundraising costs	2,800,738	1,497,877	1,302,861
Institutional activity – costs for operational missions	23,595,938	22,912,412	683,526
Institutional activity – costs for publications, cultural activities and management of local groups	2,982,457	2,104,837	877,620
Management and general support activities costs	2,040,234	1,704,650	335,584
Financial income and expenses	-208,296	30,193	-238,489
Extraordinary income and expenses	37,980	2,231,358	-2,193,378
Income taxes	28,586	23,146	5,440
Result for the period	-5,483,918	3,323,412	-8,807,030

A – INSTITUTIONAL ACTIVITY – FUNDRAISING

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
A.1 Donations and contributions	12,963,116	14,953,072	-1,989,956
A.2 Income from fundraising activities – From 5/1000 on individual tax returns	8,074,263	9,111,565	-1,037,302
A.2 Proceeds from fundraising activities – Other	714,785	927,856	-213,071
A.3 Income from disposal of assets from bequests or donations	1,553,670	1,780,358	-226,688
A.4 Income from commercial activity – for the sale of goods	2,782,598	2,475,392	307,206
A.4 Proceeds from the commercial activity – for the rendering of services	45,918	56,540	-10,622
Totals	26,134,350	29,304,784	-3,170,434

In 2011, the total amount from fundraising was equal to €26,134,350, down by €3,170,434 compared to the previous year.

The above figures include donations and contributions, proceeds from the sale of movables and real estate received by the Association as inheritance or donations, as well as proceeds from commercial activities.

In particular, the amount of donations and contributions collected during 2011 and resulting from the sum of the following items:

- A.1 Donations and contributions;
- A.2 Income from fundraising activities – From 5/1000 on individual tax returns;
- A.2 Proceeds from fundraising activities – Other;

is equal to €21,752,163, with a decrease of €3,240,330 compared to the previous year.

Details on the origin of the collected funds and the possible existence of a restriction are as follows:

Source of donation	31/12/2011		31/12/2010	
	Free	Restricted	Free	Restricted
Private citizens	4,828,777	2,337,587	4,993,928	2,553,300
From 5/1000 on individual tax returns	8,074,263	0	9,111,565	0
Legal entities	630,557	914,820	467,345	388,002
Local authorities	51,788	71,690	108,370	310,621
Other authorities	121,517	453,857	166,233	277,462
Foundations	60,000	37,369	13,800	593,350
Abroad	269,261	517,846	58,547	1,257,317
<i>Fundraising initiatives</i>	180,403	555,970	426,609	501,247
Memberships	350,401	82,485	226,889	58,337
Christmas donations	0	166,265		195,285
Emergency Foundation contribution	30,000	0	0	0
Contributions from the allocation of goods	3,651	695	14,131	237,097
Contributions from the provision of services	0	0	2,300	12
Membership fees	14,850		14,700	
Kurdistan financing		61,475		173,673
Sudan financing		1,936,636		2,842,375
Totals	14,615,468	7,136,695	15,604,417	9,388,078
Totals 2011 (Free + Restricted)	21,752,163			

The proceeds from the sale of movables and real estate received by the Association through inheritance or donations, as set out in item A.3, amounted to €1,553,670, with a decrease of €226,688 compared to the previous year.

Details on the origin of the collected funds collected and the possible existence of a restriction are as follows:

Source of donation	31/12/2011		31/12/2010	
	Free	Restricted	Free	Restricted
Income from the sale of assets from bequests or donations	1,513,461		1,536,383	145,000
Capital gains from the sale of donated/inherited property	40,210		98,975	
Totals	1,553,670		1,635,358	145,000
Totals 2011 (Free + Restricted)	1,553,670		1,780,358	

The income from commercial activities, included in items A.4 Income from commercial activity - for the sale of goods and A.4 Proceeds from commercial activity – for the rendering of services amounted to €2,828,517, with an increase of €296,585 compared to the previous year.

