

# INSTITUTE FOR INTEGRATED TRANSITIONS

Simplified Annual Accounts and Notes to the Annual Accounts for 2017

Includes the Audit Report on the Annual Accounts

**INDEPENDENT AUDIT 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

**Opinion**

We have audited the attached Simplified Annual Accounts of INSTITUTE FOR INTEGRATED TRANSITIONS (hereinafter, the Association), which comprise the Simplified balance sheet as of December 31, 2017, the Simplified profit and loss account, the simplified statement of changes in net equity and the Simplified notes to the accounts corresponding to the financial year ended on the said date.

In our opinion, the Simplified Annual Accounts express, in all material respects, the fair view of the net equity and the financial situation of the Association as of December 31, 2017, as well as of its results for the year ended on that date, in accordance with the regulatory framework of financial information applicable (stated in Note 2 to the simplified annual report) and, in particular, with the accounting principles and criteria contained therein.

**Basis of our opinion**

We conducted our audit in accordance with the legislation regulating the auditing of financial statements in Spain. Our responsibilities in accordance with these standards are described later in the section Responsibilities of the Auditor regarding the Audit of the Simplified Annual Accounts of our report.

We are independent of the Association in accordance with the ethic requirements, including those of independence which are applicable to our audit of annual accounts in Spain as required by the regulations governing the activity. In this regard, we have not provided services other than those of the audit of accounts nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned regulations, have affected the necessary independence so that it has been compromised.

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

**Most relevant aspects of the audit**

The most relevant aspects of the audit are those that, according to our professional judgment, have been considered as the most significant risk of material misstatements in our audit of the simplified annual accounts for the current financial year. These risks have been addressed in the context of our audit of the simplified annual accounts as a whole, and in the preparation of our opinion on the same, and we do not express a separate opinion on those risks.

**Recognition of income and expenses: cut-off of operations**

An inherent risk to this type of entities is derived from the correct cut-off of income and expense at the end of the year, which is why this aspect has been considered one of the most significant risks of our audit.

As part of our audit and in response to the aforementioned risk, we have obtained knowledge of the process followed by the management to carry out a correct cut-off, including the understanding and evaluation of the design and implementation of the related internal controls, we have verified that income is correctly assigned to the profit and loss account. In the case of the expenses incurred during the year, we have carried out substantive tests on a sample of invoices received during the year 2017 to verify their correct imputation. Additionally, we have verified invoices received after the fiscal year.

#### **Destination of the Association's resources to activities not related to it**

The main income of the Association comes from contributions in the form of donations and are initially accounted for, generally as an income directly attributable to equity and are recognized in the income statement according to their purpose. The risk of allocating the Association's resources to activities not related to it and / or unauthorized activities has been considered a relevant aspect of the audit.

The Association keeps an internal control of all the income and expenses corresponding to each activity carried out.

Our audit procedures to address this issue have included, among others, the following:

- We have obtained knowledge of the control process followed by the management regarding the authorization of expenses incurred by the Association.
- Based on the expenses incurred by the Association, we have selected a sample on which we have verified the nature of these expenses and that they are related to the activity of the Association.

#### **Responsibility of the directors concerning the Simplified Annual Accounts**

The directors are 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 Association, in accordance with the framework of financial reporting standards applicable to the entity in Spain, and for such internal control that they consider necessary to enable the preparation of simplified annual accounts that are free from material misstatements, whether due to fraud or error.

In the preparation of the simplified annual accounts, the directors are responsible for assessing the ability of the Association to continue as a going concern, revealing, as appropriate, the issues related to the Association in operating and using the accounting principle of going concern, unless the directors intend to liquidate the Association or cease operations, or there is no other realistic alternative.

#### **Responsibilities of the Auditor regarding the Audit of the Simplified Annual Accounts**

Our objectives are to obtain reasonable assurance that the simplified annual accounts as a whole are free from material misstatement due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance involves a high degree of assurance but does not guarantee that an audit conducted in accordance with the regulations governing the audit activity in force in Spain always detects material misstatement when it exists. The inaccuracies may be due to fraud or error and are considered material if, individually or in an aggregate form, it can reasonably be expected to influence the economic decisions that users make based on the simplified annual accounts.

