Audit Report on the Simplified Annual Accounts

(Translation from the original Catalan version. In the event of a discrepancy, the Catalan version prevails.)

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

1. We have audited the simplified annual accounts of the INSTITUTE FOR INTEGRATED TRANSITIONS (hereafter, ´the Association´) which include the simplified balance sheet at 31 December 2013, 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. The Board is responsible for the preparation of the simplified annual accounts of the Association in accordance with the applicable framework of financial reporting standards (which is explained in note 2a of the attached simplified notes to the accounts), and in particular, in compliance with the accounting principles and criteria contained in that framework. Our responsibility is to express an opinion on the aforementioned simplified annual accounts as a whole, based on the work carried out in accordance with the legislation regulating the auditing of financial statements in Spain, which requires an examination, through the performance of selective tests, of the evidence that supports the simplified annual accounts, as well as an evaluation of whether their presentation, the accounting principles applied and the estimates made are in accordance with the applicable framework of financial reporting standards.

2. In our opinion, the attached simplified annual accounts for 2013 present, for all significant aspects, a true and fair view of the net equity and the financial situation of the INSTITUTE FOR INTEGRATED TRANSITIONS at 31 December 2013, 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.

Balance Sheet

Exercise 2013 **INSTITUTE FOR INTEGRATED TRANSITIONS**

CODING ACCOUNT NUMBER	ASSETS	REPORT NOTES	31.12.2013	31.12.2012
	A) NON-CURRENT ASSETS		**1,835.32**	**0.00**
20, (280), (290)	**I. Fixed intangible**			
21, (281), (2910), (2911), (2912), (2913), (2914), (2915), (2916), (2917), (2918)	**II. Fixed tangible**	5	**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**	
	B. CURRENT ASSETS		**174,188.89**	**265,386.58**
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	**1.13**	**100,633.62**
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			100,633.62
460, 464,544	5. Staff			
4700, 4707, 4708, 4709, 471, 472, 473	6. Current tax assets and other loans with public authorities	13	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**		**174,187.76**	**164,752.96**
	TOTAL ASSETS (A+B)		**176,024.21**	**265,386.58**

CODING ACCOUNT NUMBER	EQUITY AND LIABILITIES	REPORT NOTES	31.12.2013	31.12.2012
	A) EQUITY		**158,529.06**	**253,688.54**
	A-1) Own funds	11	**35,118.48**	**17,208.71**
	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**		**17,208.71**	
124	**IV. Surplus pending application to statutory activities**			
129	**V. Surplus of current exercise (positive or negative)**		**17,909.77**	**17,208.71**
118	**VI. Contributions to offset losses**			
	A-2) Grants, donations, bequests and other adjustments	12	**123,410.58**	**236,479.83**
130	1. Official capital grants			
131	2. Capital donations and bequests			
132	3. Other kind of grants, donations and bequests		123,410.58	236,479.83
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		**17,495.15**	**11,698.04**
499, 529	**I. Short-term provisions**			
	II. Short-term debts		**2,365.39**	**561.88**
5105, 520, 527	1. Debts with credit agencies		1,849.01	318.55
5115, 5135, 5145, 521, 522, 523, 525, 528, 551, 554, 5525, 555, 5565, 5566, 560, 561, 569	2. Other kinds of short-term debt		516.38	243.33
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		**15,129.76**	**11,136.16**
400, 401, 403, 404, 405, (406)	1. Suppliers			
41	2. Other creditors	10	1,637.06	1,112.26
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	13,492.60	10,023.80
448	5. Advance payments			
485, 568	**V. Short-term accruals**			
	TOTAL EQUITY AND LIABILITIES (A+B+C)		**176,024.21**	**265,386.58**