It should be noted that Emergency registered for VAT in July 2009 to qualify as an (incidental) commercial activity for the sale of assets in support of its institutional purposes. By this we mean the sale of gadgets, solidarity wedding favours and other promotional items either through the website or through the organisation of local street markets, as well as income from sponsorships. This item, from the financial statements ended on 31/12/2010, and is highlighted separately under the item "Fundraising from institutional activity". Details on the origin of the collected funds collected and the possible existence of a restriction are as follows:

Source of donation	31/12/2011		31/12/2010	
	Free	Restricted	Free	Restricted
Revenues from solidarity wedding favours		503,032	413,971	
Revenues from gadgets	979,237	148,267	1,285,120	56,954
Revenues from Christmas gadgets		129,693		94,705
Revenues from local street markets		669,983		470,352
Revenues from local street market gifts		352,387		154,292
Sponsorships	30,294	4,037	52,083	
Copyrights	4,274	1,304	3,867	
Teaching activities	1,200	0	588	
Events/entertainment	4,809	0		
Totals	1,019,814	1,808,702	1,755,629	776,303
Totals 2011 (Free + Restricted)	2,828,517			

The above data show that, again in 2011, the Association largely obtained its financing sources from its own initiatives without the support of governments or supranational entities (excluding

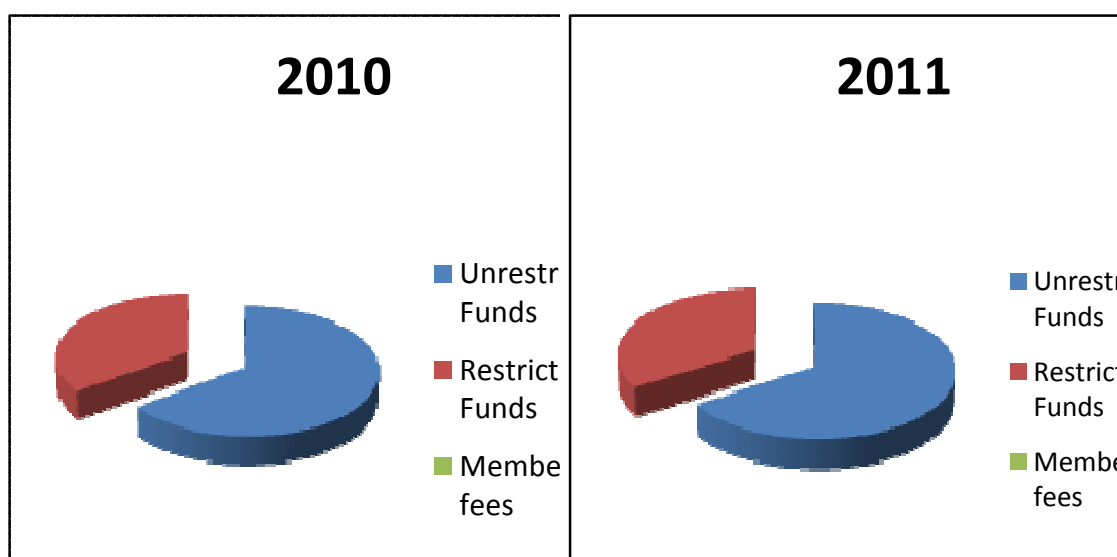
contributions from the Government of Sudan, from the governmental authorities of Kurdistan and from UN-CHF for Nyala).

The percentage of donations and contributions from independent sources (other than government authorities) is 92.35%.

The analysis carried out based on the allocation of the collected funds shows the following situation:

Items	31/12/2011	%	31/12/2010	%
Membership fees	14,850	0.06	14,700	0.05
Restricted Funds	8,945,397	34.23	10,309,380	35.18
Unrestricted Funds	17,174,102	65.71	18,980,705	64.77
Totals	26,134,350	100.00	29,304,784	100.00

The following chart shows (in percentage) the allocations of the collected funds, distinguishing between restricted and unrestricted funds.



Below is a list of the allocations specified by donors.

Projects	31/12/2011	31/12/2010
Iraq	387,109	42,801
Iraq – Contribution from local authorities	61,475	173,673
Afghanistan	653,133	701,515
Cambodia	72,445	101,945
Sierra Leone - Goderich	653,532	1,336,478
Sudan – Khartoum centre	1,190,572	2,103,665
Sudan – Mayo paediatric centre	159,588	225,088
Sudan – Nyala paediatric centre	267,796	1,225,850
Sudan – Contribution from the Sudanese government	1,936,636	2,842,375
Sudan –Paediatric Centre in Port Sudan	33,168	522,636
Central African Republic	940,711	313,863
Immigrants project - Outpatient Clinics	1,860,064	719,375
Japan	335	0
Libya	528,834	0
Goma	0	115
Uganda	200,000	0
Totals	8,945,395	10,309,380

A review of the data reveals that, compared to the previous financial year, there is a slight difference in the composition of the destination of projects.