As part of an audit in accordance with the regulations governing the current account auditing activity in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement in the simplified annual accounts due to fraud or error, design and apply audit procedures to respond to such risks and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than in the case of a material misstatement due to error, since the fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous statements, or circumvention of internal control.
- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate whether the accounting policies applied are adequate and the reasonableness of the accounting estimates and the corresponding information provided by the administrators.
- We determine if the use of the accounting principle of the operating Association by the administrators is adequate and, based on the audit evidence obtained, and whether or not there is a material uncertainty related to facts or conditions that can generate significant doubts on the ability of the Association to continue as a functioning Association. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the simplified annual accounts or, if such disclosures are not appropriate, that we express an amended opinion. Our conclusions are based on the audit evidence obtained to date from our audit report. However, future events or conditions may cause the Association to cease to be a functioning Association.
- We evaluate the overall presentation, structure and content of the simplified annual accounts, including the information disclosed, and whether the simplified annual accounts represent the underlying transactions and events in a way that manages to express the true image.

We communicate with the entity's administrators regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies that we may identify during the course of the audit.

Among the significant risks that have been reported to the entity's administrators, we determine the most significant ones in the audit of the simplified annual accounts for the current period and which are, consequently, the risks considered most significant.

We describe these risks in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Grant Thornton, S.L.P. Sociedad Unipersonal (ROAC nº S0231)



Joan Vall Gil (ROAC nº 17.809)

July 9, 2018

## **Annual Accounts**

# Simplified Balance Sheet

Exercise 2017

INSTITUTE FOR INTEGRATED TRANSITIONS

CODING ACCOUNT NUMBER	ASSETS	REPORT NOTES	31.12.2017	31.12.2016
	<b>A) NON-CURRENT ASSETS</b>		<b>15.689,85</b>	<b>4.342,75</b>
20, (280), (290)	<b>I. Fixed intangible</b>			
21, (281), (2910), (2911), (2912), (2913), (2914), (2915), (2916), (2917), (2918)	<b>II. Fixed tangible</b>	5	3.800,20	3.142,75
22, (282), (292)	<b>III. Real estate investments</b>			
23, (29190), (29191), (29192), (29193), (29194)	<b>IV. Cultural heritage assets</b>			
2403, 2404, 2413, 2414, 2423, 2424, (2493), (2494), (2933), (2934), (2943), (2944), (2953), (2954)	<b>V. Long-term investments in associated groups or entities</b>			
2405, 2415, 2425, 250, 251, 252, 253, 254, 2550, 258, (259), 26 (2495), (2935), (2945), (2955), (296), (297), (298), 474	<b>VI. Long-term financial investments</b>	7.a	11.889,65	1.200,00
	<b>B. CURRENT ASSETS</b>		<b>487.700,71</b>	<b>763.930,50</b>
30, 31, 32, 33, 34, 35, 36, (39), 407	<b>I. Stock</b>			
440, 441, 442, (447)	<b>II. Users, sponsors and debtors of the activities and any other account receivable</b>	7.b	106.223,85	551.573,63
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		105.610,46	551.573,63
4700, 4707, 4708, 4709, 471, 472, 473	5. Staff			
558	6. Current tax assets and other loans with public authorities	11	613,39	
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)	<b>III. Short-term investments in associated groups or entities</b>			
480, 567	<b>IV. Short-term financial investments</b>			
570, 572, 574, 576	<b>V. Short-term accruals</b>		1.450,63	
	<b>VI. Cash and cash equivalents</b>		380.026,23	212.356,87
	<b>TOTAL ASSETS (A+B)</b>		<b>503.390,56</b>	<b>768.273,25</b>

