

barcelona
tel. 93 201 10 69 fax. 93 595 10 82
Via Augusta, 29 6ª planta Cp. 08006

madrid
tel. 91 344 19 87 fax. 91 548 48 78
Gran Vía, 62 3º Dcha. Cp. 28013

CET.
auditores

Institute for Integrated Transitions

Independent Auditor's Report on the simplified Annual
Accounts for the year ended 31 december 2020

INDEPENDENT AUDITOR'S REPORT ON THE SIMPLIFIED ANNUAL ACCOUNTS

To the Board of Directors of the **INSTITUTE FOR INTEGRATED TRANSITIONS**:

Opinion

We have audited the simplified annual accounts of the **INSTITUTE FOR INTEGRATED TRANSITIONS** (the Entity), which comprise the balance sheet as of 31 December 2020, the income statement and related notes to the annual accounts, all simplified, for the year then ended.

In our opinion, the accompanying simplified annual accounts present fairly, in all material respects, the equity and financial position of the Entity as of 31 December 2020, and its results for the year then ended, in accordance with the applicable financial reporting framework (identified in Note 2 of the notes to the simplified annual accounts) and, in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation regulating the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Simplified Annual Accounts* section of our report.

We are independent of the Entity in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the simplified annual accounts in Spain, in accordance with legislation governing the audit practice in force. In this regard, we have not provided any services other than those relating to the audit of the accounts and there have not been any situations or circumstances which, under the mentioned regulations, might have affected the required independence such that this has been compromised.

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

Most Relevant Audit Matters

The most relevant audit matters are those matters that, in our professional judgment, were considered as most significant risks of material misstatement in our audit of the simplified annual accounts for the current period. These risks were addressed in the context of our audit of the simplified annual accounts as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Operating grants

As indicated in note 10 of the report, the Entity received grants to finance its expenses in recent years, of which 1.804.657 euros have been allocated to the income statement for 2020. In accordance with the applicable financial reporting framework, the allocation of operating grants to income must be made in the same year in which the expenses being financed are accrued. We considered the adequate recording of grants as a more relevant aspect of the audit due to the significant amounts involved and the subjectivity of the valuations to be carried out, specifically, for the allocation to the income statement and for the classification of the amounts pending imputation to results at the closing date, according to whether the grants are refundable or non-refundable.

The audit procedures carried out have consisted of verifying the correct allocation in the income statement, verifying the adequate allocation to equity for the amounts taken to results, reviewing the correct allocation of the tax associated with these subsidies, verifying the correct classification of the amounts pending allocation to results at the closing date based on their refundability, verifying their correct treatment in the statement of changes in equity, and verifying that the information disclosed in the report is adequate. To this end, we have reviewed all the grants received by the Entity, the justifications for expenditure submitted to the granting bodies and the bank documentation for the collection of the grants.

Board of Directors' Responsibility for the Simplified Annual Accounts

The Board of Directors is responsible for the preparation of the accompanying simplified annual accounts, so that they fairly present the equity, financial position and results of the Entity in accordance with the financial reporting framework applicable to the Entity in Spain, and for such internal control as they deem necessary to enable the preparation of simplified annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the simplified annual accounts, the Board of Directors is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Simplified Annual Accounts

Our objectives are to obtain reasonable assurance about whether the simplified annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these simplified annual accounts.

As part of an audit in accordance with legislation governing audit practice in Spain, we exercise professional judgment and maintain professional caution throughout the audit. We also:

- Identify and assess the risks of material misstatement of the simplified annual accounts, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the simplified annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the simplified annual accounts, including the disclosures, and whether the simplified annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

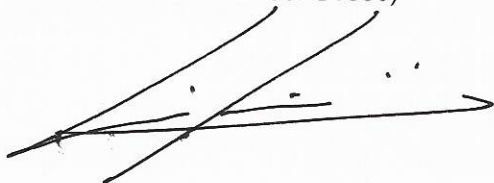
We communicate with the Entity's Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From any significant risks communicated with the Entity's Board of Directors, we determine those matters that are of most significance in the audit of the simplified annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe any such risks in our audit report unless law or regulation precludes public disclosure about the matter.

CET Auditores, S.L.

(Registered in the Official Register of
Auditors under number S1630)



Ignacio Jiménez Sánchez-Seco

(Registered in the Official Register of
Auditors of Accounts under number 19869)