Revenues from membership fees were extremely limited as the Association had 96 members at 31/12/2011.

B – INSTITUTIONAL ACTIVITY – FUNDRAISING COSTS

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
B.5 Costs for the organization of fundraising activities	655,375	766,329	-110,954
B.6 Costs for commercial activity	1,659,287	997,328	661,959
B.7 Variations in inventories of materials for fundraising operations	486,075	-265,780	751,855
Totals	2,800,738	1,497,877	1,302,861

Costs to organise fundraising decreased in the financial year by €110,954, to amount to €655,375.

The costs incurred for the management of the commercial activity increased by €661,959, to amount to €1,659,287. This allowed an increase, though not proportional, in proceeds from this activity. These costs consist primarily of gadgets and purchases from the local street markets during the Christmas holiday season. These costs account for 58.66% of corresponding income, which is higher than the previous year's figure.

Fundraising costs increased overall by €1,302,861 compared to the previous year mainly due to the decrease in inventories of materials.

C – INSTITUTIONAL ACTIVITY - COSTS FOR OPERATIONAL MISSIONS

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
C.8 For medicines and medical equipment	4,711,807	5,391,010	-679,203
C.9 For raw material for prostheses	246,374	144,122	102,252
C.10 For food and general provisions	1,003,736	929,115	74,621
C.11 For services	4,294,564	3,994,513	300,051
C.12 For the use of third-party assets	477,976	448,229	29,747
C.13 For personnel engaged in operational missions	9,784,513	8,360,824	1,423,689
C.14 Other costs for operational missions	105,710	0	105,710
C.15 Amortisation, depreciation and write-downs	2,979,506	3,679,934	-700,428
C.16 Variations in inventories	-8,249	-35,334	27,085
Totals	23,595,938	22,912,412	683,526

In 2011, the Association was engaged in Afghanistan, Sierra Leone, Cambodia, Iraq, Sudan, Central African Republic and Italy. It was also engaged in Libya, with two brief humanitarian missions during the conflict in the country during the first three months of the year. The aims and methods for conducting the missions are summarised in the management report.

Costs for operational missions recorded in the income statement amounted to €23,595,938, with an increase of €683,526 compared to the previous year.

As for the international staff, on average, approximately 119 persons were employed in operational mission each month.

The following tables report details of the total costs relating to the missions carried out in 2011, compared with 2010, and include costs for the increase in assets.

AFGHANISTAN

Cost items	2011	2010	2009
National and International staff	2.550.254	2.261.527	2.128.435
Medical and consumption materials	901.387	728.130	832.284
Non-medical consumption materials			
Hospital building, equipment and furniture	90.351	104.340	135.687
Restructurings and maintenance	129.276	151.988	113.543
Patients' canteen and staff board	344.526	337.310	338.308
Local transport (including the transport of patients)	47.663	108.382	125.748
Fuel	420.658	278.581	269.893
Various (stationery-cleaning - bank costs - tailoring, etc..)	144.291	168.196	138.645
Utility consumption	85.512	78.120	100.362
FAP (Healthcare Centres and First Aid Centres)	446.251	463.645	413.931
Rentals	152.869	105.756	67.186
Insurance premiums	204	300	14.117
Cooperatives Programme			
Prisons programme	38.874		
Logistics	99	155	
Donations	3.717		
TOTAL	5.355.932,15	4.786.429,66	4.678.139,39

Sierra Leone

Cost items	2011	2010	2009
National and International staff	1,154,977	913,277	884,359
Medical and consumption materials	726,443	554,489	450,213
Construction of a new operating unit	676,708	226,702	106,692
Restructurings and maintenance	150,489	141,461	48,880
Patients' canteen and staff board	159,566	158,813	177,616
Local transport	102,837	115,903	75,887
Fuel	125,415	73,563	59,224
Various (stationery-cleaning - bank costs - tailoring, etc..)	79,405	95,917	53,275
Utility consumption	22,604	24,091	18,197
FAP (Healthcare Centres and First Aid Centres)			
Rentals	67,209	19,515	8,569
Insurance premiums	1,296	611	1,071
Logistics	-	7,571	
Prostheses	-	96	
Recreational activities	1,148		
Regional Programme Patient Transfers	2,183		
Total	3,270,280.39	2,332,009	1,883,982