Simplified Statement of Results

Exercise 2013 **INSTITUTE FOR INTEGRATED TRANSITIONS**

CODING ACCOUNT NUMBER		REPORT NOTES	(Debits) Credits 31.12.2013	31.12.2012
	1. Income from activities		**280,366.50**	**118,026.02**
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 incomes	12	280,366.50	118,026.02
	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	**-190,084.49**	**-73,823.34**
	8. Other operating expenses		**-68,379.21**	**-24,392.03**
	a) Outside services		-68,360.21	-24,392.03
(620)	a_1) Research and development			
(621)	a_2) Leases and royalties	8	-9,751.69	
(622)	a_3) Repairs and maintenance		-633.94	-39.90
(623)	a_4) Independent professional services		-34,088.41	-13,410.36
(624)	a_5) Transport			
(625)	a_6) Insurances premiums			
(626)	a_7) Banking services		-917.06	-663.89
(627)	a_8) Advertising, public relations and propaganda			
(628)	a_9) Supplies			
(629)	a_{10}) Other services		-22,969.11	-10,277.88
(631), (634), 636, 639	b) Taxes		-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	**-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)		**21,709.19**	**19,810.65**
760, 761, 762, 769	**14. Financial income**		**5.38**	
(660), (662), (665), (669)	**15. Financial expenses**			
(663), 763	**16. Change in fair value of financial instruments**			
(668), 768	**17. Exchange differences**		**-3,804.80**	**-2,601.94**
	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)		**-3,799.42**	**-2,601.94**
	III) RESULT BEFORE TAXES (I +II)		**17,909.77**	**17,208.71**
(6300)*, 6301*, (633), 638	**19. Tax on profits**		0.00	0.00
	IV) RESULT OF EXERCISE (III + 19)		**17,909.77**	**17,208.71**

Statement of Changes in Net Equity

A) Statement of recognised income and expenses

Exercise 2013

CODING ACCOUNT NUMBER		REPORT NOTES	31.12.2013	31.12.2012
	A) Results of the income statement		**17.909,77**	**17.208,71**
	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**		167.297,25	354.505,85
(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)		**167.297,25**	**354.505,85**
	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**		-280.366,50	-118.026,02
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)		**-280.366,50**	**-118.026,02**
	TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)		**-95.159,48**	**253.688,54**

Statement of Changes in Net Equity

Exercise 2013

	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 2012	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
I. Total recognised income and expenses						17.208,71			236.479,83	253.688,54
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										0,00
E. CLOSING BALANCE OF 2012	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**17.208,71**	**0,00**	**0,00**	**236.479,83**	**253.688,54**
I. Adjustments due to changes in accounting policies in 2012										0,00
II. Adjustments for errors in 2012										0,00
D. ADJUSTED BALANCE AT START OF 2013	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**17.208,71**	**0,00**	**0,00**	**236.479,83**	**253.688,54**
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**

INSTITUTE FOR INTEGRATED TRANSITIONS

01 ACTIVITY OF THE ASSOCIATION

The association INSTITUTE FOR INTEGRATED TRANSITIONS (hereafter the Association) was established on 14 June 2012 with the purpose of providing 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 will not involve any profit motive or any political or religious affiliation.

In 2013, the following activities were carried out:

- **Tunisia Transition Mapping project:** In April, the Association published its first major report: '*Inside the Transition Bubble: International Expert Assistance in Tunisia*'. Based on extensive field research conducted between the fall of 2012 and the spring of 2013, the report looked at the dynamics and impact of international expert assistance in Tunisia in the areas of media reform, security sector reform, judicial reform, and youth employment. It identified lessons and practical recommendations to improve internationals' engagement and results in the country, as well as offering ideas to address system-wide problems in the general international response to transitions. The report was launched at a roundtable event in Tunis in April and distributed globally. The ideas it presented became the subject of debates, in Tunisia and beyond. By looking at the syndromes and effects of international technical assistance from the receiving end, rather than the supply end, the Association was able to diagnose and prescribe a better approach for nationals and internationals alike.

- **Philanthropy and Transitions project:** In November, the Association published '*Supporting Countries in Transition: A Framework Guide for Foundation Engagement*' in cooperation with the John D. Gerhart Center for Philanthropy and Civic Engagement at the American University in Cairo (AUC). Based on extensive research and consultations with foundation and transition experts around the world, the guide aims to help private donors act with maximum effect during periods of transition out of war or repression. Using an updated model of political transition and focusing on the comparative advantages of private philanthropy, it offers strategic ideas and tools to help progressive donors make the most of these unique historical moments. The report was launched simultaneously in Barcelona and Cairo and has been distributed globally. Following the report's release, the Association received requests from donors and practitioners alike to discuss the main findings at major policymaker and foundation events in the U.S., France, the UK, Turkey, and Ethiopia.