28 May 2021

INSTITUTE FOR INTEGRATED TRANSITIONS

Simplified Annual Report and Accounts for 2020

Audit Report on the Annual Accounts

Annual Accounts

Simplified Balance Sheet

Tax Year 2020

INSTITUTE FOR INTEGRATED TRANSITIONS

ACCOUNTS	ASSETS	REPORT NOTES	31.12.2020	31.12.2019
	A) NON-CURRENT ASSETS		32.649,95	14.657,94
20, (280), (290)	I. intangible assets			
21, (281), (2910), (2911), (2912), (2913), (2914), (2915), (2916), (2917), (2918)	II. Property, plant and equipment	5	5.734,89	1.686,30
22, (282), (292)	III. Investment property			
23, (29190), (29191), (29192), (29193), (29194)	IV. Non-current investments in group companies and associates			
2403, 2404, 2413, 2414, 2423, 2424, (2493), (2494), (2933), (2934), (2943), (2944), (2953), (2954)	V. Non-current investments			
2405, 2415, 2425, 250, 251, 252, 253, 254, 2550, 258, (259), 26 (2495), (2935), (2945), (2955), (296), (297), (298), 474	VI. Deferred tax assets	7.a	26.915,06	12.971,64
	B. CURRENT ASSETS		1.357.318,35	1.447.230,95
30, 31, 32, 33, 34, 35, 36, (39), 407	I. Inventories	8		5.398,34
440, 441, 442, (447)	II. Users, sponsors and trade and other receivables	7.b	320.276,00	869.494,30
443, (4933), (4934), (4935)	1. Products or services receivables			
444	2. Associated groups and entities receivables			
445, 446, 449, (490)	3. Sponsors			
460, 464,544	4. Other receivables		320.276,00	867.907,80
4700, 4707, 4708, 4709, 471, 472, 473	5. Personnel			
558	6. Current tax assets and public entities, other	12		
5303, 5304, 5313, 5314, 5323, 5324, 5333, 5334, 5343, 5344, 5353, 5354, (5393), (5394), 5523, 5524, (5933), (5934), (5943), (5944), (5953), (5954)	7. Receivable on called-up capital			
5305, 5315, 5325, 5335, 5345, 5355, 540, 541, 542, 543, 544, 545, 546, 547, 548, (549) (5395), (5935), 551, 5525, 554, 5590, 565, 566, (5945), (5955), (596), (597), (598)	III. Current investments in group companies and associates			
480, 567	IV. Current investments			
570, 572, 574, 576	V. Prepayments for current assets			1.586,50
	VI. Cash and cash equivalents		1.037.042,35	572.338,31
	TOTAL ASSETS (A+B)		1.389.968,30	1.461.888,89

Handwritten signatures and initials in the right margin of the table, including a signature above the 'I. Inventories' row and initials below the 'II. Users, sponsors and trade and other receivables' section.

CODING ACCOUNT NUMBER	EQUITY AND LIABILITIES	REPORT NOTES	31.12.2020	31.12.2019
	A) EQUITY		107.284,34	187.095,02
	A-1) Capital and reserves without valuation adjustments	10	107.284,34	90.983,90
	I. Capital from endowments or social funds			
100, 101	1. Registered capital from endowments or social funds			
(103), (104)	2. (Uncalled capital from endowments or social funds)			
102				
	II. Special funds			
120, 121			95.924,81	190.095,10
124	III. Prior periods' profit and loss			
129	IV. Profit/(loss) pending application to statutory activities			
118	V. Profit/(loss) for the period		11.359,53	99.111,20
	VI. Other equity holder contributions			
	A-2) Grants, donations and bequests received	11		96.111,12
130	1. Official capital grants			
131	2. Capital donations and bequests			
132	3. Other kind of grants, donations and bequests			96.111,12
137	4. Tax revenues to distribute			
	B) NON-CURRENT LIABILITIES		0,00	33.089,72
14	I. Non-current provisions			
	II. Non-current payables			
1605, 170	1. Debt with financial institutions			
1615, 1625, 1635, 171, 172, 173, 174, 175, 176, 180, 185, 189	2. Other financial liabilities			33.089,72
1603, 1604, 1613, 1614, 1623, 1624, 1633, 1634	III. Group companies and associates, non-current			
479	IV. Deferred tax liabilities			
181	V. Non-current accruals			
	C) CURRENT LIABILITIES		1.282.683,96	1.241.704,15
499, 529	I. Current provisions			
	II. Current payables	9	1.154.830,96	1.117.086,43
5105, 520, 527	1. Debt with financial institutions		2.810,94	13.675,19
5115, 5135, 5145, 521, 522, 523, 525, 528, 551, 554, 5525, 555, 5565, 5566, 560, 561, 569	2. Other financial liabilities		1.152.020,02	1.103.411,24
5103, 5104, 5113, 5114, 5123, 5124, 5125, 5133, 5134, 5143, 5144, 524, 5523, 5524, 5563, 5564	III. Group companies and associates, current			
	IV. Trade and other payables		127.853,00	124.617,72
400, 401, 403, 404, 405, (406)	1. Suppliers			
41	2. Other payables	9	77.823,58	83.671,59
465, 466	3. Personnel (salaries payable)	9	96,95	78,72
475, 476, 477	4. Public entities, other	12	49.932,47	40.867,41
448	5. Advance payments			
485, 568	V. Current accruals			
	TOTAL EQUITY AND LIABILITIES (A+B+C)		1.389.968,30	1.461.888,89