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CODING ACCOUNT NUMBER	EQUITY AND LIABILITIES	REPORT NOTES	31.12.2017	31.12.2016
	<b>A) EQUITY</b>		<b>480.491,12</b>	<b>739.313,63</b>
	<b>A-1) Own funds</b>	<b>9</b>	<b>154.738,54</b>	<b>47.947,00</b>
	<b>I. Funds from endowments or social funds</b>			
100, 101	1. Funds from endowments or social funds			
(103), (104)	2. Pending funds from endowments or social funds			
102	<b>II. Special funds</b>			
120, 121	<b>III. Surplus from prior exercises</b>		<b>47.947,00</b>	<b>40.627,16</b>
124	<b>IV. Surplus pending application to statutory activities</b>			
129	<b>V. Surplus of current exercise (positive or negative)</b>		<b>106.791,54</b>	<b>7.319,84</b>
118	<b>VI. Contributions to offset losses</b>			
	<b>A-2) Grants, donations, bequests and other adjustments</b>	<b>10</b>	<b>325.752,58</b>	<b>691.366,63</b>
130	1. Official capital grants			
131	2. Capital donations and bequests			
132	3. Other kind of grants, donations and bequests		<b>325.752,58</b>	<b>691.366,63</b>
137	4. Tax revenues to distribute			
	<b>B) NON-CURRENT LIABILITIES</b>		<b>0,00</b>	<b>0,00</b>
14	<b>I. Long-term provisions</b>			
	<b>II. Long-term debts</b>			
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	<b>III. Long-term debts with associated groups and entities</b>			
479	<b>IV. Deferred tax liabilities</b>			
181	<b>V. Long-term accruals</b>			
	<b>C) CURRENT LIABILITIES</b>		<b>22.899,44</b>	<b>26.959,62</b>
499, 529	<b>I. Short-term provisions</b>			
	<b>II. Short-term debts</b>	<b>8</b>	<b>4.151,09</b>	<b>1.916,80</b>
5105, 520, 527	1. Debts with credit agencies		<b>4.151,09</b>	<b>1.874,87</b>
5115, 5135, 5145, 521, 522, 523, 525, 528, 551, 554, 5525, 555, 5565, 5566, 560, 561, 569	2. Other kinds of short-term debt			<b>41,93</b>
5103, 5104, 5113, 5114, 5123, 5124, 5125, 5133, 5134, 5143, 5144, 524, 5523, 5524, 5563, 5564	<b>III. Short-term debts with associated groups and entities</b>			
	<b>IV. Creditors by activity and other liabilities</b>		<b>18.748,35</b>	<b>27.042,82</b>
400, 401, 403, 404, 405, (406)	1. Suppliers			
41	2. Other creditors	<b>8</b>	<b>413,94</b>	<b>9.648,87</b>
465, 466	3. Staff (pending salary payments)	<b>8</b>		
475, 476, 477	4. Current tax liabilities and other debts with public authorities	<b>11</b>	<b>18.334,41</b>	<b>17.393,95</b>
448	5. Advance payments			
485, 568	<b>V. Short-term accruals</b>			
	<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>		<b>503.390,56</b>	<b>768.273,25</b>

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# Simplified Statement of Results

Exercise 2017

INSTITUTE FOR INTEGRATED TRA

CODING ACCOUNT NUMBER	REPORT NOTES	(Debits) Credits	
		31.12.2017	31.12.2018
700, 705, (706), (708), (709)	1. Income from activities	1.099.834,23	505.918,65
721	a) Sales and services		
722, 723	b) Income received regularly		
724, 727, 728, (658)	c) Income from promotions, sponsors and collaborations		
(650), (651), (652), 729	d) Grants, donations and other income	10	1.099.834,23
(653), (654)	2. Aid and other expenses	-120,00	-120,00
(6930), 71*, 7930	a) Aid	-120,00	-120,00
73	b) Expenses for collaborations and for the official function of a member of the associations' governing body		
(600), (601), (602), 608,	3. Changes in inventories of finished goods and works in progress		
(607), 608, 609, 61*, (6931),	4. Work performed by the association for its assets		
(6932), (6933), 7931, 7932,	5. Supplies		
7933			
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	-281.180,72
	8. Other operating expenses	-681.296,85	-245.269,36
(620)	a) Outside services	-680.781,22	-245.142,02
(621)	a1) Research and development		
(622)	a2) Leases and royalties	6	-34.611,16
(623)	a3) Repairs and maintenance	-343,92	-14.088,16
(624)	a4) Independent professional services	-285.558,37	-96.236,05
(625)	a5) Transport		
(626)	a6) Insurances premiums	-4.922,65	
(627)	a7) Banking services	-996,13	-726,18
(628)	a8) Advertising, public relations and propaganda		
(629)	a9) Supplies		
(631), (634), 636, 639	a10) Other services	-354.348,99	-134.091,60
(655), (694), (695), 794, 7954	b) Taxes	-515,63	-127,34
(656), (659)	c) Loss, deterioration and variation on provisions due to operational activities		
(68)	d) Other current operating expenses		
725, 726	9. Depreciation of fixed assets	5	-942,55
7951, 7952, 7955, 7956	10. Transferred grants, donations and bequests		
(690), (691), (692), 790, 791,	11. Surplus provisions		
792	12. Impairment and gains for disposal of fixed assets		
(670), (671), (672), 770, 771,	a) Deterioration and losses		
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)	136.094,11	3.591,97
760, 761, 762, 769	14. Financial income	0,00	85,73
(660), (662), (665), (669)	15. Financial expenses	-28,15	
(663), 763	16. Change in fair value of financial instruments		
(668), 768	17. Exchange differences	-39.097,95	4.828,76
(696), (697), (698), (699),	18. Impairment and gains for disposal of financial instruments		
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)	-39.126,10	4.914,49
	III) RESULT BEFORE TAXES (I + II)	96.968,01	8.506,46
(6300)*, 6301*, (633), 638	19. Tax on profits	11	9.823,53
	IV) RESULT OF EXERCISE (III + 19)	106.791,54	7.319,84

