# INSTITUTE FOR INTEGRATED TRANSITIONS

Simplified Annual Accounts and Notes to the Annual Accounts for 2014

Includes the Audit Report on the 2014 Annual Accounts

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# Independent auditor's report on the annual accounts

*(Translation of a report and accounts originally issued in Catalan and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Catalan-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 2014, 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 2a 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 2014, 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

30th September, 2015

## Simplified Balance Sheet

Exercise 2014 INSTITUTE FOR INTEGRATED TRANSITIONS

| CODING ACCOUNT NUMBER | ASSETS | REPORT NOTES | 31.12.2014 | 31.12.2013 |
|---|---|---|---|---|
| | A) NON-CURRENT ASSETS | | 1.628,08 | 1.835,32 |
| 20, (280), (290) | I. Fixed intangible | | | |
| 21, (281), (2910), (2911), (2912), (2913), (2914), (2915), (2916), (2917), (2918) | II. Fixed tangible | 5 | 428,08 | 635,32 |
| 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 | 9.a | 1.200,00 | 1.200,00 |
| | B. CURRENT ASSETS | | 97.842,02 | 174.188,89 |
| 30, 31, 32, 33, 34, 35, 36, (39), 407 | I. Stock | | | |
| | II. Users, sponsors and debtors of the activities and any other account receivable | 9.b | 29.297,64 | 1,13 |
| 440, 441, 442, (447) | 1. Users and debtors for products or services | | | |
| 443, (4933), (4934), (4935) | 2. Debtors and associated groups or entities | | | |
| 444 | 3. Sponsors | | | |
| 445, 446, 449, (490) | 4. Other debtors | | 29.295,30 | |
| 460, 464,544 | 5. Staff | | | |
| 4700, 4707, 4708, 4709, 471, 472, 473 | 6. Current tax assets and other loans with public authorities | 13 | 2,34 | 1,13 |
| 558 | 7. Founders and members with outstanding payments | | | |
| 5303, 5304, 5313, 5314, 5323, 5324, 5333, 5334, 5343, 5344, 5353, 5354, (5393), (5394), 5523, 5524, (5933), (5934), (5943), (5944), (5953), (5954) | III. Short-term investments in associated groups or entities | | | |
| 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) | IV. Short-term financial investments | | | |
| 480, 567 | V. Short-term accruals | | | |
| 570, 572, 574, 576 | VI. Cash and cash equivalents | | 68.544,38 | 174.187,76 |
| | TOTAL ASSETS (A+B) | | 99.470,10 | 176.024,21 |

| CODING ACCOUNT NUMBER | EQUITY AND LIABILITIES | REPORT NOTES | 31.12.2014 | 31.12.2013 |
|---|---|---|---|---|
| | **A) EQUITY** | | **78.031,31** | **158.529,06** |
| | **A-1) Own funds** | 11 | **38.621,14** | **35.118,48** |
| | **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** | | 35.118,48 | 17.208,71 |
| 124 | **IV. Surplus pending application to statutory activities** | | | |
| 129 | **V. Surplus of current exercise (positive or negative)** | | 3.502,66 | 17.909,77 |
| 118 | **VI. Contributions to offset losses** | | | |
| | **A-2) Grants, donations, bequests and other adjustments** | 12 | **39.410,17** | **123.410,58** |
| 130 | 1. Official capital grants | | | |
| 131 | 2. Capital donations and bequests | | | |
| 132 | 3. Other kind of grants, donations and bequests | | 39.410,17 | 123.410,58 |
| 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** | | **21.438,79** | **17.495,15** |
| 499, 529 | **I. Short-term provisions** | | | |
| | **II. Short-term debts** | | **2.798,52** | **2.365,39** |
| 5105, 520, 527 | 1. Debts with credit agencies | | 2.109,99 | 1.849,01 |
| 5115, 5135, 5145, 521, 522, 523, 525, 528, 551, 554, 5525, 555, 5565, 5566, 560, 561, 569 | 2. Other kinds of short-term debt | | 688,53 | 516,38 |
| 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** | | **18.640,27** | **15.129,76** |
| 400, 401, 403, 404, 405, (406) | 1. Suppliers | | | |
| 41 | 2. Other creditors | 10 | 3.970,83 | 1.637,06 |
| 465, 466 | 3. Staff (pending salary payments) | 10 | 0,10 | 0,10 |
| 475, 476, 477 | 4. Current tax liabilities and other debts with public authorities | 13 | 14.669,34 | 13.492,60 |
| 448 | 5. Advance payments | | | |
| 485, 568 | **V. Short-term accruals** | | | |
| | TOTAL EQUITY AND LIABILITIES (A+B+C) | | **99.470,10** | **176.024,21** |