Statement of Changes in Net Equity

A) Statement of recognised income and expenses Tax Year 2020

ACCOUNTS	REPORT NOTES	31.12.2020	31.12.2019
A) Profit/(loss) for the period	3	11.359,53	-99.111,20
Income and expense recognised directly in equity			
I. Measurement of financial instruments			
(800) (89), 900, 991, 992		0,00	0,00
1. Available-for-sale financial assets			
2. Other income / expenses			
(810), 910			
II. Cash flow hedges			
94			
(85), 95			
III. Grants, donations and bequests received			
(8300)*, 8301*, (833), 834,		1.804.657,00	2.042.008,67
835, 838			
IV. Actuarial gains and losses and other adjustments			
V. Tax effect			
(860), 960			
VI. Non-current assets and related liabilities held for sale			
B) Total income and expense recognised directly in equity (I + II + III + IV + V + VI)			
		1.804.657,00	2.042.008,67
Amounts transferred to the income statement			
VII. Measurement of financial instruments			
(802), 902, 993, 994		0,00	0,00
1. Available-for-sale financial assets			
2. Other income / expenses			
(812), 912			
(84)			
VIII. Cash flow hedges			
8301*, (836), (837)		-1.804.657,00	-1.945.897,55
(862), 962			
IX. Grants, donations and bequests received			
X. Tax effect			
XI. Non-current assets and related liabilities held for sale			
C) Total amounts transferred to the income statement (VII + VIII + IX + X + XI)			
		-1.804.657,00	-1.945.897,55
TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)			
		11.359,53	-3.000,08

* May be a positive or negative figure

Complete Statement of Changes in Net Equity

Tax Year 2020

	Capital		Reserves	Prior periods' profit and loss	Other equity holder contributions	Profit/(loss) for the period	Other equity instruments	Valuation adjustments	Grants, donations and bequests received	TOTAL
	Registered	Uncalled								
B. ADJUSTED BALANCE AT START OF 2016	0.00	0.00	0.00	38,616.70	0.00	2,008.59	0.00	0.00	131,460.66	172,085.95
I. Total recognised income and expenses				7,319.94					589,895.97	587,225.81
II. Equity transactions	0.00	0.00	0.00	-1.13	0.00	0.00	0.00	0.00	0.00	-1.13
1. Increases of allocation funds/ social funds/ special funds										0.00
2. (-) Reductions of allocation funds/ social funds/ special funds				-1.13						-1.13
3. Conversion of financial liabilities into equity (pardonning of debts)										0.00
4. Other contributions										0.00
III. Other changes in equity				2,008.59						2,008.59
C. CLOSING BALANCE OF 2016	0.00	0.00	0.00	40,627.16	0.00	7,319.94	0.00	0.00	691,366.63	739,315.63
I. Adjustments for changes in N-1 criteria										0.00
II. Adjustments for N-1 errors										0.00
D. ADJUSTED BALANCE AT START OF 2017	0.00	0.00	0.00	40,627.16	0.00	7,319.94	0.00	0.00	691,366.63	739,315.63
I. Total recognised income and expenses				106,791.54					-365,614.05	-258,822.51
II. Equity transactions	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 (pardonning of debts)										0.00
4. Other contributions										0.00
III. Other changes in equity				7,319.94						7,319.94
E. CLOSING BALANCE OF 2017	0.00	0.00	0.00	47,947.00	0.00	106,791.54	0.00	0.00	0.00	154,738.54
I. Adjustments for changes in N-1 criteria										0.00
II. Adjustments for N-1 errors										0.00
D. ADJUSTED BALANCE AT START OF 2018	0.00	0.00	0.00	47,947.00	0.00	106,791.54	0.00	0.00	0.00	154,738.54
I. Total recognised income and expenses				35,356.56						35,356.56
II. Equity transactions	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 (pardonning of debts)										0.00
4. Other contributions										0.00
III. Other changes in equity				7,319.94						7,319.94
E. CLOSING BALANCE OF 2018	0.00	0.00	0.00	83,303.56	0.00	106,791.54	0.00	0.00	0.00	184,095.10
I. Adjustments for changes in N-1 criteria										0.00
II. Adjustments for N-1 errors										0.00
E. CLOSING BALANCE OF 2019	0.00	0.00	0.00	154,738.54	0.00	35,356.56	0.00	0.00	0.00	190,095.10
I. Adjustments for changes in N-1 criteria										0.00
II. Adjustments for N-1 errors										0.00
D. ADJUSTED BALANCE AT START OF 2019	0.00	0.00	0.00	154,738.54	0.00	35,356.56	0.00	0.00	0.00	190,095.10
I. Total recognised income and expenses				99,111.20					96,111.12	-3,000.08
II. Equity transactions	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 (pardonning of debts)										0.00
4. Other contributions										0.00
III. Other changes in equity				35,356.56						35,356.56
E. CLOSING BALANCE OF 2019	0.00	0.00	0.00	190,095.10	0.00	99,111.20	0.00	0.00	96,111.12	187,095.02
I. Adjustments for changes in N-1 criteria										0.00
II. Adjustments for N-1 errors										0.00
D. ADJUSTED BALANCE AT START OF 2020	0.00	0.00	0.00	195,035.01	0.00	99,111.20	0.00	0.00	96,111.12	192,035.33
I. Total recognised income and expenses				11,389.53					-96,111.12	-84,751.59
II. Equity transactions	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 (pardonning of debts)										0.00
4. Other contributions										0.00
III. Other changes in equity				11,389.53						11,389.53
E. CLOSING BALANCE OF 2020	0.00	0.00	0.00	95,924.81	0.00	11,389.53	0.00	0.00	0.00	107,284.34