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\* Con signo positivo o negativo, según el saldo.



## Statement of Changes in Net Equity

### A) Statement of recognised income and expenses Exercise 2017

CODING ACCOUNT NUMBER	REPORT NOTES	31.12.2017	31.12.2016
<b>A) Results of the income statement</b>			
Income and expenses allocated directly into equity		106,791,54	7,319,84
I. Valuation of financial instruments			
1. Financial assets available for sale		0,00	0,00
2. Other income / expenses			
II. Cash flow hedges			
III. Grants, donations and bequests			
IV. Actuarial gains and losses and other adjustments		734,020,18	1,064,030,22
V. Tax effects			
VI. Non-current assets and related liabilities held for sale			
<b>B) Total income and expenses allocated directly into equity (I + II + III + IV + V + VI)</b>		734,020,18	1,064,030,22
<b>Transfers to the income statement</b>			
VII. Valuation of financial instruments			
1. Financial assets available for sale		0,00	0,00
2. Other income / expenses			
VIII. Cash flow hedges			
IX. Grants, donations and bequests			
X. Tax effects		-1,099,634,23	-504,124,25
XI. Non-current assets and related liabilities held for sale			
<b>C) Total transfers to the income statement (VII + VIII + IX + X + XI)</b>		-1,099,634,23	-504,124,25
<b>TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)</b>		-258,822,51	-567,225,81

\* Positive or negative sign depending on the balance

# Complete Statement of Changes in Net Equity

Exercise 2017

	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>B. ADJUSTED BALANCE AT START OF 2016</b>										
I. Total recognised income and expenses	0,00	0,00	0,00	38.619,70	0,00	2.008,59	0,00	0,00	131.460,66	172.088,95
II. Equity operations	0,00	0,00	0,00	-1,13	0,00	7.319,84	0,00	0,00	559.905,97	567.225,81
1. Increases of allocation funds/ social funds/ special funds						0,00			0,00	-1,13
2. (-) Reductions of allocation funds/ social funds/ special funds				-1,13						0,00
3. Conversion of financial liabilities into equity (debt forgiveness)										-1,13
4. Other contributions										0,00
III. Other changes in equity										0,00
<b>C. CLOSING BALANCE OF 2016</b>				2.008,59		-2.008,59				0,00
I. Adjustments due to N-1 criteria changes	0,00	0,00	0,00	40.627,16	0,00	7.319,84	0,00	0,00	691.366,63	739.313,63
II. Adjustments for N-1 errors										0,00
<b>D. ADJUSTED BALANCE AT START OF 2017</b>				40.627,16		7.319,84				0,00
I. Total recognised income and expenses	0,00	0,00	0,00	0,00	0,00	106.791,54	0,00	0,00	-365.614,05	739.313,63
II. Equity operations						0,00			0,00	-258.822,51
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										0,00
<b>E. CLOSING BALANCE OF 2017</b>	0,00	0,00	0,00	7.319,84	0,00	-7.319,84	0,00	0,00	325.752,58	480.491,12

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## 01 INSTITUTIONAL ACTIVITY

The ASSOCIATION INSTITUTE FOR INTEGRATED TRANSITIONS (hereinafter, IFIT) was established on June 14, 2012. IFIT is a non-profit organisation and the first international think tank dedicated to the integration of policymaking in the areas of democracy, development, rule of law, and human security in contexts of national dialogue and transition in fragile and conflict-affected states. Often working behind the scenes, IFIT's main added value is to provide creative, realistic, and principled ideas that can help opposing parties find common ground on complex issues, often broadening the range of perceived options and solutions.