## Simplified Statement of Results

**Exercise 2014** — **INSTITUTE FOR INTEGRATED TRANSITIONS**

| CODING ACCOUNT NUMBER | | REPORT NOTES | (Debits) Credits 31.12.2014 | 31.12.2013 |
|---|---|---|---|---|
| | **1. Income from activities** | | 296.928,35 | 280.366,50 |
| 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 | 12 | 296.928,35 | 280.366,50 |
| | **2. Aid and other expenses** | | | |
| (650), (651), (652), 729 | a) Aid | | | |
| (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** | | | |
| | **6. Other income from activities** | | | |
| 752 | a) Income from leases | | | |
| 751, 753, 754,755, 759 | b) Additional revenue and other income from current management | | | |
| (64) | **7. Staff costs** | 14.a | -199.883,07 | -190.084,49 |
| | **8. Other operating expenses** | | -94.175,36 | -68.379,21 |
| | a) Outside services | | -94.125,36 | -68.360,21 |
| (620) | $a_1$) Research and development | | | |
| (621) | $a_2$) Leases and royalties | 8 | -14.839,48 | -9.751,69 |
| (622) | $a_3$) Repairs and maintenance | | | -633,94 |
| (623) | $a_4$) Independent professional services | | -33.915,50 | -34.088,41 |
| (624) | $a_5$) Transport | | | |
| (625) | $a_6$) Insurances premiums | | | |
| (626) | $a_7$) Banking services | | -853,95 | -917,06 |
| (627) | $a_8$) Advertising, public relations and propaganda | | | |
| (628) | $a_9$) Supplies | | | |
| (629) | $a_{10}$) Other services | | -44.516,43 | -22.969,11 |
| (631), (634), 636, 639 | b) Taxes | | -50,00 | -19,00 |
| (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 | -207,24 | -193,61 |
| 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)** | | 2.662,68 | 21.709,19 |
| 760, 761, 762, 769 | **14. Financial income** | | 5,74 | 5,38 |
| (660), (662), (665), (669) | **15. Financial expenses** | | | |
| (663), 763 | **16. Change in fair value of financial instruments** | | | |
| (668), 768 | **17. Exchange differences** | | 834,24 | -3.804,80 |
| | **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)** | | 839,98 | -3.799,42 |
| | **III) RESULT BEFORE TAXES (I +II)** | | 3.502,66 | 17.909,77 |
| (6300)*, 6301*, (633), 638 | **19. Tax on profits** | | 0,00 | 0,00 |
| | **IV) RESULT OF EXERCISE (III + 19)** | | **3.502,66** | **17.909,77** |

## Statement of Changes in Net Equity

### A) Statement of recognised income and expenses

### Exercise 2014

| CODING ACCOUNT NUMBER | | REPORT NOTES | 31.12.2014 | 31.12.2013 |
|---|---|---|---|---|
| | A) Results of the income statement | | 3.502,66 | 17.909,77 |
| | 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 | | | |
| | 2. Other income / expenses | | | |
| (810), 910 | II. Cash flow hedges | | | |
| 94 | III. Grants, donations and bequests | | 212.927,94 | 167.297,25 |
| (85), 95 | IV. Actuarial gains and losses and other adjustments | | | |
| (8300)*, 8301*, (833), 834, 835, 838 | V. Tax effects | | | |
| (860), 960 | 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) | | 212.927,94 | 167.297,25 |
| | Transfers to the income statement | | | |
| | VII. Valuation of financial instruments | | 0,00 | 0,00 |
| (802), 902, 993, 994 | 1. Financial assets available for sale | | | |
| | 2. Other income / expenses | | | |
| (812), 912 | VIII. Cash flow hedges | | | |
| (84) | IX. Grants, donations and bequests | | -296.928,35 | -280.366,50 |
| 8301*, (836), (837) | X. Tax effects | | | |
| (862), 962 | XI. Non-current assets and related liabilities held for sale | | | |
| | C) Total transfers to the income statement (VII + VIII + IX + X + XI) | | -296.928,35 | -280.366,50 |
| | TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C) | | -80.497,75 | -95.159,48 |