Cambodia

Cost items	2011	2010	2009
National and International staff	540,585	530,078	614,733
Medical and consumption materials	125,694	132,733	189,500
Non-medical expendables	-	208	
Hospital building, equipment and furniture	5,217	13,734	30,858
Restructurings and maintenance	4,732	22,442	7,148
Patients' canteen and staff board	86,858	91,386	101,089
Local transport	6,521	6,102	8,682
Fuel	5,502	4,558	7,588
Various (stationery-cleaning - bank costs - tailoring, etc..)	34,224	26,117	29,433
Utility consumption	9,600	9,885	51,366
Logistics	-		312
Rentals	10,356	10,846	10,345
Insurance premiums	627	699	
Recreational activities	1,083	163	
Cooperatives Programme	-	387	
Total	831,000	849,337	1,051,055

Iraq

Cost items	2011	2010	2009
National and International staff	236,788	210,643	219,698
Medical and consumption materials	1,211	707	423
Hospital building, equipment and furniture	4,742	6,312	8,837
Restructurings and maintenance	7,796	6,615	8,696
Patients' canteen and staff board	4,220	5,828	3,487
Local transport (including the transport of patients)	11,809	40,356	17,079
Fuel	14,234	14,033	9,751
Various (stationery-cleaning - bank costs - tailoring, etc..)	3,744	2,989	4,025
Utility consumption	2,938	23,272	1,986
Recreational activities		13,169	20,423
Hire (Ox and ambulance)	7,245		
Insurance premiums	-	52	
Prostheses	228,849	143,487	113,142
Cooperatives Programme	62,301	104,383	93,678
TOTAL	585,878	571,846	501,226

SUDAN - Mayo

Note: in 2011, costs were allocated to costs for medicines incurred for Mayo, previously attributed to the Salam Centre

Cost items	2011	2010	2009
National and International staff	127,270	141,005	116,398
Medical and consumption materials	46,480	32,202	455
Hospital building, equipment and furniture	1,680	17,417	3,620
Restructurings and maintenance	5,438	17,136	17,669
Patients' canteen and staff board	1,503	588	379
Local transport	65	32	151
Fuel	5,505	1,328	3,003
Various (stationery-cleaning - bank costs - tailoring, etc..)	9,165	1,630	2,238
Utility consumption	419	212	372
Logistics	356	227	
Rentals	4,289	8	
Recreational activities	-	777	
Social and Healthcare Programmes	-	15,528	
Total	202,171.15	228,090.57	144,287.57

CENTRAL AFRICAN REPUBLIC

Cost items	2011	2010	2009
National and International staff	367,343	284,932	328,214
Medical and consumption materials	244,432	137,925	88,498
Hospital building, equipment and furniture	33,920	27,403	843,012
Restructurings and maintenance	10,610	16,731	5,664
Patients' canteen and staff board	24,621	20,266	15,763
Local transport (including the transport of patients)	18,774	11,404	10,256
Fuel	10,262	5,909	5,493
Various (stationery-cleaning - bank costs - tailoring, etc..)	30,874	37,364	44,780
Utility consumption	14,942	15,090	10,518
Monitoring missions			
Rentals	10,840	9,044	204
Insurance premiums	187	230	253
Total	766,807	566,298	1,352,657

SUDAN - Nyala

Note: in 2011, costs were allocated to costs for medicines incurred for Nyala, previously attributed to the Salam Centre

Cost items	2011	2010	2009
National and International staff	412,913	250,732	44,200
Medical and consumption materials	147,374	38,650	
Hospital building, equipment and furniture	20,087	553,184	506,060
Restructurings and maintenance	20,289	20,165	55,219
Patients' canteen and staff board	50,796	20,371	1,042
Local transport	11,531	19,962	44,124
Fuel	4,974	3,116	477
Various (stationery-cleaning - bank costs - tailoring, etc..)	21,730	16,990	1,507
Utility consumption	18,382	8,651	505
Recreational activities	-	3,678	
Rentals	10,212	2,110	7,105
Insurance premiums	505	384	725
Logistics	8,703	1,248	
Cooperatives Programme	-	184	
Donations	118,079		
Regional Programme costs	9,410		
Total	854,987	939,426	660,964

