

INSTITUTE FOR INTEGRATED TRANSITIONS

Simplified Annual Accounts and Notes to the Annual Accounts for 2016

Includes the Audit Report on the Annual Accounts

Independent auditor's report on the simplified annual accounts

(Translation of a report and accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails).

To the Board of the
INSTITUTE FOR INTEGRATED TRANSITIONS
following the request of the same Board

Report on the simplified annual accounts

We have audited the accompanying simplified annual accounts of INSTITUTE FOR INTEGRATED TRANSITIONS (hereafter, 'the Association') which comprise the simplified balance sheet at 31 December 2016, the simplified statement of results, the simplified statement of changes in net equity and the simplified notes to the accounts for the year ended on that date.

Responsibility of the Board concerning the simplified annual accounts

The Board is responsible for drawing up the attached simplified annual accounts, so that they show a true and fair view of the net equity, the financial situation and the results of the INSTITUTE FOR INTEGRATED TRANSITIONS, in accordance with the framework of financial reporting standards applicable to the Association in Spain, which is explained in note 2 to the simplified annual accounts, and for such internal controls that they consider necessary to enable the preparation of simplified annual accounts that are free from material misstatements, whether due to fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on the accompanying simplified annual accounts based on our audit. We conducted our audit in accordance with the legislation regulating the auditing of financial statements in Spain. This legislation requires that we comply with ethical requirements and plan and execute our audit to obtain reasonable assurance about whether the simplified annual accounts are free from material misstatement.

An audit requires the performance of procedures to obtain audit evidence about the amounts and disclosures in the simplified annual accounts. The procedures selected depend upon the judgement of the auditor, including the assessment of the risks of material misstatement in the simplified annual accounts, due to fraud or error. In making those risk assessments, the auditor takes into account the internal controls relevant to the preparation of simplified annual accounts by the Association, in order to design audit procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of the internal controls of the entity. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the presentation of the simplified annual accounts as a whole.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

Opinion

In our opinion, the accompanying simplified annual accounts present, in all material aspects, a true and fair view of the net equity and the financial situation of the INSTITUTE FOR INTEGRATED TRANSITIONS at 31 December 2016, and of the results of its operations for the year ended on that date, in accordance with the applicable framework of financial reporting standards, and in particular, in compliance with the accounting principles and criteria contained in that framework.

Grant Thornton



Joan Vall

8 August 2017

Simplified Balance Sheet

Exercise 2016

INSTITUTE FOR INTEGRATED TRANSITIONS

CODING ACCOUNT NUMBER	ASSETS	REPORT NOTES	31.12.2016	31.12.2015
	A) NON-CURRENT ASSETS		4,342.75	1,420.84
20, (280), (290)	I. Fixed intangible			
21, (281), (2910), (2911), (2912), (2913), (2914), (2915), (2916), (2917), (2918)	II. Fixed tangible	5	3,142.75	220.84
22, (282), (292)	III. Real estate investments			
23, (29190), (29191), (29192), (29193), (29194)	IV. Cultural heritage assets			
2403, 2404, 2413, 2414, 2423, 2424, (2493), (2494), (2933), (2934), (2943), (2944), (2953), (2954)	V. Long-term investments in associated groups or entities			
2405, 2415, 2425, 250, 251, 252, 253, 254, 2550, 258, (259), 26 (2495), (2935), (2945), (2955), (296), (297), (298), 474	VI. Long-term financial investments	7.a	1,200.00	1,200.00
	B. CURRENT ASSETS		763,930.50	192,957.88
30, 31, 32, 33, 34, 35, 36, (39), 407	I. Stock			
440, 441, 442, (447)	II. Users, sponsors and debtors of the activities and any other account receivable	7.b	551,573.63	121,407.20
443, (4933), (4934), (4935)	1. Users and debtors for products or services			
444	2. Debtors and associated groups or entities			
445, 446, 449, (490)	3. Sponsors			
460, 464, 544	4. Other debtors		551,573.63	121,407.20
4700, 4707, 4708, 4709, 471, 472, 473	5. Staff			
558	6. Current tax assets and other loans with public authorities	11		
5303, 5304, 5313, 5314, 5323, 5324, 5333, 5334, 5343, 5344, 5353, 5354, (5393), (5394), 5523, 5524, (5933), (5934), (5943), (5944), (5953), (5954)	7. Founders and members with outstanding payments			
5305, 5315, 5325, 5335, 5345, 5355, 540, 541, 542, 543, 544, 545, 546, 547, 548, (549) (5395), (5935), 551, 5525, 554, 5590, 565, 566, (5945), (5955), (596), (597), (598)	III. Short-term investments in associated groups or entities			
480, 567	IV. Short-term financial investments			
570, 572, 574, 576	V. Short-term accruals			
	VI. Cash and cash equivalents		212,356.87	71,550.66
	TOTAL ASSETS (A+B)		768,273.25	194,378.70