## Complete Statement of Changes in Net Equity

### Exercise 2014

| | 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 outstan-ding | | | | | | | | |
| **D. ADJUSTED BALANCE AT START OF 2013** | **0,00** | **0,00** | **0,00** | **0,00** | **0,00** | **17.208,91** | **0,00** | **0,00** | **236.479,83** | **253.688,74** |
| I. Total recognised income and expenses | | | | | | 17.909,77 | | | -113.069,25 | **-95.159,48** |
| 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 | | | | 17.208,71 | | -17.208,71 | | | | **0,00** |
| **E. CLOSING BALANCE OF 2013** | **0,00** | **0,00** | **0,00** | **17.208,71** | **0,00** | **17.909,77** | **0,00** | **0,00** | **123.410,58** | **158.529,06** |
| I. Adjustments due to N-1 criteria changes | | | | | | | | | | **0,00** |
| II. Adjustments for N-1 errors | | | | | | | | | | **0,00** |
| **D. ADJUSTED BALANCE AT START OF 2014** | **0,00** | **0,00** | **0,00** | **17.208,71** | **0,00** | **17.909,77** | **0,00** | **0,00** | **123.410,58** | **158.529,06** |
| I. Total recognised income and expenses | | | | | | 3.502,66 | | | -84.000,41 | **-80.497,75** |
| 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 | | | | 17.909,77 | | -17.909,77 | | | | **0,00** |
| **E. CLOSING BALANCE OF 2014** | **0,00** | **0,00** | **0,00** | **35.118,48** | **0,00** | **3.502,66** | **0,00** | **0,00** | **39.410,17** | **78.031,31** |

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 transitions, as a means to contribute to more favourable conditions for the achievement of democracy, economic development, rule of law and public security in order to avoid the recurrence of authoritarianism or civil war.

To achieve this objective, the Association carries out, among others, the following activities: technical assistance, applied research, strategic events, training workshops, and advisory missions.

These involve neither profit motive nor any political or religious affiliation.

In 2014, the following activities took place:

**Country Work**

IFIT became deeply involved in post-conflict transition planning efforts in **Colombia** in the context of its peace negotiations with the Revolutionary Armed Forces of Colombia (FARC). In June 2014, IFIT was asked to become formally involved in the talks taking place in Havana - in particular, to provide independent expert advice to the High Commissioner for Peace (and the Government Delegation as a whole) on transitional justice issues and integrated approaches to post-conflict peacebuilding. Beginning in June, IFIT formally took up the role, participating in all rounds of talks (i.e., five 11-day rounds between June and November).

IFIT also continued to receive – and whenever possible, acted upon – a steady flow of requests for expert advice and technical assistance from other transition and conflict-affected countries. These included requests, inter alia, from the National Human Rights Commission in **Egypt**, UDP mission in **Yemen**, peace mediators in **Thailand**, and the Office of the IGAD Special Envoys for **South Sudan**. IFIT also remained involved in supporting efforts for a successful transition in **Tunisia** and, among other things, did this Spanish international TV interview on the importance of Tunisia's dialogue-driven approach to transition.

**Research Projects**

**New Transition Paradigm project:** This project seeks to develop and promote a new framework to improve transition outcomes – one that focuses more systematically on inclusiveness in the political, socio-cultural, economic, and security spheres. With the support of the European Endowment for Democracy, IFIT ran a major workshop in April that brought together 20 top international experts and local leaders, including from the Middle East, North Africa and Eastern Europe. The meeting's insights and discussions – which are being supplemented by dozens of expert interviews – are helping to shape a future "Inclusive Transitions Framework" meant to assist civil society leaders, local policymakers and their respective international partners to design, advocate and apply inclusive policies in contexts of actual or pending transitions. IFIT also published an op-ed about inclusive transitions in the Christian Science Monitor weekly magazine and an expert discussion paper which was used at the April workshop. The Framework itself is due to be published in June 2015 and will become a key element of current and future IFIT advisory work and training workshops.