Sudan -Paediatric Centre in Port Sudan

Note: the hospital began clinical activities in January 2012

Cost items	2011	2010	2009
National and International staff	265,755.39	31,746.59	
Medical and consumption materials	17,251.01		
Hospital building, equipment and furniture	904,938.59	343,252.08	
Restructurings and maintenance	14,179.08	2,455.39	
Patients' canteen and staff board	15,930.00	2,626.51	
Local transport	53,209.31	7,702.64	
Fuel	3,409.20	352.49	
Various (stationery-cleaning - bank costs - tailoring, etc..)	14,808.94	2,515.45	
Utility consumption	11,613.61	1,528.48	
Recreational activities		78.13	
Rentals	12,246.29	6,413.06	
Insurance premiums	540.34		
Logistics costs	1,314.74		
Total	1,315,197	398,670.82	-

Emergency Italia Programme

Cost items	2011	2010	2009
National staff	44,680		
Constructions, hospital equipment and furnishing			
Restructurings and maintenance	8		
Patients' canteen and staff board	773		
Local transport and materials	10		
Fuel	31		
Miscellaneous (stationery, cleaning, bank and postal charges)	3,421		
Utility consumption	19		
Rentals	295		
Total	49,236	0	

ITALY - Mobile clinics

Note: In 2010 the cost for the purchase and fitting out of mobile clinics was €366,610, but like other Italian projects, only accumulated depreciation was recorded in 2011

Cost items	2011	2010	2009
Staff	137,942	14.2	
Medical and consumption materials	9,718		
Polibus	96,021.58	91,652.41	
Equipment			
Restructurings and maintenance	21,634		
Patients' canteen and staff board	20,042		
Local transport	1,490	372	
Fuel	22,442		
Various (stationery-cleaning - bank costs - tailoring, etc..)	4,165		
Utility consumption	949		
Rentals	27,045		
Insurance premiums	5,432	1,225.14	
Logistics	2,095		
Social and Healthcare Programmes	3,090		
costs of evaluation missions	521.98		
Total	352,586.21	93263.75	

ITALY - Palermo Outpatient Clinic

Cost items	2011	2010	2009
Staff	180,145	170,060	133,726
Medical and consumption materials	13,672	15,580	12,707
Hospital building, equipment and furniture	13,840	13,742	19,759
Dental and ophthalmological material	10,671	20,631	20,558
Non-medical expendables	-		
Restructurings and maintenance	2,258	338	764
Patients' canteen and staff board	1,140	1,089	972
Local transport	94	1,551	927
Fuel	400	388	129
Various (stationery-cleaning - bank costs - tailoring, etc..)	15,166	14,329	12,871
Utility consumption	4,183	3,044	1,257
Insurance premiums	1,430	2,716	2,706
Rentals		600	600
Prostheses	415	540	
Total	243,414	244,608.35	206,976.91

ITALY - Marghera Outpatient Clinic

Cost items	2011	2010	2009
Staff	88,445	24,077	
Medical and consumption materials	35,987	9,906	
Hospital building, equipment and furniture	52,844	31,830	
Dental and ophthalmological material	32,168		
Non-medical expendables			
Restructurings and maintenance	1,039	5,906	
Patients' canteen and staff board	725	73	
Local transport	43	1,162	
Fuel	178	65	
Various (stationery-cleaning - bank costs - tailoring, etc..)	11,660	4,351	
Utility consumption	9,103	3,567	
Insurance premiums	2,768	323	
Rentals			
Total	234,960.58	81,259	-

LIBYA EMERGENCY

Cost items	2011	2010
National and International staff	121,698	
Medical and consumption materials	8,958	
Maintenance	3,194	
Local transport and materials	5,531	
Miscellaneous (stationery, cleaning, bank and postal charges)	990	
Utility consumption	20,275	
Total	160,646	-

D – INSTITUTIONAL ACTIVITY – COSTS FOR PUBLICATIONS, CULTURAL ACTIVITIES AND MANAGEMENT OF LOCAL GROUPS

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
D.19 For the purchase and production of material pertaining to informational and cultural activity	442,111	369,878	72,233
D.20 For services	1,509,425	805,316	704,109
D.22 For personnel	971,203	874,708	96,495
D.23 Other costs for the management of cultural activity	59,717	54,934	4,783
Totals	2,982,457	2,104,837	877,620

The item contains costs incurred for cultural activities, which basically consist in the publication of the quarterly magazine "Emergency" and in the organisation of meetings and conferences. The latter were organised in 2011 only thanks to volunteer work by speakers and owners of the premises where said meetings and conferences took place and, consequently, no costs were incurred.