Headquartered in Barcelona, IFIT is located in the Sant Jordi pavilion of the Recinte Modernista de Sant Pau in Calle Sant Antoni Maria Claret 167, 08025, Barcelona, Spain. IFIT also has a regional office in Bogotá, Colombia.

IFIT benefits from the strong support of its Board of Directors and International Advisory Council, and a global team of experts. At the end of the year, the institute included 15 full-time and part-time staff members, 20 Board and International Advisory Council members, and an additional 80 expert-practitioners belonging to its purpose-built thematic "practice groups" and in-country "brain trusts."

During 2017, IFIT received core funding from Ireland (Department of Foreign Affairs and Trade), Compton Foundation, WING International, Jubitz Family Foundation, Karl Popper Foundation and Mr Jon Greenwald. IFIT received project support from Sweden (SIDA), The Netherlands (Ministry of Foreign Affairs), Norway (Ministry of Foreign Affairs), Switzerland (Federal Department of Foreign Affairs), Global Affairs Canada, Cuatrecasas Foundation, Ford Foundation, Robert Bosch Stiftung, Global Dialogue, and the Bogotá Chamber of Commerce.

In its global work during 2017, IFIT provided a mix of high-level in-country advisory work, strategic research, and expert network building.

**Colombia:** Between June 2014 and December 2015, IFIT served as the Colombian government's independent expert adviser in Havana on the issue of "Victims" in its peace talks with the FARC rebel group. Since then, IFIT has continued to work at the highest levels of the peace process, principally through its [Brain Trust for the Colombian Transition](#). Comprised of 15 multidisciplinary Colombian experts and advisers who played a direct and major role in shaping the agreements reached in Havana, the Brain Trust helps avoid the typical dispersion of institutional memory and knowledge when a negotiation ends and a post-conflict peacebuilding phase begins. Throughout 2017, IFIT and the Brain Trust worked intensively on numerous critical aspects of the implementation of the Colombian peace accord.

**Ukraine:** Since September 2015, IFIT has been the principal advisor to the OSCE on amnesty and related legal-political issues inside the Minsk process, which aims to end the armed conflict in eastern Ukraine. This work has involved frequent travel to Minsk for meetings of the Working Group on Political Issues, and related policy work.

**Syria:** During 2017, IFIT continued its efforts to facilitate better conditions for a negotiated resolution of the Syrian armed conflict. This included technical workshops with senior figures of the opposition (on issues of security, rule of law, and transitional justice) and quarterly briefings for a coalition of private funders seeking to increase the strategic impact of their Syria grant-making.

**Venezuela:** In the summer of 2016, IFIT launched the [Venezuela Expert Group](#). Comprised of 15 Venezuelan civil society and political leaders, the group seeks to advance high-level dialogue and peaceful, consensual solutions to the country's intertwined social, political, and economic crises. During 2017, IFIT and the Venezuela Expert Group engaged with leaders on all sides of the crisis, seeking to identify and mobilise around issues on which middle ground could be

found. This involved continuous meetings and workshops inside and outside of the country involving all of the key national and international actors.

**Sri Lanka:** In 2017, IFIT continued to support the efforts of Sri Lankan civil society partners and government leaders to more effectively integrate constitutional, economic, and transitional justice priorities in the country's post-conflict transition. This involved IFIT-organised workshops in Sri Lanka and abroad, seeking to advance the prospects of inclusive transition and reform.

**El Salvador:** During the last year, IFIT continued to provide independent expert advice to different key players on issues such as transitional justice, negotiation methodologies, and gang reintegration with the aim of contributing to the consolidation of the country's transition nearly twenty-five years after the signing of the peace agreement that ended the country's armed conflict.

**Other Country Work:** IFIT regularly receives requests for high-level policy support and technical assistance from other countries beyond those mentioned above. It also sometimes initiates new in-country work. In 2017, this included [The Gambia](#) (where IFIT launched a "transition brain trust" of local thought leaders) and [Zimbabwe](#) (where IFIT likewise established a mediation-focused local brain trust).