**International Assistance in Transitions project:** This project aims to create a practical 'navigation guide' to enable national policymakers and civil society leaders to improve their understanding of and interactions with the complex system of international financial and technical assistance that arrives en masse in the early period of a transition out of armed conflict or repression. The guide will help empower national actors in contexts of

IFIT

INSTITUTE FOR INTEGRATED TRANSITIONS

current transitions (e.g., Ukraine, Burma) and possible future ones (e.g., Zimbabwe, Cuba) to forge better relationships with internationals and better results for their countries. The project is being conducted in partnership with Thomas Carothers (Vice President of the Carnegie Endowment for International Peace), Professor Robert Templer (Director of the Center for Conflict, Negotiation and Recovery) and an international student team from the Central European University's School for Public Policy. Extensive research and writing was undertaken in 2014, as well as a three-day project meeting in New York. Following publication of the guide in Q4 2015, there will be extensive global dissemination activities including videos and policymaker workshops in transition countries.

**Philanthropy and Transitions project:** This project has had two phases. The first one culminated in a Framework Guide on Supporting Countries in Transition, published in November 2013 in collaboration with an Egyptian partner organisation. Based on global consultations and in-depth expert interviews conducted over ten months, the guide examines the role of private philanthropy in relation to countries in transition out of armed conflict or repression. The project's second phase, which began in the second half of 2014, aimed to put the publication's main ideas into practice through a range of public and private initiatives. Among other things, IFIT guest-edited a 30-page special edition of Alliance (philanthropy's leading global magazine which goes out to 7,000 donors) on the issue of philanthropy and transitions. The Institute also gave presentations of its research at international events held in New York, San Francisco, Geneva, London, and Istanbul.

**Courses and Workshops**

IFIT co-organised a high-level expert workshop on Amnesties, Mediation and Transitions in March. The workshop provided the opportunity for twenty leading mediators and transition experts to enhance their capacity to responsibly analyse and design amnesties and similar measures, and thus improve the chances for sustainable democracy, development, rule of law and security in their respective countries. The 2013 Belfast Guidelines on Amnesty and Accountability – an international initiative for which IFIT played a lead role – were used as a teaching tool in various sessions. A number of follow-up engagements emerged through former workshop participants.

**Other Activities**

IFIT continues to conduct extensive institutional and stakeholder outreach as part of its global activities. In 2014, this included meetings with the leadership and senior staff of scores of governments, multilaterals, NGOs, think tanks, universities, and other public and private actors. Partly because of such efforts, IFIT continued to receive numerous event invitations and requests for joint projects. Examples include: an Egyptian inter-university roundtable series on the dilemmas of transition in post-revolutionary Arab countries; a Freedom House initiative to train a group of handpicked human rights leaders of conflict-affected states on the verge of transition; a European Union expert meeting to create a new framework on post-conflict justice; a high-level intergovernmental meeting on peace mediation and transitions in the Mediterranean region; a major round table in The Hague on new approaches to local ownership in post-conflict peacebuilding; a public hearing before the Colombian Constitutional Court on the issue of political participation of former combatants; and a project by three international NGOs to research causes of democratic backsliding in conflict-affected states.

Regarding internal matters, the Institute continued to benefit from a supportive Board and Advisory Group, both of which expanded during the grant period. David Gardner became IFIT Board President and outgoing President Alex Boraine became an Honorary Board Member. In the spring of 2014, IFIT also successfully underwent its second financial audit.

INSTITUTE FOR INTEGRATED TRANSITIONS

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

The Association's fiscal and main operating address is 40 Benet Mateu Street, Barcelona. The following donors provided financial support toward the work of IFIT in 2014: the Irish Department of Foreign Affairs and Trade, the Compton Foundation, the Rockefeller Brothers Fund, the European Endowment for Democracy, the United Nations Development Programme, the Karl Popper Foundation, the Ford Foundation (via the American University in Cairo), WING International Cooperation, and Mr Jon Greenwald.

The Association conducts its activities mainly from Catalonia. Nevertheless, for the better fulfilment of its objectives, activities are also carried out in other parts of Spain and abroad.

## 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 2014, the financial reporting regulatory framework applicable to the Association is:

- The Catalonian 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

In order to provide the information for tax years 2014 and 2013 in a way that permits comparison between them, the structure of the balance sheet and income statement is presented in comparative format.

### D. GROUPING OF ITEMS

The items grouped in the balance sheet have been appropriately disaggregated in the corresponding section of the report.

INSTITUTE FOR INTEGRATED TRANSITIONS

E. CHANGES IN ACCOUNTING POLICIES

During tax years 2013 and 2014, there have been no changes in accounting policies.