Item D.20 includes costs to support the information activities carried out by the Cooperativa Dieci Dicembre, incurred by Emergency in 2011 as an investor partner and which amounted to €964,300 and refer in particular to support the start-up of the new editorial project "E-il mensile" (monthly publication).

The number of volunteers is constant. Their distribution throughout the territory is organised into 175 groups, which in total bring together more than 3,500 volunteers, over 2,150 of which are actively engaged.

At the closing of the financial statements the Association had 87 salaried staff, of which 68 employees and 16 temporary workers, in addition to 3 external consultants and one occasional freelance worker.

At the Milan offices, there were 62 salaried staff members, of which 51 employees, 8 outsourcers and 3 consultants and at the Rome offices there were 9 staff members, of which 7 employees and 2 outsourcers; 7 employees – office workers at the Palermo Outpatient Clinic and 6 outsourcers at the Marghera Outpatient Clinic; 2 employees at the Salam Centre for Cardiac Surgery in Khartoum and one at the Surgical Centre in Sierra Leone. In addition to said personnel, 120 international staff members (doctors, nurses, administrators and logisticians) were employed at the hospitals abroad. The Milan offices are assisted on an ongoing basis by more than 73 volunteers and 9 volunteers doing civil service. The Rome office has 23 volunteers. 68 doctors and nurses work as volunteers at the Palermo Outpatient Clinic and 70 at the Marghera Outpatient Clinic. This category also includes charges associated with the management of local groups and television advertising (which were not incurred in 2010).

Compared to the previous year, an increase of €877,620 was recorded, with costs amounting to €2,982,457.

E - MANAGEMENT COSTS AND GENERAL SUPPORT ACTIVITIES

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
E.28 For the purchase of advertising material and stationery	28,941	24,162	4,779
E.29 For services	478,648	430,107	48,541
E.30 For the use of third-party assets	469,249	323,311	145,938
E.31 For personnel	842,547	740,162	102,385
E.32 Other costs for operational facility management	136,988	107,140	29,848
E.33 Amortisation, depreciation and write-downs	83,861	79,768	4,093
Totals	2,040,234	1,704,650	335,584

The overall administrative costs were 8.56% (in the 2010 financial year it was 6.19%) of the funds raised (net of the relevant charges). The increase in the cost for 2011, compared to the previous year, is nearly exclusively related to the higher rent of the Milan offices, which were expanded as more space was rented, and to higher personnel costs, with personnel numbers up compared to the previous year.

Generally, the structure of headquarters continues to be flexible, and it is based on full-time employees, a limited number of temporary workers and in any case related to specific operating

needs, to staff doing civil service or placements (limited number) and in any case as allowed by law, as well as a considerable number of volunteers.

The items that particularly weigh here are represented by rental costs for the office in Milan, the offices in Rome and their warehouses, as well as the costs for services, represented mainly by telephone costs, due in part to international communications with the operational missions and in part to contacts in Italy for fundraising and support operations.

No fees were paid or planned for the members of the Management Board. Some members of the Board receive fees for the activities they carry out within the Association, or as employees or project workers and, occasionally, they are reimbursed only for the transportation costs they directly incurred in order to perform their tasks.

Fees to auditors amounting to €12,584 for auditing work, have been estimated for 2011.

These fees are included in the professional fees set by the Order of Chartered Accountants in relation to the Association's equity.

Additional information on the cost of labour

In order to provide more complete information about the cost of labour incurred by the Association, the table below summarises the total overall costs that, in these financial statements, were recorded in different categories:

Items	2011	2010
Salaries to employees	1,151,494	1,000,204
Remunerations to non-employees	9,072,201	7,984,544
Social security and welfare contributions	895,280	673,752
Insurance premiums	246,642	142,955
Employees' termination benefits	122,700	80,621
Other personnel costs	109,948	93,618
Totals	11,598,263	9,975,694

The total cost of labour incurred for the 2011 financial year increased by €1,622,569 compared to the cost incurred for the previous financial year, as we continued the work of consolidating various professional figures at the offices in Italy.

Some employees have chosen to pay into additional welfare schemes, so the portion of post-employment benefits indicated in items B.I.8 and B.II.6 is recorded net of these payments.