**Strategic Research:** Beyond its in-country work, IFIT regularly publishes original research on transition topics in which more integrated policy approaches are needed. In 2017, this included publication of a large cross-country [comparative study](#) on "inclusive social contract formation," which focused on under-examined transition lessons from four regional pairings of cases: Colombia and Guatemala; Ukraine and Macedonia; Tunisia and Libya; and Sri Lanka and Nepal. Another example from 2017 is the publication '[Practical Tips on "Process Design" for Political and Peace Negotiations](#)', which summarises a set of technical and practical considerations inspired by experiences from different negotiation processes around the world.

**High-Level Network Building:** Since 2016, IFIT has operated based on a unique business model which is driven by the establishment and interaction of specialised expert networks. The first part of the model involves thematic "practice groups" on the crosscutting issues that are at the heart of IFIT's mission and for which it has already become known: creative solutions for negotiating peace and justice; improving the effectiveness of transition assistance; and advancing inclusiveness in transitions that arise in fragile and conflict-affected societies.

The first of these groups, the 15-member [Law and Peace Practice Group](#), launched in mid-2016. It is the world's first dedicated, non-governmental advisory service on the challenges of balancing justice and peace (and related questions of "process design") in relation to negotiated transitions out of war or authoritarianism. The [Inclusive Transitions Practice Group](#) launched at the end of 2017, and the [Transition Assistance Practice Group](#) will be launched in early 2018.

The second part of IFIT's business model involves the creation of purpose-built national "brain trusts." Typically, an IFIT brain trust consists of a multidisciplinary group of 12-15 social, business, and political leaders from the particular country, chosen for their recognised policy expertise, personal integrity, and influential local networks. Once in place, IFIT's permanent staff, practice groups, and institutional partners support the brain trust's members with real-time technical and advisory support based on a jointly-elaborated set of evolving priorities. Current brain trusts include those mentioned above in Colombia, Venezuela, Gambia and Zimbabwe.

IFIT is subject to Law 1/2002 of March 22, regulating the right of association and Book III of the Civil Code of Catalonia relating to legal persons, approved by Law 4/2008 of April 24. IFIT is registered in the Register of Associations of Catalonia with the number 48.755.





## 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 of 31 December 2017, 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 2017 comparable to that of 2016, 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 2017 there have been no changes in accounting policies.

## 03 FINANCIAL RESULTS

The distribution of the results for the tax years ending 31 December in 2017 and 2016 respectively, as prepared by the Board, is as follows:

BASIS OF DISTRIBUTION	TAX YEAR 2017	TAX YEAR 2016
Surplus for the year (positive)	106.791,54	7.319,84
TOTAL DISTRIBUTION	106.791,54	7.319,84
APPLICATION TO	TAX YEAR 2017	TAX YEAR 2016
Reserves	106.791,54	7.319,84
TOTAL APPLICATION	106.791,54	7.319,84

## 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 the 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 the lease 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.

### 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 2017 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 2017 and 2016 was:

STATE OF MOVEMENTS OF THE TANGIBLE FIXED ASSETS TAX YEARS 2017 AND 2016	Ex 2017	Ex 2016
A) FIXED ASSETS AT COST - OPENING BALANCE	4.116,75	828,93
( + ) Acquisitions/Disposals	1.600,00	3.587,82
B) FIXED ASSETS AT COST - CLOSING BALANCE	6.016,75	4.416,75
C) ACCUMULATED DEPRECIATION - OPENING BALANCE	1.274,00	608,09
( + ) Provision for depreciation during the tax year	942,55	665,91
D) ACCUMULATED DEPRECIATION - CLOSING BALANCE	2.216,55	1.274,00
E) CLOSING NET BOOK VALUE OF FIXED ASSETS	3.800,20	3.142,75

## 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 €34.611,16.

## 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 2017	Ex 2016	Ex 2017	Ex 2016	Ex 2017	Ex 2016
Financial assets at amortised cost					11.889,65	1.200,00
TOTAL					11.889,65	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 2017	Ex 2016	Ex 2017	Ex 2016	Ex 2017	Ex 2016
Financial assets at amortised cost					112.920,77	551.573,63
TOTAL					112.920,77	551.573,63

This section shows grants and donations receivable.