Simplified Annual Report



INSTITUTE FOR INTEGRATED TRANSITIONS

01 INSTITUTIONAL ACTIVITY

The INSTITUTE FOR INTEGRATED TRANSITIONS (hereinafter, IFIT or the Association) was established on June 14, 2012 as a non-profit organisation dedicated to the integration of policymaking in the areas of democracy, development, rule of law, and human security in contexts of national dialogue and/or transition in fragile and conflict-affected states. To achieve this goal, IFIT carries out activities including: technical advice, research and publications, and strategic workshops. All the work undertaken by IFIT is strictly non-profit and without any religious or party affiliation. 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 Central Pavilion of the Recinte Modernista de Sant Pau in Calle Sant Antoni Maria Claret 167, 08025, Barcelona, Spain. IFIT also has a workplace in Bogotá, Colombia, and is assisted by staff and local coordinators in several other countries. The organisation benefits from the strategic support of its Board of Directors, its International Advisory Council, and a large global team of experts. At the end of 2020, the Institute included 28 full-time and part-time staff members, 24 Board and International Advisory Council members, and an additional 156 expert-practitioners belonging to its purpose-built thematic “practice groups” and in-country “brain trusts.”

During 2020, IFIT received core funding from Ireland (Department of Foreign Affairs and Trade), Norway (Ministry of Foreign Affairs), Compton Foundation, Humanity United, Jubitz Family Foundation, the Karl Popper Foundation and Mr. Jon Greenwald. IFIT received project support from Sweden (SIDA and the Ministry of Foreign Affairs), Switzerland (Federal Department of Foreign Affairs), Netherlands (Ministry of Foreign Affairs), Canada (Global Affairs), the European Union (European Commission, Service for Foreign Policy Instruments - FPI), Ford Foundation, Robert Bosch Foundation, Mott Foundation, and the New Venture Fund.

COVID-19: For the majority of 2020, the COVID-19 pandemic was an overriding factor that affected IFIT's global work. Overall, our business model proved resilient, as we adapted to the pandemic by becoming “even more local” and “even more collaborative”. This involved 1) shifting some resources towards local analysis products, local avenues of influence, and peer-to-peer learning with local partners; 2) ramping up the collaboration between our thematic practice groups and country brain trusts, by leveraging the increased acceptance of virtual meetings; and 3) connecting parts of IFIT's policy research agenda with the realities of the COVID-19 crisis.

In making these adjustments, we witnessed 1) an increase in the autonomy, capacity, and visibility of our country brain trusts, plus more proactive outreach and partnership with our thematic practice groups; 2) a boost in the production and dissemination of local and comparative research for both local audiences and international partners; and 3) an overall ability to maintain the same pace of activity and depth of analysis.



INSTITUTE FOR INTEGRATED TRANSITIONS

2020 activities overview: Over the year, IFIT continued to consolidate its brain trust model - a unique methodology that puts local leaders at the forefront of any peacebuilding and transition support initiative in their country. In 2020, IFIT launched a new brain trust in Uzbekistan; created a second, more bottom-up brain trust in Colombia; and took preliminary steps toward creating a transition-focused brain trust in Sudan. Beyond its country work, IFIT also intensified its thematic research and published a number of original policy papers, as well as a book about transition in Venezuela. In addition, IFIT created a new thematic practice group on 'inclusive narratives' and launched the **Peace Treaty Initiative**, which seeks to build an international law of peace negotiations.

The expansion of IFIT's activities was sustained by an increased level of available funding, comprised of private and public donations amounting to over 2 million euros. This was possible thanks to the scaling up of current donor partnerships and the addition of new funders. The growth was also accompanied by further consolidation of IFIT's internal processes and financial management, even as IFIT's overhead costs remained comparatively low, in part due to COVID-19 adjustments.

Creation of high-level networks: Since 2016, IFIT has operated according to a unique business model based on the establishment and interaction of specialised expert networks. The first part of the model involves thematic "**practice groups**" on cross-cutting issues that are at the heart of IFIT's mission and for which the institute has become internationally recognised: identifying creative solutions for negotiating peace and justice, improving the effectiveness of transition assistance, and advancing inclusive narratives in fragile and conflict-affected societies.

The second part of IFIT's operational model involves the creation of purpose-built in-country "**brain trusts**". Composed of 15-18 social, business and political leaders from the particular country chosen for their recognised policy expertise, personal integrity and influential local networks, IFIT brain trusts are dedicated to analysing and proposing innovative ideas to support the particular country's negotiation and transition efforts. Currently, IFIT operates such brain trusts in 9 countries.