F – FINANCIAL INCOME AND EXPENSES

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
F.38 Other financial income - from securities recorded in current assets	52	2,846	-2,794
F.38 Other financial income – interest receivable	1,679	2,754	-1,075
F.38 Other financial income - gains from foreign currency transactions for transfer of funds	106,480	130,090	-23,610
F.39 Interest and other financial expenses - interest payable on short-term loans	174,607	51,673	122,934
F.39 Interests and other financial expenses – losses from other foreign currency transactions for transfer of funds	141,899	53,823	88,076
Totals	-208,296	30,193	-238,489

The interest receivable from bank accounts and from fixed income securities, net of the withholding tax on bank deposits, amounted to €1,679.

Exchange differences connected with different currencies the Association works with generated a negative balance of €35,419. In fact, the gains from exchange rates amounted to €106,480 against losses from exchange rates of €141,899.

All income and expenses deriving from financial management derive from the ordinary management of the activity and not from speculative financial transactions or investments.

The Association has obtained from a financial institution, an advance in the current account on funds from the 5/1000 on individual tax returns donated in the 2009 financial year (relating to 2008 income). The serious delay of the government in paying these funds has given rise to the increase in the item "Interest payable on short-term loans". To deal with ensuing cash requirements two bank credit lines were opened in the last few months of 2011. The total cost of the loans is €173,314.

G – EXTRAORDINARY INCOME AND EXPENSES

Items	Balance as of 31/12/2011	Balance as of 31/12/2010	Variations
G.40 Income - other	102,449	2,343,425	-2,240,976
G.41 Expenses	64,470	112,067	-47,597
Totals	37,980	2,231,358	-2,193,378

The decrease compared to the previous year, equal to €2,240,976 EUR is due to the adjustment of the "Missions Fund" in 2010, as further explained in the financial statements for the previous year.

The other amounts included in the contingent assets mainly include write-offs on supplies of medical equipment approved by suppliers in 2011 but referred to previous years, and to a much lesser extent, to the realignment of cash balances at operational missions.

Expenses only refer to contingent liabilities for the same amount related to previous years.

The (positive) difference between extraordinary income and expenses amounts to €37,980.

Income tax – tax reliefs

As commercial activities have been carried out since 2009 in a fully incidental fashion, the taxable amount for Emergency is determined by the following components:

- - The taxable amount related to the institutional activity;
- - The taxable amount related to the commercial activity.

The I.R.A.P. tax (Italian regional tax on production activities) for the year 2011 amounted to €15,086, and is calculated by considering as the taxable amount the value of the production generated by the Association. Specifically, it is calculated on wages and retributions for project workers, as well as on payments to occasional freelance workers for the activities carried out on the Italian territory. In addition, the I.R.A.P. tax for commercial activity must be calculated by deducting from the relevant revenues a portion of costs calculated by comparing commercial proceeds with the total revenues generated.

The tax reliefs pertaining to the I.R.A.P. tax have already been highlighted in the specific paragraph in the introduction of these explanatory notes.

The total I.Re.S. tax (tax on company revenues) payable for the year 2011 is €13,500. This tax is due for revenues on land owned by the Association, for accrued revenues on copyrights, and for interest receivable accrued on the current accounts opened in foreign banks.

Events that occurred after the closing of the financial year

At the closing of the financial year, the Revenue Office had yet to publish the list bearing the amount of allocations of funds from the 5/1000 on individual tax returns for the 2009 financial year - tax returns filed in 2010.

From the list published on 04/05/2012, the Association will receive funds of €10,699,131.30 of which €9,955,707.32 expressly indicated by taxpayers, and €743,423.98 from the distribution of remaining funds. Based on this allocation, an advance on the amount will be requested by opening a credit line guaranteed by the credit itself.

The need to resort to this advance is due to the uncertainty concerning the timing of the actual payment of the funds owed to the Association.

The legal proceedings brought against newspapers in order to protect the name of the Association continue.

The Association was also called into new hereditary successions of significant amounts for which inventory procedures are underway in order to assess the value of the relevant assets or the eligible heirs. A few sales transactions of non-capital assets already recorded in the Association's equity were also concluded.

Since January 2012, a cost-cutting plan has been introduced to deal with the current climate of uncertainty caused by the worsening global financial crisis that has also hit Italy. The general reduction in 2012 budgets includes a reduction in total costs for employees. Since February 2012, redundancy measures have been taken.

To keep rent costs down, it was decided to not use 500 square metres of office space in Milan, starting from July 2012, and a new site outside Milan has been identified to transfer warehouse activities, with a consequent decrease in costs for the Association.

The Chairman of the Management Board
Cecilia Strada