CODING ACCOUNT NUMBER	EQUITY AND LIABILITIES	REPORT NOTES	31.12.2016	31.12.2015
	A) EQUITY		739,313.63	172,088.96
	A-1) Own funds	9	47,947.00	40,628.29
	I. Funds from endowments or social funds			
100, 101	1. Funds from endowments or social funds			
(103), (104)	2. Pending funds from endowments or social funds			
102	II. Special funds			
120, 121	III. Surplus from prior exercises		40,627.16	38,619.70
124	IV. Surplus pending application to statutory activities			
129	V. Surplus of current exercise (positive or negative)		7,319.84	2,008.59
118	VI. Contributions to offset losses			
	A-2) Grants, donations, bequests and other adjustments	10	691,366.63	131,460.66
130	1. Official capital grants			
131	2. Capital donations and bequests			
132	3. Other kind of grants, donations and bequests		691,366.63	131,460.66
137	4. Tax revenues to distribute			
	B) NON-CURRENT LIABILITIES		0.00	0.00
14	I. Long-term provisions			
	II. Long-term debts			
1605, 170	1. Debts with credit agencies			
1615, 1625, 1635, 171, 172, 173, 174, 175, 176, 180, 185, 189	2. Any other long-term debts			
1603, 1604, 1613, 1614, 1623, 1624, 1633, 1634	III. Long-term debts with associated groups and entities			
479	IV. Deferred tax liabilities			
181	V. Long-term accruals			
	C) CURRENT LIABILITIES		28,959.62	22,289.75
499, 529	I. Short-term provisions			
	II. Short-term debts	8	1,916.80	1,212.27
5105, 520, 527	1. Debts with credit agencies		1,874.87	680.27
5115, 5135, 5145, 521, 522, 523, 525, 528, 551, 554, 5525, 555, 5565, 5566, 560, 561, 569	2. Other kinds of short-term debt		41.93	532.00
5103, 5104, 5113, 5114, 5123, 5124, 5125, 5133, 5134, 5143, 5144, 524, 5523, 5524, 5563, 5564	III. Short-term debts with associated groups and entities			
	IV. Creditors by activity and other liabilities		27,042.82	21,077.48
400, 401, 403, 404, 405, (406)	1. Suppliers			
41	2. Other creditors	8	9,648.87	1,636.91
465, 466	3. Staff (pending salary payments)	8		0.00
475, 476, 477	4. Current tax liabilities and other debts with public authorities	11	17,393.95	19,440.57
448	5. Advance payments			

485,568	V. Short-term accruals			
	TOTAL EQUITY AND LIABILITIES (A+B+C)		768,273.25	194,378.70