Colombia: IFIT advised the Colombian government delegation in the peace process with the FARC-EP (2014-2015) in Havana and has continued working at the highest level in the implementation of the peace agreement, mainly through its **Brain Trust for the Colombian Transition (FCH)**, founded in 2016. During 2020, IFIT and the FCH continued to advise key actors in critical aspects of the ongoing process through: 1) the search for common ground between supporters and opponents of the peace deal in order to propose creative and realistic ways to achieve effective implementation, among others, through the "Foro de Irlanda" group (which includes Colombian leaders who had opposed the peace agreement); 2) advising different post-conflict transitional justice bodies on the interpretation and fulfilment of their mandates; and 3) the publication of articles and technical documents addressed to actors involved in the implementation of the final agreement. As the slow pace of the implementation of the peace agreement threatened the potential for peace in Colombia's territories (i.e. its conflict-affected rural regions), a 12-member territorial brain trust was launched as a complement to the work of the FCH.



INSTITUTE FOR INTEGRATED TRANSITIONS

Venezuela: In 2020, the **Venezuela Expert Group (GEV)** continued advancing its objective to identify and promote possibilities for a negotiated solution to the multidimensional crisis in Venezuela. During the year, as the political crisis escalated, the group's work intensified and its members were actively involved in creating the conditions for dialogue between the government and the opposition on many different levels. IFIT and the GEV worked alongside international actors to support the efforts to promote dialogue. Countless meetings, consultations and events were organised by the GEV inside and outside the country to create space and conditions for constructive dialogue. In addition, the GEV published a full-length book on priority elements of future transition in the country.

Mexico: After nearly one year of planning and in-country consultations, in September 2019 IFIT launched the **Mexico Peacebuilding Support Group (MPSG)**, an interdisciplinary brain trust comprised of 15 influential civil society, academic and public policy leaders. The aim of the group is to strengthen the capacity of government and civil society to apply integrated conflict resolution methods to prevent and reduce violence in the country, while addressing the consequences of past violence.

Nigeria: In the fall of 2018, IFIT launched the **Middle Belt Brain Trust (MBBT)** comprised of 14 leading local experts specialised in the areas of inter-religious dialogue, mediation, community development, justice and security. The group focuses on conflict prevention in Nigeria's Middle Belt, and in particular on the main structural and institutional challenges that can substantially contribute to violence reduction and inclusive policies in the medium to long term. During 2020, the group focused its work on mapping the root causes and drivers of the conflict in the Middle Belt, developing specific recommendations for reducing violence, promoting positive development outcomes in the region, and advancing consultations in the "demonstration state" of Nasarawa.

Zimbabwe: The **Zimbabwe Resource Group (ZRG)** was created in November 2017 and represents a unique national space for brainstorming and the generation of creative and realistic ideas for overcoming the structural crisis afflicting the country's society, politics and economy. Operating within the institutional framework of IFIT and supported by its global network of international experts, the ZRG is an interdisciplinary brain trust of 16 Zimbabwean thought leaders committed to promoting dialogue and helping advance the conditions for peace, inclusive democracy and rule of law in the country.

Syria: In the absence of sufficient Syrian voices on the discussion on the country's future and specifically its reconstruction, in the fall of 2019, IFIT created the **Syria Resource Group (SRG)**. The group operates as a local leadership platform, providing local-level assessment, generating locally-conceived ideas and proposals, and shaping international policies on any reconstruction aid. During 2020, the group produced and disseminated a unique framework for reconstruction in Syria, which it used as the basis for wide-ranging local and international consultations.

Libya: Due to shortcomings of the international community's efforts to establish a national unity government in Libya, and bearing in mind the comparative level of success of local tribes and



INSTITUTE FOR INTEGRATED TRANSITIONS

municipalities to reach agreements and contribute to stronger national governance, IFIT established the **Libya Resource Group (LRG)**. Launched in the fall of 2019, the group brings together a diverse group of Libyan leaders to strategise on how best to help the country restore stability. During the past year, the group developed and held high-level consultations on a bottom-up governance framework based on the country's unique socio-political composition.

The Law and Peace Practice Group: In 2020, this 16-member global group continued to provide high-level analysis and advice on the challenges of balancing justice and peace in contexts of negotiated transition. It was engaged in three main lines of thematic work: 1) under what circumstances it might be possible to engage in negotiations with organised crime groups, 2) how to structure transitional justice interventions with violent extremist groups, and 3) how to structure an international legal framework that commits actors to the peaceful resolution of internal armed conflicts. The group also advised on law and peace issues in relation to the conflict with Boko Haram in northeast Nigeria and the Taliban in Afghanistan.

The Inclusive Narratives Practice Group: In 2020, this new 15-member practice group was launched with a focus on the construction of inclusive national narratives in times of transition. It worked on narrative issues with the brain trusts in Colombia and Mexico, and developed a separate framework document on tackling narrative challenges at a macro scale.

The Transition Assistance Practice Group: This 14-member practice group operates with the aim of offering creative and practical ideas to improve the way local beneficiaries in transition countries can shape the environment and rules for the delivery of aid. In 2020, the group helped advance IFIT's engagement in Syria and conducted high-level work in Venezuela.