## 08 FINANCIAL LIABILITIES

### ANALYSIS OF FINANCIAL LIABILITIES IN THE BALANCE SHEET

Classes	SHORT-TERM FINANCIAL LIABILITIES			
	Liabilities to credit institutions		Other liabilities	
Categories	Ex 2017	Ex 2016	Ex 2017	Ex 2016
Financial liabilities at amortised cost	4.151,09	1.874,87	413,94	9.690,80
Financial liabilities held for trading				
TOTAL	4.151,09	1.874,87	413,94	9.690,80

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 2015 of the Institute of Accounting and Auditing Auditors, it is reported that the average period of payment to suppliers in the year 2017 has been 9,88 days and in the year 2016 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.

## 10 GRANTS AND DONATIONS

Details of movements in grants and private donations received in 2017 and 2016 that are directly related to the Association's activities:




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Program	TAX YEAR 2017			
	Balance at 31/12/2016	New Grants and Donations	Released from restrictions	Balance at 31/12/2017
'Colombia Brain Trust' Project	220.689,31	167.910,53	248.258,75	140.341,09
'Law and Peace' Project	184.523,80	21.831,43	168.427,48	37.927,75
'USIP' Project	16.299,47		16.299,47	0
'CITpax' Project	4.000,00	-3.250,00	750	0
'Venezuela' Project	96.681,79	362.152,82	395.958,88	62.875,73
'Syria Philanthropy' Project		5.840,00	5.840,00	0
General Purpose	169.172,22	179.535,40	264.099,65	84.607,97
<b>TOTAL</b>	<b>691.366,59</b>	<b>734.020,18</b>	<b>1.099.634,23</b>	<b>325.752,54</b>

Included within 'General Purpose' are 1.872,40 euros representing third-party reimbursements of travel costs.

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	
'Colombia Brain Trust' Project		356.601,38	68.289,85	288.311,54
'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
General Purpose	101.018,90	249.529,40	181.346,07	169.172,23
<b>TOTAL</b>	<b>131.460,66</b>	<b>1.066.314,82</b>	<b>506.408,87</b>	<b>691.366,61</b>

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 of 31 December for the years 2017 and 2016 are as follows:

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Account	TAX YEAR 2017		TAX YEAR 2016	
	Debit balance	Credit balance	Debit balance	Credit balance
Personal income tax		13.952,36		13.198,37
Corporate tax		-		805,43
Social security		4.382,05		3.390,15
TOTAL	-	18.334,41	-	17.393,95

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

<u>Tax Year 2017</u>			
<u>Profit and Loss Account</u>			
	<u>Increases</u>	<u>Decreases</u>	<u>Net effect</u>
Balance of income and expenses	106.791,54	-	106.791,54
Tax on profits		(9.823,53)	(9.823,53)
Permanent differences	963.540,12	(1.099.634,23)	(136.094,11)
Taxable base (tax result)			(39.126,10)

<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	7.319,84	-	7.319,84
Tax on profits	1.186,62	-	1.186,62
Permanent differences	502.326,68	(505.918,65)	(3.591,97)
Taxable base (tax result)			4.914,49

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

As of 31 December 2017, 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 detailed form from the corresponding section of the accompanying financial statements:

	Tax year 2017	Tax year 2016
a) Wages and salaries	240.773,08	221.813,03
b) Social security charges	40.407,64	34.458,38
TOTAL	281.180,72	256.271,41

### 13 RELATED PARTY TRANSACTIONS

The members of the Board of Directors of the Association did not require any compensation for the exercise of their office. The remuneration related to the Board of Directors of the Association in 2016 and 2017 totals 0,00 and 0,00 EUR respectively. During 2017, 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 2017 by the Association in Spain amounts to four, with the following breakdown by category and sex:

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

The Board of Directors, on 9 April 2018, and in compliance with current legislation, formulated these simplified annual accounts for the financial year from 1 January 2017 to 31 December 2017, which consist of:

- Simplified Balance Sheet at 31 December 2017.
- Simplified Statement of Results for the year ending 31 December 2017.
- Statement of Changes in Net Equity for the year ending 31 December 2017.
- This Simplified Annual Report for the 2017 tax year.



David Gardner

President



Elisabeth de Nadal

Secretary