- **Executive education course on Field Analysis in Fragile States and Transitions:** In cooperation with the Central European University's School of Public Policy and two former senior staff of the International Crisis Group, the Association implemented a pilot executive education course on fragile states and transitions. The course successfully took place in June, with participants coming from senior positions in a wide range of foreign governments, multilateral agencies, civil society groups, and academic institutions. Follow-up courses have been requested by regional training centres in Ghana, Lebanon, and Burma.

- **International Guidelines on Amnesty, Accountability, and Transitions:** the Association participated in a Global Expert Group mandated to produce the first-ever international guidelines on the issue of amnesty and its relation to transitions and accountability for international crimes. The project was led by partners in Belfast and supported by the Nuffield Foundation. The guidelines, which aim to assist successful negotiations and transitions out of dictatorship and war, were officially launched in London in October, translated into the UN's six working languages, and distributed worldwide.

- **Colombia:** the Association provided advice to high-level actors at key stages in the peace talks between the Colombian government and the FARC rebel group. In addition, the Association collaborated with the Berghof Foundation to organise an international amicus submission, signed by 38 international experts and addressed to the Colombian Constitutional Court, in relation to an ongoing litigation of the government's legal framework for the peace talks. The submission examined the impact a general, ex ante prohibition of political participation could be expected to have on the prospect of a negotiated permanent end to armed conflict were such a prohibition applicable to the members of a politically-motivated, non-state armed group that may be responsible for conflict-related international crimes.

- **New Transition Paradigm Project:** Research and writing began for a major project that will present a proposed 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, the Association will conduct workshops and interviews with leading international experts and local leaders in transition countries. Their input will help to shape a future *Framework Guide on Inclusive Transitions* that will constitute the main output of this project. The guide will aim 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. Various dissemination, advisory and training activities are envisioned following publication.

- **Navigation Guide on International Assistance in Transitions Project:** Preparation began for this new project to develop a practical guide to enable national policymakers and civil society leaders to engage more productively with the agglomeration of international financial and technical assistance actors that arrive en masse in the early period of a political transition. The guide will empower national actors in contexts of current transitions (e.g., Libya, Burma) as well as possible future ones (e.g., Syria, Zimbabwe). It will prepare them to understand and manage the onslaught of international actors and funds and assist them to make the best possible choices in relation to such actors and funds. Various dissemination, advisory and training activities are envisioned following publication.

Significant **travel** was conducted in relation to all these projects, including to Tunis, Bogotá, Amsterdam, Berlin, London, Paris, Brussels, Copenhagen, Budapest, New York, Washington DC, San Francisco, and Ottawa. The travel included meetings with the leadership and senior staff of dozens of governments, multilaterals, NGOs, think tanks, universities, and other public and private actors of greatest relevance for the Institute.

The Association participated in numerous **high-level international conferences, workshops and roundtables** including: the national forum organised by the Colombia Constitutional Court focused on the FARC peace process, in Bogotá; a major event on the Basque peace process, in Pamplona; a Wilton Park event on integrated approaches to justice in transition; a Balkan Forum event on regional cooperation, in Thessaloniki; a high-level intergovernmental meeting on mediation and transitions in the Mediterranean region, in Madrid; and an international conference on violence and political transition processes organised by the Conseil National pour Les Libertés en Tunisie, in Tunis. The Association also gave public lectures including one at the Institut Barcelona d'Estudis Internacionals (IBEI) in Barcelona.

During this period, the Association also conducted **various corporate activities for purposes of internal governance and organisational promotion** such as:

- Expanding the Board of Directors and the Advisory Group.
- Developing and adopting a three-year Business Plan (2014-2016).
- Creating a professional video about IFIT to promote and explain the Institute to new audiences and

prospective partners.
- Hiring expert consultants to contribute critical research.
- Renting an office in Barcelona.
- Undergoing a successful financial audit for the first year of operations.
- Hiring an assistant to the Executive Director and beginning an internship program.