Simplified Statement of Results

Exercise 2016

INSTITUTE FOR INTEGRATED TRANSITIONS

CODING ACCOUNT NUMBER		REPORT NOTES	(Debits) Credits	
			31.12.2016	31.12.2015
	1. Income from activities		505,918.65	366,741.65
700, 705, (706), (708), (709)	a) Sales and services			
721	b) Income received regularly			
722, 723	c) Income from promotions, sponsors and collaborations			
724, 727, 728, (658)	d) Grants, donations and other income	10	505,918.65	366,741.65
	2. Aid and other expenses		-120.00	0.00
(650), (651), (652), 729	a) Aid		-120.00	
(653), (654)	b) Expenses for collaborations and for the official function of a member of the associations' governing body			
(6930), 71*, 7930	3. Changes in inventories of finished goods and works in progress			
73	4. Work performed by the association for its assets			
(600), (601), (602), 606, (607), 608, 609, 61*, (6931), (6932), (6933), 7931, 7932, 7933	5. Supplies			
752	6. Other income from activities			
751, 753, 754, 755, 759	a) Income from leases			
(64)	b) Additional revenue and other income from current management			
	7. Staff costs	12. a	-256,271.41	-245,314.86
	8. Other operating expenses		-245,269.36	-122,360.39
	a) Outside services		-245,142.02	-122,223.09
(620)	a ₁) Research and development			
(621)	a ₂) Leases and royalties	6	-14,088.16	-14,663.69
(622)	a ₃) Repairs and maintenance			
(623)	a ₄) Independent professional services		-96,236.08	-48,690.10
(624)	a ₅) Transport			
(625)	a ₆) Insurances premiums			
(626)	a ₇) Banking services		-726.18	-62.09
(627)	a ₈) Advertising, public relations and propaganda			
(628)	a ₉) Supplies			
(629)	a ₁₀) Other services		-134,091.60	-58,807.21
(631), (634), 636, 639	b) Taxes		-127.34	-137.30
(655), (694), (695), 794, 7954	c) Loss, deterioration and variation on provisions due to operational activities			
(656), (659)	d) Other current operating expenses			
(68)	9. Depreciation of fixed assets	5	-665.91	-207.24
725, 726	10. Transferred grants, donations and bequests			
7951, 7952, 7955, 7956	11. Surplus provisions			
	12. Impairment and gains for disposal of fixed assets			
(690), (691), (692), 790, 791, 792	a) Deterioration and losses			
(670), (671), (672), 770, 771, 772	b) Gains for disposal and other			
(678), 778	13. Other results			
	I) OPERATING RESULT (1+2+3+4+5+6+7+8+9+10+11+12+13)		3,591.97	-1,140.84
760, 761, 762, 769	14. Financial income		85.73	26.59
(660), (662), (665), (669)	15. Financial expenses			
(663), 763	16. Change in fair value of financial instruments			
(668), 768	17. Exchange differences		4,828.76	4,172.65
	18. Impairment and gains for disposal of financial instruments			
(696), (697), (698), (699), 796, 797, 798, 799	a) Deterioration and losses			
(666), (667), (673), 766, 773	b) Gains for disposal and other			
	II) FINANCIAL RESULT (14+15+16+17+18)		4,914.49	4,199.24
	III) RESULT BEFORE TAXES (I + II)		8,506.46	3,058.40
(6300)*, 6301*, (633), 638	19. Tax on profits	11	-1,186.62	-1,049.81
	IV) RESULT OF EXERCISE (III + 19)	3	7,319.84	2,008.59

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Statement of Changes in Net Equity

A) Statement of recognised income and expenses

Exercise 2016

CODING ACCOUNT NUMBER		REPORT NOTES	31.12.2016	31.12.2015
	A) Results of the income statement	3	7,319.84	2,008.59
	Income and expenses allocated directly into equity			
	I. Valuation of financial instruments		0.00	0.00
(800) (89), 900, 991, 992	1. Financial assets available for sale			
(810), 910	2. Other income / expenses			
94	II. Cash flow hedges			
(85), 95	III. Grants, donations and bequests		1,065,824.62	458,792.14
(8300)*, 8301* (833), 834, 835, 838	IV. Actuarial gains and losses and other adjustments			
(860), 960	V. Tax effects			
	VI. Non-current assets and related liabilities held for sale			
	B) Total income and expenses allocated directly into equity (I + II + III + IV + V + VI)		1,065,824.62	458,792.14
	Transfers to the income statement			
(802), 902, 993, 994	VII. Valuation of financial instruments		0.00	0.00
(812), 912	1. Financial assets available for sale			
(84)	2. Other income / expenses			
8301* (836), (837)	VIII. Cash flow hedges			
(862), 962	IX. Grants, donations and bequests		-505,918.65	-366,741.65
	X. Tax effects			
	XI. Non-current assets and related liabilities held for sale			
	C) Total transfers to the income statement (VII + VIII + IX + X + XI)		-505,918.65	-366,741.65
	TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)		567,225.81	94,059.08

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Complete Statement of Changes in Net Equity