Strategic Research: Beyond its in-country work, the institute regularly publishes original research on negotiation and transition topics in areas where knowledge gaps exist and more integrated policy approaches are needed. In the last year, IFIT issued several major thematic publications, among others: 1) building an inclusive transition in Venezuela, 2) transitional justice and the prevention of violent extremism, 3) the negotiation of interim governments, 4) tax amnesties as an aid to peace deals and political settlements, 5) the DDR process in Colombia's peace process with the FARC-EP, 6) negotiations with violent crime groups in Latin America and the Caribbean, 7) the role of 'go-between leaders' in national peacebuilding efforts, and 8) civil service reform in times of transition.

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



INSTITUTE FOR INTEGRATED TRANSITIONS

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 2020, the financial reporting regulatory framework applicable to the Association comprises:

- The Catalanian 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 nothing impeding a comparison between the annual accounts for the current year with those of the preceding year.

D. CHANGES IN ACCOUNTING POLICIES

During the financial year 2020, there have been no relevant changes in the accounting criteria with respect to the criteria applied in the financial year 2019.

E. CORRECTION OF ERRORS

During financial year 2020, the Association has recorded against equity an amount of 4,940.91 euros corresponding to the cancellation of provisions made in fiscal year 2019.

03 FINANCIAL RESULTS

The distribution of the results for the tax years ending 31 December in 2020 and 2019 respectively, as prepared by the Board, is as follows:



INSTITUTE FOR INTEGRATED TRANSITIONS

BASIS OF DISTRIBUTION	TAX YEAR 2020	TAX YEAR 2019
Surplus for the year (positive)	11.359,53	(99.111,20)
TOTAL DISTRIBUTION	11.359,53	(99.111,20)
APPLICATION TO	TAX YEAR 2020	TAX YEAR 2019
Reserves	11.359,53	(99.111,20)
TOTAL APPLICATION	11.359,53	(99.111,20)

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

This concerns any 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.



INSTITUTE FOR INTEGRATED TRANSITIONS

E. INCOME TAXES

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

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

Non-refundable grants, donations and bequests shall initially be accounted for as income directly in equity and allocated/released to the income statement on a systematic and rational basis of their purpose. Grants, donations and bequests that are repayable are recognised as liabilities of the Association until they meet the criteria for classification as non-refundable. For these purposes, a grant, donation or bequest is considered non-refundable when there is an individual agreement for the award of the grant, donation or legacy in favour of the Association, the conditions established for its award have been met and there are no reasonable doubts about the receipt of the grant, donation or bequest.

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 recognised as income in the year in which they are recognised.

05 TANGIBLE FIXED ASSETS

ANALYSIS OF MOVEMENT OF TANGIBLE FIXED ASSETS

The composition and movement of tangible and intangible assets during 2020 and 2019 was:

STATE OF MOVEMENTS OF THE TANGIBLE FIXED ASSETS - TAX YEARS 2020 AND 2019	Ex 2020	Ex 2019
A) FIXED ASSETS AT COST - OPENING BALANCE	6.016,75	6.016,75
(+) Acquisitions/Disposals	5.604,90	
B) FIXED ASSETS AT COST – CLOSING BALANCE	11.621,65	6.016,75
C) ACCUMULATED DEPRECIATION - OPENING BALANCE	4.330,45	3.273,50
(+) Provision for depreciation during the tax year	1.556,31	1.056,95
D) ACCUMULATED DEPRECIATION - CLOSING BALANCE	5.886,76	4.330,45
E) CLOSING NET BOOK VALUE OF FIXED ASSETS	5.734,89	1.686,30



INSTITUTE FOR INTEGRATED TRANSITIONS

In the financial year 2020, the Association registered the purchase of laptops within the category of tangible fixed assets.

06 LEASE COMMITMENTS AND OTHER SIMILAR OPERATIONS

LEASE EXPENSES

The heading "leases and royalties" in the accompanying financial statements covers the Association's office rental expenses:

	Tax year 2020	Tax year 2019
Office rent Barcelona	38.677,57	44.597,61
Various	461,28	2.312,40
Office rent Gambia	-	531,80
Work space Bogotá	8.699,75	11.375,54
TOTAL	47.838,60	58.817,35

07 FINANCIAL ASSETS

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

Classes	LONG-TERM FINANCIAL ASSETS					
	Equity instruments		Debt securities		Debtors due after more than one year	
	Ex 2020	Ex 2019	Ex 2020	Ex 2019	Ex 2020	Ex 2019
Financial assets at amortised cost					2.800,00	2.800,00
TOTAL	-	-	-	-	2.800,00	2.800,00

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

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

Classes	SHORT-TERM FINANCIAL ASSETS					
	Equity instruments		Debt securities		Debts due in less than one year	
	Ex 2020	Ex 2019	Ex 2020	Ex 2019	Ex 2020	Ex 2019
Financial assets at amortised cost					320.276,00	867.907,80
TOTAL					320.276,00	867.907,80



INSTITUTE FOR INTEGRATED TRANSITIONS

Private donations pending to be collected are recorded within this category of financial assets.