By the end of 2013, the Association was beginning to receive a steady flow of requests for technical assistance and expertise, including from public authorities or civil society leaders in Egypt, Yemen, Syria, Thailand, and other transition or conflict-affected countries.

The Association is subject to the 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 registered in the Catalonian Register of Associations with the number 48755.

The Association's address for fiscal purposes is 40 Benet Mateu Street, Barcelona.

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

02 BASES OF PRESENTATION OF 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 expected to be approved without any modification.

On 31 December 2013, the financial reporting regulatory framework applicable to the Association is:

- Catalonian Associations and Foundations Act (2008)
- Plan of Accounting 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. COMPARISON OF THE INFORMATION

In order to provide the information for tax years 2012 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.

E. CHANGES IN ACCOUNTING CRITERIA

During tax years 2012 and 2013, there have been no changes in accounting criteria.

03 **RESULTS ACHIEVED**

The distribution of the results for the tax years ended 31 December in 2013 and 2012 respectively, as prepared by the Board, is as follows:

BASIS OF DISTRIBUTION	Tax year 2013	Tax year 2012
Surplus for the year (positive)	17.909,77	17.208,71
TOTAL DISTRIBUTION	17.909,77	17.208,71
APPLICATION TO	Tax year 2013	Tax year 2012
Remainder	17.909,77	17.208,71
TOTAL APPLICATION	17.909,77	17.208,71

04 **REGISTRATION AND VALUATION POLICIES**

A. INTANGIBLE FIXED ASSETS

During the tax year there have not been any intangible assets 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 same circumstances remained unchanged.

C. LEASE COMMITMENTS

OPERATIVE LEASES

This concerns any agreement by means of which the lessee has right to use an asset during a specific period of time in exchange for a series of payments or quotas and which, without being a financial lease, is recorded as an expense in the tax year in which it arose.

D. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

01. FINANCIAL ASSETS

The financial assets are recognised in the balance sheet at the moment of their acquisition and are initially 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 originated 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. Subsequently, these are measured at amortised cost 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 provided based on the risk posed by possible insolvencies with respect to the collection.

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. The 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 initially recognised for their fair value less 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 recognised 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, debits for commercial operations with maturity not exceeding one year and not having a contractual interest, including debts with public authorities, are valued at their nominal value.

E. STOCK

During this year there are no accounted stocks.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and 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 on account 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 2013 because the income amount exceeds 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 writing off 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 according to the accrual period regardless of the date of collection or payment.

J. SUBSIDIES, DONATIONS AND BEQUESTS

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.

When they are granted to finance specific expenses, they are allocated to income in the same year in which the accrued expenses are financed.

When they are granted for general purposes, they are allocated as revenue in the year in which they are recognised.

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 social fund or to offset deficits from previous exercises, 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. In this regard, they are considered non-refundable when there is a specific agreement in favour of the Association, fulfilment of the conditions established through the grant, and no reasonable doubts about receiving the subsidy, donation or bequest.

05 TANGIBLE FIXED ASSETS

A. ANALYSIS OF MOVEMENT OF TANGIBLE FIXED ASSETS

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

STATE OF MOVEMENTS OF THE TANGIBLE FIXED ASSETS TAX YEAR 2013	Tangible fixed asset
A) GROSS OPENING BALANCE	
(+) Incomes	828,93
B) GROSS FINAL BALANCE	828,93
C) ACCUMULATED DEPRECIATION, OPENING BALANCE	
(+) Amount allocated for depreciation during the tax year	193,61
D) ACCUMULATED DEPRECIATION, FINAL BALANCE	193,61
E) NET FINAL BALANCE	635,32

06 REAL ESTATE INVESTMENTS

The Association has not invested in real estate.