Exercise 2016

	Funds		Reserves	Surplus from previous exercises	Surplus pending application to statutory activities	Surplus from current exercise	Contributions to offset losses	Value adjustments	Grants, donations and bequests received	TOTAL
	Total	Still outstanding								
B. ADJUSTED BALANCE AT START OF 2015	0.00	0.00	0.00	35,118.48	0.00	3,501.22	0.00	0.00	39,410.17	78,029.87
I. Total recognised income and expenses						2,008.59			92,050.49	94,059.08
II. Equity operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Increases of allocation funds/ social funds/ special funds										0.00
2. (-) Reductions of allocation funds/ social funds/ special funds										0.00
3. Conversion of financial liabilities into equity (debt forgiveness)										0.00
4. Other contributions										0.00
III. Other changes in equity				3,501.22		-3,501.22				0.00
C. CLOSING BALANCE OF 2015	0.00	0.00	0.00	38,619.70	0.00	2,008.59	0.00	0.00	131,460.66	172,088.95
I. Adjustments due to N-1 criteria changes										0.00
II. Adjustments for N-1 errors										0.00
D. ADJUSTED BALANCE AT START OF 2016	0.00	0.00	0.00	38,619.70	0.00	2,008.59	0.00	0.00	131,460.66	172,088.95
I. Total recognised income and expenses	0.00	0.00	0.00	-1.13	0.00	7,319.84	0.00	0.00	559,905.97	567,225.81
II. Equity operations						0.00			0.00	-1.13
1. Increases of allocation funds/ social funds/ special funds										0.00
2. (-) Reductions of allocation funds/ social funds/ special funds										-1.13
3. Conversion of financial liabilities into equity (debt forgiveness)										0.00
4. Other contributions										0.00
III. Other changes in equity				2,008.59		-2,008.59				0.00
E. CLOSING BALANCE OF 2016	0.00	0.00	0.00	40,627.16	0.00	7,319.84	0.00	0.00	691,366.63	739,313.63



INSTITUTE FOR INTEGRATED TRANSITIONS

01 ACTIVITY OF THE ASSOCIATION

The INSTITUTE FOR INTEGRATED TRANSITIONS (hereafter the Association) was established on 14 June 2012 to provide advice and training in contexts of political and post-conflict transition, as a means to contribute to more favourable conditions for the achievement of democracy, economic development, rule of law and public security, and in order to avoid the recurrence of authoritarianism or civil war.

To achieve this objective, the Association carries out, among other things, technical assistance, research, and strategic training workshops.

These efforts are undertaken on a non-profit basis, and do not involve any political or religious affiliation.

In 2016, the following activities took place:

Advisory Work

During 2016 IFIT continued deeply involved in post-conflict transition planning efforts in Colombia. IFIT designed and launched the **Colombian Brain Trust - Fondo de Capital Humano para la Transición Colombiana (FCH)**, a group of fifteen key individuals, mostly Colombian professionals from different parts of the country, with direct experience in the construction of the different agreements reached in Havana with the FARC (including rural development, processes of democratization, DDR, solution to the problem of drug trafficking, transitional justice and mechanisms of endorsement, monitoring and verification). The FCH meets monthly under the institutional support of IFIT, and aims to avoid a divorce between the knowledge generated during the negotiation process and the knowledge that must be available, active and organised for the construction of peace.

The FCH was especially active in 2016 and took a lead, among other things: seven working sessions, five strategic documents, a communication strategy on Twitter and more than thirty meetings with key actors of the Colombian transition, in addition to organising events to share ideas and products generated by the FCH itself.

During 2016, IFIT also created and launched the '**Expert Group for Venezuela**', an independent platform of Venezuelan actors of different profiles that seeks to promote dialogue and a peaceful solution to the country's various crises. This group formulated and distributed a series of analytical documents to the country's key stakeholders and the Dialogue, and met in Venezuela, Aruba, and Spain.

During the year, IFIT also continued to be the principal advisor on amnesty issues and related legal and political issues, for the **Minsk peace process** aimed at ending the armed conflict in eastern Ukraine between government forces and two armed groups - one in the Donesk region and the other in the Luhansk region.



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IFIT also advised various governmental and non-governmental leaders in **Sri Lanka** in the framework of the country's ongoing transition process in order to promote better integration of the various constitutional, judicial and economic reforms that constitute the post-conflict of the country.

Finally, IFIT launched the '**Law and Peace**' Practice Group, the first initiative in the world dedicated to provide specific advice on the challenge of balancing legal security and justice issues in relation to negotiated transitions out of war or authoritarianism. The group is made up of fifteen members. Among them, they speak more than a dozen languages and have direct experience in cases of negotiation on issues of legal security and justice in more than twenty countries. The group provides creative, immediate and confidential advice on viable legal security and fairness options to negotiators, mediators, and mediation support groups active in Track I and II processes.