The breakdown of the balance of the "Other Receivables" account in the accompanying balance sheet is as follows:

	Tax year 2020	Tax year 2019
Private donations to be collected	320.276,00	872.907,80
Impairment losses	-	(5.000,00)
TOTAL	320.276,00	867.907,80

During the financial year of 2020, there has been a resolution of the impairment losses recorded in 2019 in the amount of 5,000.00 euros, which was received in November 2020.

08 FINANCIAL LIABILITIES

A. ANALYSIS OF NON-CURRENT FINANCIAL LIABILITIES ON THE BALANCE SHEET

Classes	NON-CURRENT FINANCIAL LIABILITIES			
	Debt with financial institutions		Non-current payables for loans and other liabilities	
Categories	Ex 2020	Ex 2019	Ex 2020	Ex 2019
Financial liabilities at amortised cost (including deferred income)				33.089,72
TOTAL	-	-	-	33.089,72

The full amount of 33.089,72 euros (related to the tax year 2019) corresponds to the amount of grants, donations and bequests received but not yet recognised in the income statement, which corresponds to expected expenses from 2021 onwards (see note 2.c in these annual accounts).

B. ANALYSIS OF SHORT-TERM FINANCIAL LIABILITIES ON THE BALANCE SHEET

Classes	SHORT-TERM FINANCIAL LIABILITIES			
	Liabilities to credit institutions		Current payables for loans and other liabilities	
Categories	Ex 2020	Ex 2019	Ex 2020	Ex 2019
Financial liabilities at amortised cost (including deferred income)	2.810,94	13.675,19	1.229.940,55	1.187.161,55
TOTAL	2.810,94	13.675,19	1.229.940,55	1.187.161,55



INSTITUTE FOR INTEGRATED TRANSITIONS

At 31 December in each of 2020 and 2019, the breakdown of the amount reflected under "Other liabilities" is as follows:

	Tax year 2020	Tax year 2019
Current payables convertible into grants, donations and bequests (considered as deferred income)	1.154.697,11	1.104.209,36
Other payables	77.920,53	83.750,31
Others	(2.677,09)	(798,12)
TOTAL	1.229.940,55	1.187.161,55

At 31 December in each of 2020 and 2019, the breakdown of the "Other payables" account is as follows:

	Tax year 2020	Tax year 2019
Sundry creditors	35.499,29	6.513,87
Accruals	42.324,29	77.157,72
Salaries payable	96,95	78,72
TOTAL	77.920,53	83.750,31

During 2020, accruals of 42.324,29 euros were made for invoices which have already been received and paid in full in 2021. A breakdown by project of such invoices pending receipt is as follows:

Proyecto	Tax year 2020	Tax year 2019
MBBT Nigeria	-	224,34
LPPG Law and Peace	6.928,50	47.526,11
FCH Colombia	-	2.801,70
General expenses	35.297,09	-
Other countries	98,70	11.250,00
TAPG Transition Assistance	-	3.000,00
GEV Venezuela	-	12.355,57
TOTAL	42.324,29	77.157,72

For 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 2020 has been 25,53 days and in the year 2019 was 19,93 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.


INSTITUTE FOR INTEGRATED TRANSITIONS
10 GRANTS AND DONATIONS

Details of movements in grants and private donations received in 2020 and 2019 that are directly related to the Association's activities:

Project	TAX YEAR 2020					
	Grants and donations to be allocated at 31/12/2019	Debts convertible into grants and donations (considered as deferred income) at 31/12/2019	New Grants and Donations	Released from restrictions	Grants and donations to be allocated at 31/12/2020	Debts convertible into grants and donations (considered as deferred income) at 31/12/2020
Project 'FCH Colombia'		151.814,41	84.692,00	130.354,50		106.151,91
Project 'GEV Venezuela'		111.836,10	685.943,44	173.861,92		623.917,62
Project 'LPPG Law and Peace'	96.111,11	97.222,22	150.000,00	323.029,33		20.304,00
Project 'ZRG Zimbabwe'		74.713,51	84.150,00	81.301,01		77.562,50
Project 'LATAM Latin America'			284.435,68	284.435,68		
General use		701.712,82	436.722,82	811.674,46		326.761,08
TOTAL	96.111,11	1.137.299,06	1.725.943,94	1.804.657,00		1.154.697,11

During the financial year 2020, the Association accounted for an amount of 3,809.17 euros as refunds of various refundable donations.

The detail of the movements in 2019 is as follows:



INSTITUTE FOR INTEGRATED TRANSITIONS

Program	TAX YEAR 2019					
	Grants and donations to be allocated at 31/12/2018	Debts convertible into grants and donations (considered as deferred income) at 31/12/2018	New Grants and Donations	Released from restrictions	Grants and donations to be allocated at 31/12/2019	Debts convertible into grants and donations (considered as deferred income) at 31/12/2019
Proyecto 'FCH Colombia'		232.026,02	150.000,00	230.211,57		151.814,41
Proyecto 'GEV Venezuela'		488.030,49		376.194,39		111.836,10
Proyecto 'LPPG Law and Peace'		405.555,56	143.925,00	356.147,22	96.111,11	97.222,22
Proyecto 'ZRG Zimbabwe'			81.648,00	6.934,49		74.713,51
Proyecto 'TAPG Transition Assistance'		17.692,00		17.692,00		-
Proyecto 'LATAM Latin America'			281.973,44	281.973,44		-
General use		405.056,98	973.400,26	676.744,43		701.712,82
TOTAL	0,00	1.548.361,05	1.630.946,70	1.945.897,55	96.111,11	1.137.299,06

IFIT classifies grants, donations and bequests into two categories: 1) those that are related to specific projects, and 2) those available for general use by the Association.