## 03 FINANCIAL RESULTS

The distribution of the results for the tax years ended 31 December in 2014 and 2013 respectively, as prepared by the Board, is as follows:

| BASIS OF DISTRIBUTION | Tax year 2014 | Tax year 2013 |
|---|---|---|
| Surplus for the year | 3.502,66 | 17.909,77 |
| TOTAL DISTRIBUTION | 3.502,66 | 17.909,77 |
| APPLICATION TO | Tax year 2014 | Tax year 2013 |
| Reserves | 3.502,66 | 17.909,77 |
| TOTAL APPLICATION | 3.502,66 | 17.909,77 |

## 04 RECORDING AND VALUATION OF FIXED ASSETS

A. INTANGIBLE FIXED ASSETS

During the tax year, there have not been any intangible purchases and thus there does not exist any amortisation, impairment or correction.

B. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at their cost of acquisition, which includes all the additional expenses directly related to the elements of the fixed assets purchased, including the financial expenses directly attributable to the acquisition of the asset, whenever they exceed one year in usage. From the cost of acquisition must be deducted any accumulated depreciation and any recognised deterioration in value due to use.

Expenses incurred for the extension, modernisation or improvement of goods and which contribute to an increase of the productivity, capacity or efficiency, or an extension of the useful life of the goods, will be capitalised at a higher cost. Conversely, expenses of repair and maintenance incurred during the tax year will be allocated as losses and gains.

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

VALUE ADJUSTMENTS DUE TO DETERIORATION AND REVISIONS

There have not been changes in the value of the tangible fixed assets.

During the tax year, there were no revisions to the valuation adjustments because the circumstances remained unchanged.

INSTITUTE FOR INTEGRATED TRANSITIONS

C. LEASE COMMITMENTS

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.

D. 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, including the general costs of the operation, except for financial assets held for trading, for which the costs of transaction are directly attributable to the income statement for the year.

Financial assets held by the Association are classified as:

Financial assets at amortised cost: These correspond to commercial loans made by the Association in exchange for supplying directly cash, goods or services and the payment of which is fixed or determinable and not traded in an active market. These are measured at amortised cost and recognised in the income-accrued interest, based on their effective interest rate. When the maturity of these assets is less than one year, these are stated at their nominal value. The corresponding impairment losses are established based on the risk posed by possible insolvencies.

Also included are the bonds and deposits, each valued at the moment of its creation.

Financial assets at cost: These relate to securities that are valued at acquisition cost, including costs inherent thereto. When necessary, the appropriate provisions for the depreciation of securities have been made.

Impairment of financial assets

The recoverable amount of financial assets is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Short-term investments are not discounted. Impairment losses on these assets are recognised in the income statement and reversed when the subsequent increase in recoverable amounts objectively relates to an event that occurred after the time when the loss impairment was recognised.

02. FINANCIAL LIABILITIES

Financial liabilities are recognised at fair value minus the attributable transaction costs. Subsequent to their initial recognition, financial liabilities are recorded at their amortised value, being the difference between cost and redemption of the value recognised in the income statement over the duration of the loan, based on the effective interest rate.

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.

Notwithstanding the previous paragraph, debts for commercial operations with maturity not exceeding one year and not having a contractual interest (including debts with public authorities), are assessed at their nominal value.

INSTITUTE FOR INTEGRATED TRANSITIONS

E. STOCK

There are no accounted stocks in this tax year.

F. 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.

G. INCOME TAXES

The Association is partially exempt from the corporate income tax. This exemption does not include income realised from the exercise of an activity classified as economic because of returns obtained from the transfer or increase of equity. The tax rate applicable to transactions not exempt is 25%.

The Association is required to submit the corporate income tax return for the year 2014 because its income exceeded the €100,000 annual exemption.

H. VALUE ADDED TAX (VAT) AND OTHER TAXES

Non-deductible input VAT is part of the purchase price of the non-current and current assets and services that are the subject of transactions relevant to the tax. Subsequent adjustments for non-deductible input VAT, due to pro rata adjustments, do not modify the initial assessments of assets, including investment goods.

The output VAT is not part of the income derived from transactions subject to VAT or the net amount received for the sale or disposal by other means, in the case of the write-off of a non-current asset.

The rules on non-deductible input VAT are applicable to any indirect tax paid on the purchase of goods or services that are not recoverable directly from the Treasury.

The rules on output VAT are applicable to any indirect tax affecting on transactions carried out by the Association and recoverable through the Treasury.