Research and Publications

'**Navigating International Aid in Transitions: A Guide for Recipients**': In September 2016, IFIT launched the publication '**Navigating International Aid in Transitions: A Guide for Recipients**', in collaboration with the Carnegie Endowment for International Peace and The Central European University. This unique publication is a guide that aims to help aid recipients understand the various stakeholders, their motivations, assumptions and methods, in order to achieve the best possible results for their country after a war or a period of repression. This publication was based on the premise that greater knowledge about the transitional assistance industry can help any well-intentioned recipient to deal with it more skilfully and thus increase the potential for such support to be effective support for democracy and peace.

With financial support from the United States Institute for Peace, IFIT launched the project '**Transitions and the Building Blocks for Inclusive Social Contracts in Fragile States**', a comparative research on building inclusive social contracts in times of transition. In particular, this project investigates the experiences of four groups of countries: Colombia and Guatemala; Ukraine and Macedonia; Tunisia and Libya; Sri Lanka and Nepal. It seeks to analyse how the bases of a social contract in fragile states can be strengthened in times of transition by: bringing together different groups around a social commitment that bridges social differences and creates a greater sense of national identity; Adopt 'inclusiveness' as a guiding principle across the different areas of public policy; And establish or strengthen mechanisms that increase political commitments and reduce the biases in which institutions operate.

During the year, IFIT also worked intensively on the production of an original and interactive map that aims to visualize the national transitions of an authoritarian regime or internal armed conflict that have occurred in the member states of the UN since September 1945.

Finally, during the year, IFIT also published a number of op-eds, including:



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- 'Post-conflicto en Colombia: Refrendación y seguridad jurídica' (openDemocracy, April 2016).
- 'Precondición de la seguridad jurídica' (El Tiempo, May 2016).
- 'To Rebuild Libya, Start From Below' (Foreign Policy, June 2016).
- 'Respuestas claras sobre la elegibilidad de miembros de las Farc' (El Tiempo, September 2016).
- 'Más argumentos y menos eslóganes sobre la impunidad' (El Tiempo, September 2016).
- 'Achieving Durable Reform in Sri Lanka' (The Sunday Times, October 2016).
- 'Hacia un consenso nacional para la paz' (October 2016)
- 'El 'No' ha dado pasos hacia la paz, pero faltan saltos' (El Tiempo, October 2016).
- '¿Qué es cierto y qué es mito sobre el 'castrochavismo'? (El Tiempo, October 2016).
- 'Una reflexión para quienes votaron 'No' en el plebiscito' (El Tiempo, November 2016).
- 'Lo bueno, lo malo y lo feo de la ley de amnistía' (El Tiempo, December 2016).
- 'La Corte Constitucional y la paz: entre agilidad y legitimidad' (El Tiempo, December 2016).

Strategic Workshops

In January, IFIT organised a 'non-meeting' in **Sri Lanka** in collaboration with the Centre for Policy Alternatives (CPA), which was attended by twenty major civil society actors and government of Sri Lanka to discuss the risks of maintaining Transitional justice outside the process of constitutional and economic reforms.

In July, IFIT organised:

- A workshop on "Legal Security Pathways for Syria" in Barcelona, which brought together key negotiators and key figures, as well as members of IFIT's 'Law and Peace' Group.
- A workshop in San José, Costa Rica, together with the Arias Foundation for Peace, which sought to examine what types of legal security and legal safeguards could help overcome the political crisis that currently discourages dialogue in Venezuela.
- A 'non-meeting' in Sri Lanka on "How to achieve a more integrated approach to the Sri Lankan transition", which brought together political and civil society leaders to assess progress and formulate proposals in relation to the various major reforms underway in the country.

In October, IFIT organised the first strategic meeting of the 'Expert Group for Venezuela', with the objective, inter alia, of analysing and identifying the priority issues on which the Group's work would be concentrated.

In December, IFIT led the workshop organised with the Toledo International Centre for Peace



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(CITpax) on “Inclusive Transitions in States Affected by Conflict and Fragile: Policy Options for a Future in Syria” through training a group of ten Syrian civil society leaders. During the same month, IFIT organised a strategic planning meeting of the ‘Law and Peace’ Practice Group in Barcelona, as well as a specialised workshop on mediation for the Expert Group for Venezuela.

Other Activities

In 2016, IFIT was invited and/or as special advisor in dozens of strategic events, both public and private, among others: 1) a high level meeting on the process of constitutional reform in Sri Lanka which took place in Edinburgh, organised among others for The Edinburgh Centre for Constitutional Law and the International Working Group on Sri Lanka; (2) a panel discussion on the role of private foundations in conflict prevention and peace building, organised by the Robert Bosch Stiftung GmbH in Berlin; 3) at the 'Dialogue at Home' on 'Peace in Colombia', organised by *Casa América*; And 4) a meeting on “Conflict Prevention and Resolution in Latin America: Risks and Opportunities”, organised by the International Crisis Group (ICG) and the European Peacebuilding Liaison Office (EPLO) in Bogota.