Non-refundable grants, donations and bequests are initially accounted for, in general, as income directly attributed to equity and are recognised in the income statement according to their purpose.

Grants, donations and legacies that are refundable are recorded as liabilities of the Association until they acquire the status of non-refundable. For these purposes, IFIT considers non-refundable grants, donations and bequests as those that are the subject of an individualised agreement in



INSTITUTE FOR INTEGRATED TRANSITIONS

favour of the Association, and whose conditions have been met and about which there are no reasonable doubts about the receipt of the grant, donation or legacy.

11 FISCAL SITUATION

Liabilities to public authorities for taxes and social security as of 31 December for the years 2020 and 2019 are as follows:

Account	TAX YEAR 2020		TAX YEAR 2019	
	Debit balance	Credit balance	Debit balance	Credit balance
Personal income tax		37.997,73		32.018,05
Social security		11.934,74		8.849,36
TOTAL		49.932,47		40.867,41

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

Tax Year 2020			
<u>Profit and Loss Account</u>			
	<u>Increases</u>	<u>Decreases</u>	<u>Net effect</u>
Balance of income and expenses		-	11.359,53
Permanent differences	1.756.467,20	-1.809.657,00	-53.189,80
Temporary differences			-13.943,42
Taxable base (tax result)			-55.773,69
Compensation of negative tax base			-
Deductions pending to apply			42,00
Withholdings and prepayments			-
Tax return to companies			-
Tax Year 2019			
<u>Profit and Loss Account</u>			
	<u>Increases</u>	<u>Decreases</u>	<u>Net effect</u>
Balance of income and expenses		-	-99.111,20
Permanent differences	2.042.386,39	-1.945.897,55	96.488,84
Temporary differences			-874,12
Taxable base (tax result)			-3.496,48
Compensation of negative tax base			-
Deductions pending to apply			42,00
Withholdings and prepayments			-
Tax return to companies			-

According to current legislation, negative tax bases can be offset with the tax benefits of the following years. IFIT expects to be in a position to make such offsets. Consequently, the balance of the tax credit account for loss compensation is as follows:



INSTITUTE FOR INTEGRATED TRANSITIONS

	Loss compensation tax credit
Opening balance for the year 2019	9.255,52
Final balance of fiscal year 2019 / beginning of fiscal year 2020	10.129,64
Final balance for fiscal year 2020	13.943,42

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 2020, 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 the relevant section from the accompanying financial statements:

	Tax year 2020	Tax year 2019
a) Wages and salaries	524.124,34	419.101,41
b) Social security charges	114.273,04	84.677,23
TOTAL	638.397,38	503.778,64

13 RELATED PARTY TRANSACTIONS

During 2020, the members of the Board of Directors of the Association did not require or receive any compensation for the exercise of their office; did not receive loans or advances; and are owed no obligations for pensions or life insurance.

14 OTHER INFORMATION

The average number of people employed in 2020 by the Association in Spain amounts to ten, with the following breakdown by category and sex:

1. Management, a man and a woman
2. Project leaders, two men and two women
3. Administration, four women

The unexpected global health and economic crisis created by the spread of the COVID-19 virus in Asia, Europe and globally, affected IFIT's operations and financial situation in 2020. Nonetheless, IFIT was able to adjust its activities and reach its objectives in 2020. While it is too early to predict the long-term scope of the impact, IFIT expects temporary adjustments to its operations in 2021. In



INSTITUTE FOR INTEGRATED TRANSITIONS

particular, it anticipates 1) to keep replacing international travel and in-person meetings by virtual events, and 2) extending its communications and research agenda. IFIT is continuing to liaise with its donors to agree any corresponding adjustments to its grant agreements. In terms of financial impact, IFIT does not expect a significant reduction of income from donations in 2021. The risk of reduced income may occur in 2022 due to the expected decrease in public budgets and private grant-making globally. To mitigate this risk, IFIT will significantly intensify its fundraising and profile-building activities in 2021.

The Board of Directors, on 26 May 2021, and in compliance with current legislation, approved these simplified annual accounts for the financial year from 1 January 2020 to 31 December 2020, which consist of:

- Simplified Balance Sheet at 31 December 2020.
- Simplified Statement of Results for the year ending 31 December 2020.
- Statement of Changes in Net Equity for the year ending 31 December 2020.
- This Simplified Annual Report for the 2020 tax year.

David Gardner

A handwritten signature in black ink, appearing to read 'David Gardner'.

President

Jon Greenwald

A handwritten signature in black ink, appearing to read 'Jon Greenwald'.

Secretary