I. INCOME AND EXPENSES

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

J. 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:

When they are granted to ensure a minimum profitability or to compensate an operating deficit, they are recognised as revenue in the year in which they are granted.

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

INSTITUTE FOR INTEGRATED TRANSITIONS

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.

When they are granted to fund the cancellation of debts, they are charged to income in the year in which this cancellation occurs, unless they were granted in relation to a specific purpose, in which case the allocation is made according to the amortisation of the financed asset.

When they are granted to acquire intangible assets, equipment, and investment property, they are accounted as revenue in the same year in proportion to the amount of depreciation made in the relevant period for these items or, if they were sold, the correction in value due to deterioration or lowering of the balance sheet.

Notwithstanding the refundable subsidies, donations and bequests directly received to increase the Association's operating budget or to offset deficits from previous tax years, these are not considered income and they are recognised directly in the Association's own funds, regardless of the kind of subsidy, donation or bequest in question.

REFUNDABLE SUBSIDIES, DONATIONS AND BEQUESTS

These are accounted as liabilities of the Association until they attain the condition of non-refundability. They are considered non-refundable when there is a specific agreement in favour of the Association, fulfilment of the conditions established through the agreement, and no reasonable doubts about receiving the subsidy, donation or bequest.

INSTITUTE FOR INTEGRATED TRANSITIONS

## 05 TANGIBLE FIXED ASSETS

### A. ANALYSIS OF MOVEMENT OF TANGIBLE FIXED ASSETS

The composition and movement of tangible and intangible assets during 2014 and 2013 is as follows:

| STATE OF MOVEMENTS OF THE TANGIBLE FIXED ASSETS TAX YEARS 2014 and 2013 | 2014 | 2013 |
|---|---|---|
| A) Fixed assets at cost -opening balance | 828,93 | 828,93 |
| Acquisitions/Disposals | | |
| B) Fixed assets at cost – closing balance | 828,93 | 828,93 |
| C) Accumulated Depreciation, Opening Balance | 193,61 | |
| ( + ) Provision for depreciation during the tax year | 207,24 | 193,61 |
| D) Accumulated Depreciation, Closing Balance | 400,85 | 193,61 |
| E) Closing net book value of fixed assets | 428,08 | 635,32 |

## 06 REAL ESTATE INVESTMENTS

The Association has no real estate, instruments.

## 07 CULTURAL HERITAGE GOODS

The Association has not made any investment in or acquisition of cultural heritage goods.

## 08 LEASE COMMITMENTS AND OTHER OPERATIONS OF A SIMILAR NATURE

LEASE EXPENSES

The heading "leases and royalties" in the accompanying financial statements cover the Association's office rental expenses, which total 14.839,48 euros.

INSTITUTE FOR INTEGRATED TRANSITIONS

## 09 FINANCIAL ASSETS

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

| | LONG-TERM FINANCIAL ASSETS | | | | | |
|---|---|---|---|---|---|---|
| Classes | Equity instrument | | Representative values of debt | | Debtors due after more than one year | |
| Categories | Ex 2014 | Ex 2013 | Ex 2014 | Ex 2013 | Ex 2014 | Ex 2013 |
| 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 instrument | | Representative values of debt | | Debtors due in less than one year | |
| Categories | Ex 2014 | Ex 2013 | Ex 2014 | Ex 2013 | Ex 2014 | Ex 2013 |
| Financial assets at amortised cost | - | - | - | - | 29.295,30 | - |
| TOTAL | - | - | - | - | 29.295,30 | - |

## 10 FINANCIAL LIABILITIES

ANALYSIS OF FINANCIAL LIABILITIES IN THE BALANCE SHEET

| | SHORT-TERM FINANCIAL LIABILITIES | | | |
|---|---|---|---|---|
| Classes | Liabilities to credit institutions | | Other liabilities | |
| Categories | Ex 2014 | Ex 2013 | Ex 2014 | Ex 2013 |
| **Financial liabilities at amortised cost** | **2.109,99** | **1.849,01** | **4.659,46** | **2.153,54** |
| Financial liabilities held for trading | | | | |
| TOTAL | 2.109,99 | 1.849,01 | 4.659,46 | 2.153,54 |