More broadly, IFIT continued to carry out wide-ranging institutional dissemination at the global level, targeting interest groups as part of its regular activity. This included, inter alia, meetings with management and management of more than one hundred governments, multilateral agencies, non-governmental organisations, research centres, universities and other public and private actors.

In terms of internal affairs, IFIT continued to benefit from the strong support of its Board of Directors and its International Advisory Council, and expanded its operational base significantly by incorporating new members at its work team. During 2016, IFIT also launched its new corporate website.

IFIT is very grateful to the following sixteen donors, who provided financial support for IFIT's work during 2016: the Irish Department of Foreign Affairs and Trade, the Swiss Federal Department of Foreign Affairs, Global Affairs Canada, the Swedish AIDS Agency, Netherlands Ministry for Foreign Affairs, Compton Foundation, Karl Popper Foundation, Robert Bosch Stiftung, Ford Foundation, United States Institute of Peace, WING International Cooperation Limited, Cuatrecasas Foundation, *Toledo International Centro para la Paz*, Chamber of Commerce of Bogotá, and Mr. Jon Greenwald.

The Association is subject to Law 1/2002 of 22 March regulating the right of association and Book III of the Catalan Civil Code concerning legal entities, approved by Law 4/2008 of 24 April. The Association is included in the Catalan Register of Associations with the number 48.755.

The Association's fiscal and main operating address during 2016 was 40 Benet Mateu Street, Barcelona- Spain.



INSTITUTE FOR INTEGRATED TRANSITIONS

02 BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

A. TRUE AND FAIR VIEW

The annexed simplified annual accounts have been prepared from the accounting records of the Association, and are presented in accordance with the applicable regulatory financial reporting framework in order to present fairly the assets, financial position, and results of the Association produced during the corresponding period. These statements are subject to the approval of the Board of Directors and are expected to be approved without any modification.

As at 31 December 2016, the financial reporting regulatory framework applicable to the Association is:

- The Catalan Associations and Foundations Act (2008)
- The Accounting Plan for Foundations and Associations that are subject to the legislation of the Government of Catalonia (2008)
- Other mandatory regulations issued by the Institute of Accounting and Auditing (ICAC) in developing the General Accounting Plan and its complementary norms.
- Other accounting standards that may be applicable.

B. ACCOUNTING PRINCIPLES

The principles and criteria applied in preparing these annual accounts are outlined in Note 4 of this report. All mandatory accounting principles affecting the assets, financial situation and results have been applied in preparing these annual accounts.

C. COMPARATIVE FINANCIAL INFORMATION

There is no reason why the annual accounts for the year should not be compared with those of the preceding year. In order to make the information for 2016 comparable to that of 2015, the structure of the balance sheet and profit and loss account of the previous year is presented in a comparative format.

D. CHANGES IN ACCOUNTING POLICIES

During tax year 2016 there have been no changes in accounting policies.



INSTITUTE FOR INTEGRATED TRANSITIONS

03 FINANCIAL RESULTS

The distribution of the results for the tax years ended 31 December in 2016 and 2015 respectively, as prepared by the Board, is as follows:

BASIS OF DISTRIBUTION	TAX YEAR 2016	TAX YEAR 2015
Surplus for the year (positive)	7.319,84	2.008,59
TOTAL DISTRIBUTION	7.319,84	2.008,59
APPLICATION TO	TAX YEAR 2016	TAX YEAR 2015
Reserves	7.319,84	2.008,59
TOTAL APPLICATION	7.319,84	2.008,59

04 RECORDING AND VALUATION OF FIXED ASSETS

A. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at their cost of acquisition, less accumulated depreciation and any recognised deterioration in value due to use.

Computer equipment is valued at its cost of acquisition and amortised equally across the first four years in which its use is foreseen.

B. LEASE COMMITMENTS

OPERATING LEASES

This concerns an agreement under which the lessee has right to use an asset during a specific period of time in exchange for a series of payments which are recorded as an expense in the tax year in which it arises.

C. FINANCIAL ASSETS AND LIABILITIES

01. FINANCIAL ASSETS

The financial assets are recognised in the balance sheet at the moment of their acquisition and are recognised at fair value.