07 CULTURAL HERITAGE GOODS

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

08 LEASE COMMITMENTS AND OTHER OPERATIONS OF A SIMILAR NATURE

EXPENSES FOR LEASE

Under the "leases and royalties" heading of the accompanying income statements are listed the Association's office rental expenses which total 9,751.69 euros.

09 FINANCIAL ASSETS

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

Classes / Categories	LONG-TERM FINANCIAL INSTRUMENTS					
	Equity instrument		Representative values of debt		Credit derivatives Others	
	Ex 2013	Ex 2012	Ex 2013	Ex 2012	Ex 2013	Ex 2012
Financial assets at amortised cost	-	-	-	-	1.200,00	-
TOTAL	-	-	-	-	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

Classes / Categories	SHORT-TERM FINANCIAL INSTRUMENTS					
	Equity instrument		Representative values of debt		Credit derivatives Others	
	Ex 2013	Ex 2012	Ex 2013	Ex 2012	Ex 2013	Ex 2012
Financial assets at amortised cost	-	-	-	-	-	100.633.62
TOTAL	-	-	-	-	-	100.633.62

10 FINANCIAL LIABILITIES

ANALYSIS OF FINANCIAL LIABILITIES IN THE BALANCE SHEET

Classes / Categories	SHORT-TERM FINANCIAL INSTRUMENTS			
	Liabilities to credit institutions		Derivatives and others	
	Ex 2013	Ex 2012	Ex 2013	Ex 2012
Financial liabilities at amortised cost	1.849,01	318,55	2.153.54	1.355,69
Financial liabilities held for trading				
TOTAL	1.849,01	318,55	2.153.54	1.355,69

11 OWN FUNDS

The composition and movement of items under the heading "Own Funds" comprise the remainder from the current year and pending application to the purposes of the Association.

12 SUBSIDIES, DONATIONS AND BEQUESTS

Details of movements in grants and private donations received in 2013 and 2012 that are directly related to the Association's activities:

Program	TAX YEAR 2013			
	Balance at 31/12/2012	Others	Allocations	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.

Program	TAX YEAR 2012		
	Others	Allocations	Balance at 31/12/2013
Tunisian Transition Mapping project	75.000,00	37.500,00	37.500,00
General Purpose	279.505,85	80.526,02	198.979,79
TOTAL	354.505,85	118.026,02	236.479,79

13 FISCAL SITUATION

The balance maintained with public authorities as at 31 December for the years 2013 and 2012 is as follows:

Account	Tax year 2013 Deficit balance	Tax year 2013 Credit balance	Tax year 2012 Deficit balance	Tax year 2012 Credit balance
Personal income tax	-	11.458,52	-	8.808,60
Corporate tax	1,13			
Social security bodies	-	2.034,08	-	1.215,20
TOTAL	1,13	13.492,60	-	10.023,80

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

	TAX YEAR 2013 Profit and Loss Account 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 until the tax authorities have inspected them or the statute of limitations period of four years has elapsed.

On 31 December 2013, 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.

14 INCOMES AND EXPENSES

A) STAFF COSTS

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

	Tax year 2013	Tax year 2012
a) Wages and salaries	170.356,88	70.362,09
b) Social charges	19.727,61	3.461,25
TOTAL	190.084,49	73.823,34

15 RELATED PARTY TRANSACTIONS

The members of the Board of Directors of the Association did not require any compensation on account of their office.

Since the establishment of the Association in June 2012, remuneration related to the Board of Directors of the Association (corresponding to the general management) in 2013 and 2012 totals 148,090.22 EUR and 70,362.09 EUR respectively.

During the year 2013, 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 during the year 2012 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 of the ASSOCIATION INSTITUTE FOR INTEGRATED TRANSITIONS, on 30 March 2014, in compliance with current legislation, formulated these simplified annual accounts for the financial year from 1 January 2013 to 31 December 2013, which consist of:

- Simplified Balance Sheet at 31 December 2013.
- Simplified Statement of Results for the year ended 31 December 2013.
- Statement of Changes in Net Equity for the year ended 31 December 2013.
- Simplified Annual Report for the 2013 tax year.

Alexander Lionel Boraine
President

Elisabeth de Nadal
Secretary