## 11 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.

INSTITUTE FOR INTEGRATED TRANSITIONS

## 12 GRANTS AND DONATIONS

Details of movements in grants and private donations received in 2014 and 2013 that are directly related to the Association's activities:

| Program | TAX YEAR 2014 | | | |
|---|---|---|---|---|
| | Balance at 31/12/2013 | New grants and donations | Released from restrictions | Balance at 31/12/2014 |
| *Philanthropy and Transitions Project* | | 30.842,89 | 19.791,55 | 11.051,34 |
| *Inclusive Transitions Project* | | 43.800,00 | 43.800,00 | |
| *Colombia Project* | | 37.440,00 | 37.440,00 | |
| General Purpose | 123.410,58 | 100.845,05 | 195.896,80 | 28.358,83 |
| TOTAL | **123.410,58** | **212.927,94** | **296.928,35** | **39.410,17** |

Included within 'General Purpose' are 2.000,48 euros representing third-party reimbursements of travel costs and other institutional expenses.

| Program | TAX YEAR 2013 | | | |
|---|---|---|---|---|
| | Balance at 31/12/2012 | New grants and donations | Released from restrictions | Balance at 31/12/2013 |
| *Tunisian Transition Mapping project* | 37.500,00 | | 37.500,00 | |
| *Foundation Guide Project* | | 15.146,10 | 15.146,10 | |
| General Purpose | 198.979,79 | 152.151,15 | 227.720,36 | 123.410,58 |
| TOTAL | **236.479,79** | **167.297,25** | **280.366,46** | **123.410,58** |

Included within 'General Purpose' are 2.067,65 euros representing third-party reimbursements of travel costs.

INSTITUTE FOR INTEGRATED TRANSITIONS

## 13 FISCAL SITUATION

Liabilities to public authorities for taxes and social security as at 31 December for the years 2014 and 2013 is as follows:

| | Tax year 2014 | | Tax year 2013 | |
|---|---|---|---|---|
| Account | Debit balance | Credit balance | Debit balance | Credit balance |
| Personal income tax | - | 12.553,25 | - | 11.458,52 |
| Corporate tax | 2,34 | | 1,13 | |
| Social security | | 2.116,09 | - | 2.034,08 |
| TOTAL | 2,34 | 14.669,34 | 1,13 | 13.492,60 |

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

| | Tax Year 2014<br>Profit and Loss Account<br>Increases | Decreases | Net effect |
|---|---|---|---|
| Balance of income and expenses | 3.502,66 | - | 3.502,66 |
| Permanent differences | 295.266,63 | (298.763,55) | (3.496,92) |
| Taxable base (tax result) | | | 5,74 |

| | Tax Year 2013<br>Profit and Loss Account<br>Increases | Decreases | Net effect |
|---|---|---|---|
| Balance of income and expenses | 17.909,77 | - | 17.909,77 |
| Permanent differences | 262.462,11 | (280.371,88) | (17.909,77) |
| Taxable base (tax result) | | | - |

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 2014, 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.

INSTITUTE FOR INTEGRATED TRANSITIONS

## 14 INCOME AND EXPENSES

A) STAFF COSTS

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

| | Tax year 2014 | Tax year 2013 |
|---|---|---|
| a) Wages and salaries | 178.927,98 | 170.356,68 |
| b) Social security charges | 20.955,09 | 19.727,61 |
| TOTAL | 199.883,07 | 190.084,49 |

## 15 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 general management) in 2014 and 2013 totalled 154.783,98 EUR and 148.090,22 EUR respectively. During 2014, there were no loans or advances to members of the Board, nor obligations for pensions or life insurance.

## 16 OTHER INFORMATION

The average number of people employed in 2014 amounts to two, with the following breakdown by category and sex:
- Management, a man
- Administration, a woman

During the year, the Association did not acquire tangible assets nor incur expenses for the purpose of protecting and improving the environment.

In the opinion of the Board of Directors of the Association, there are no contingencies related to the protection and improvement of the environment that can have any significant impact on the equity and results of the Association.

The Board of Directors on 12 June 2015, in compliance with current legislation, formulated these simplified annual accounts for the financial year from 1 January 2014 to 31 December 2014, which consist of:

- Simplified Balance Sheet at 31 December 2014.
- Simplified Statement of Results for the year ended 31 December 2014.
- Statement of Changes in Net Equity for the year ended 31 December 2014.
- This Simplified Annual Report for the 2014 tax year.

David Gardner

President

Elisabeth de Nadal

Secretary