02. FINANCIAL LIABILITIES

Financial liabilities are recognised at fair value minus the attributable transaction costs.

Liabilities maturing in less than twelve months from the balance sheet date are classified as current, while those with greater maturity are classified as non-current liabilities.



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D. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, bank deposits and other financial assets with a maturity not exceeding three months from the date of acquisition or establishment, as long as they are not subject to significant variations in value on account of their intrinsic characteristics.

E. INCOME TAXES

The Association is partially exempt from the corporate income tax.

The Association was required to submit the corporate income tax return for the year 2015 because its income exceeded the €75,000 annual exemption.

F. INCOME AND EXPENSES

Income and expenses are recorded on an accruals basis regardless of the date of collection or payment.

G. GRANTS AND DONATIONS

These are accounted initially, and generally, as income directly attributable to the net equity and are recognised in the income statement according to their purpose:

Restricted purpose grants are allocated to income in the same year in which the accrued expenses are incurred.

Core funding grants donated for general purposes are allocated as revenue in the year in which those general expenses are incurred on a time-apportioned basis.

05 TANGIBLE FIXED ASSETS

A. ANALYSIS OF MOVEMENT OF TANGIBLE FIXED ASSETS

The composition and movement of tangible and intangible assets during 2016 and 2015 was:

STATE OF MOVEMENTS OF THE TANGIBLE FIXED ASSETS TAX YEARS 2016 AND 2015	Ex 2016	Ex 2015
A) FIXED ASSETS AT COST -OPENING BALANCE	828,93	828,93
(+) Acquisitions/Disposals	3.587,82	
B) FIXED ASSETS AT COST - CLOSING BALANCE	4.416,75	828,93
C) ACCUMULATED DEPRECIATION, OPENING BALANCE	608,09	400,85
(+) Provision for depreciation during the tax year	665,91	207,24
D) ACCUMULATED DEPRECIATION, CLOSING BALANCE	1.274,00	608,09
E) CLOSING NET BOOK VALUE OF FIXED ASSETS	3.142,75	220,84



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06 LEASE COMMITMENTS AND OTHER SIMILAR OPERATIONS

LEASE EXPENSES

The heading "leases and royalties" in the accompanying financial statements cover the Association's office rental expenses, which total 14.088,16 euros.

07 FINANCIAL ASSETS

A. ANALYSIS OF LONG-TERM FINANCIAL ASSETS IN THE BALANCE SHEET

	LONG-TERM FINANCIAL ASSETS					
Classes	Equity instruments		Debt securities		Debtors due after more than one year	
Categories	Ex 2016	Ex 2015	Ex 2016	Ex 2015	Ex 2016	Ex 2015
Financial assets at amortised cost					1.200,00	1.200,00
TOTAL					1.200,00	1.200,00

This section shows the amount of the deposit for the office rental.

B. ANALYSIS OF SHORT-TERM FINANCIAL ASSETS IN THE BALANCE SHEET

	SHORT-TERM FINANCIAL ASSETS					
Classes	Equity instruments		Debt securities		Debtors due in less than one year	
Categories	Ex 2016	Ex 2015	Ex 2016	Ex 2015	Ex 2016	Ex 2015
Financial assets at amortised cost					551.573,63	121.406,07
TOTAL					551.573,63	121.406,07

This section shows grants and donations receivable.

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08 FINANCIAL LIABILITIES

ANALYSIS OF FINANCIAL LIABILITIES IN THE BALANCE SHEET

SHORT-TERM FINANCIAL LIABILITIES				
Classes	Liabilities to credit institutions		Other liabilities	
Categories	Ex 2016	Ex 2015	Ex 2016	Ex 2015
Financial liabilities at amortised cost	1.874,87	680,27	9.690,80	2.168,91
Financial liabilities held for trading				
TOTAL	1.874,87	680,27	9.690,80	2.168,91

This section shows short-term payables to suppliers.

For the purposes of the second additional section of Law 31/2014 of 3 December that amends the Capital Companies Act, and in accordance with the Resolution of 29 February 2016 of the Institute of Accounting and Auditing Auditors, it is reported that the average period of payment to suppliers in the year 2015 was 19,64 days.

09 OWN FUNDS

The composition and movement of items under the heading "Own Funds" comprise the financial result from the current year, pending attribution to the aims of the Association.



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10 GRANTS AND DONATIONS

Details of movements in grants and private donations received in 2015 and 2016 that are directly related to the Association's activities:

Program	TAX YEAR 2016			
	Balance at 31/12/2015	New Grants and Donations	Released from restrictions	Balance at 31/12/2016
'Justice In Peace ' Project	12.500,00		12.500,00	
'Minsk Peace Process' Project	17.941,76		17.941,76	
'Fondo de Cerebros Colombia' Project		356.601,38	68.289,85	288.311,53
'Law and Peace Project		301.794,40	117.270,59	184.523,81
'USIP' Project		82.584,00	66.284,53	16.299,47
'CITpax' Project		8.000,00	4.000,00	4.000,00
'Venezuela' Project		67.805,64	38.746,08	29.059,56
Uso general	101.018,90	249.039,20	180.885,84	169.172,26
TOTAL	131.460,66	1.065.824,62	505.918,65	691.366,63



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Program	TAX YEAR 2015			
	Balance at 31/12/2014	New Grants and Donations	Released from restrictions	Balance at 31/12/2015
'Philanthropy and Transitions' Project	11.051,34		11.051,34	
'Inclusive Transitions' Project		8.271,61	8.271,61	
'Colombia' Project		93.600,00	93.600,00	
'Justice In Peace' Project		25.000,00	12.500,00	12.500,00
'Minsk Peace Process' Project		39.706,42	21.764,66	17.941,76
Uso general	28.358,83	292.214,11	219.554,04	101.018,90
TOTAL	39.410,17	458.792,14	366.741,65	131.460,66

Included within 'General Purpose' are 490,20 euros representing third-party reimbursements of travel costs.

11 FISCAL SITUATION

Liabilities to public authorities for taxes and social security as at 31 December for the years 2016 and 2015 is as follows:

Account	TAX YEAR 2016		TAX YEAR 2015	
	Debit balance	Credit balance	Debit balance	Credit balance
Personal income tax		13.198,37		15.029,49
Corporate tax		805,43	1,13	1.044,53
Social security		3.390,15		3.366,55
TOTAL		17393,95	1,13	19.440,57



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The reconciliation of net income and expenditure to taxable income is as follows:

	<u>Tax Year 2016</u>		
	<u>Profit and Loss Account</u>		
	<u>Increases</u>	<u>Decreases</u>	<u>Net effect</u>
Balance of income and expenses	8.506,46	-	8.506,46
Permanent differences	502.326,68	(505.918,65)	(3.591,97)
Taxable base (tax result)			4.914,49

	<u>Tax Year 2015</u>		
	<u>Profit and Loss Account</u>		
	<u>Increases</u>	<u>Decreases</u>	<u>Net effect</u>
Balance of income and expenses	3.058,40	-	3.058,40
Permanent differences	367.882,49	(366.741,65)	1.140,84
Taxable base (tax result)			4.199,24

Under current legislation, taxes cannot be deemed definitively liquidated by the tax authorities have inspected them or the four-year statute of limitations period has elapsed.

As at 31 December 2016, non-prescribed taxes of the Association were pending inspection. In the opinion of the Board of Directors, there are no significant contingencies that could arise from an eventual inspection.

12 INCOMES AND EXPENSES

A. STAFF COSTS

Below is a detail from the corresponding section of the accompanying financial statements:

	<u>Tax year 2016</u>	<u>Tax year 2015</u>
a) Wages and salaries	221.813,03	216.236,43
b) Social security charges	34.458,38	29.078,43
TOTAL	256.271,41	245.314,86



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13 RELATED PARTY TRANSACTIONS

The members of the Board of Directors of the Association did not require any compensation on account of their office. The remuneration related to the Board of Directors of the Association (corresponding to the general management) in 2016 and 2015 totals 0,00 and 0,00 EUR respectively, as a consequence of changes in governance. During the year 2016, there were no loans or advances to members of the Board, nor obligations for pensions or life insurance.

14 OTHER INFORMATION

The average number of people employed in 2016 amounts to three, with the following breakdown by category and sex:

- Management, a man
- Project Manager, a woman
- Administration, a woman



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The Board of Directors, on 8 May 2017, in compliance with current legislation, formulated these simplified annual accounts for the financial year from 1 January 2016 to 31 December 2016, which consist of:

- Simplified Balance Sheet at 31 December 2016.
- Simplified Statement of Results for the year ended 31 December 2016.
- Statement of Changes in Net Equity for the year ended 31 December 2016.
- This Simplified Annual Report for the 2016 tax year.

David Gardner

President

Elisabeth de Nadal

Secretary