

**REPORT BY AN INDEPENDENT AUDIT FIRM UNDER ART. 14 OF LEGISLATIVE DECREE
JANUARY 27, 2010, N. 39**

To the Members of the

Community of St. Egidio Association ACAP APS

Opinion

We audited the financial statements of the Community of St. Egidio ACAP APS Association (hereafter also referred to as the "Organisation"), which consist of the balance sheet as of 31.12.2022 and the management report for the financial year ending on that date, and the sections "Generating Part" and "Explanation of Financial Statement Items" included in the mission statement. The above mentioned financial statements were prepared in accordance with Italian regulations governing their preparation.

In our opinion, the financial statements give a truthful and correct view of the financial position of the Community of St. Egidio ACAP APS Association as of 31.12.2022 and of the results of its operations for the year ending on that date in accordance with Italian regulations governing their preparation.

Elements of the opinion

We carried out our audit in accordance with the International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the section "Audit Firm's Responsibilities for the Audit of the Financial Statements" of this report. We are independent with respect to the Community of St. Egidio ACAP APS Association in accordance with the regulations and principles regarding ethics and independence applicable in the Italian legislation on auditing financial statements. We consider that we obtained sufficient and appropriate evidence on which to base our opinion.

Other aspects

For comparative purposes, the financial statements present the corresponding figures from the previous year. These figures were taken from the financial statements as of 31.12.2021 prepared in accordance with the criteria described in the corresponding notes, audited by E.Y. S.p.A., which on 02.08.2022 issued an unmodified opinion of conformity.

Responsibilities of the Board of Directors and the Supervisory Board of the Community of St. Egidio ACAP APS Association for the financial statements

The Board of Directors is responsible for drawing up financial statements that give a truthful and correct view in accordance with the Italian regulations that govern their preparation and, within the terms of the law, for the part of the internal control considered necessary to allow for the preparation of financial statements that are free from material misstatements due to fraud or to unintentional conduct or events.

The Board of Directors is responsible for assessing the Organisation's ability to continue operating as a going concern and, in drawing up the financial statements, for the appropriateness of using the assumption that it is a going concern, as well as for adequate reporting on it. The Board of Directors shall use the assumption that it is a going concern in the drawing up the annual financial statements unless it has identified the existence of causes for the termination or dissolution and consequent closure of the Organisation or conditions for discontinuing operations or has no realistic alternatives for such choices.

The Supervisory Board is responsible for supervising the process of preparing the Organisation's financial report, within the terms prescribed by law.

Responsibilities of the audit firm for auditing the financial statements

We aim to acquire reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is to be understood as a high level of assurance which, however, does not guarantee that an audit performed in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement, if there are any. Errors may arise from fraud or unintentional conduct or events and are considered significant if they could reasonably be expected, individually or in the aggregate, to influence the economic decisions of users made on the basis of the financial statements.

Throughout the whole audit, performed in accordance with International Standards on Auditing (ISA Italy), we expressed our professional opinion and maintained professional scepticism.

In addition:

- we identified and assessed the risks of material misstatements in the financial statements due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to those risks; we acquired sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from unintentional conduct or events, since fraud may involve collusion, falsifications, intentional omissions, misleading representations, or forcing of internal control;
- we gained an understanding of the internal controls relevant for the audit in order to design audit procedures that were appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal controls;
- we assessed the appropriateness of the accounting principles used as well as the reasonableness of the accounting estimates made by the Board of Directors, including the relative report;
- we reached a conclusion on the appropriateness of the Board of Directors' use of the assumption of going concern and, based on the evidence obtained, on whether a significant uncertainty existed with respect to events or circumstances that may have created a significant doubt regarding the Organisation's ability to continue as a going concern. If there is a significant uncertainty, we are required to mention it in the audit report on the relevant report on the financial statement or, if this report is inadequate, to reflect that when giving our opinion. Our conclusions are based on the evidence acquired up to the date of this report. However, exceptional events or circumstances may result in the Organisation ceasing to operate as a going concern;
- we assessed the presentation, the structure, and the content of the financial statements as a whole, including the report, and whether the financial statements present the underlying transactions and events in such a way that provides a correct representation.

We informed those responsible for governance activities, identified at an appropriate level as required by ISA Italy, among other issues, of the planned scope and timing of the audit and the significant findings that emerged, including any significant shortcomings in internal control identified during the audit.

Report on other legal and regulatory provisions

Opinion under Article. 14, paragraph 2, letter e) of Legislative Decree 39/10

The Board of Directors of the Community of St. Egidio ACAP APS Association is responsible for drawing up the section "Explanation of the Organisation's economic and financial performance and the manner in which it pursues its statutory purposes" included in the mission report of the Community of St. Egidio ACAP APS Association as of 31.12.2022, including its consistency with the relevant financial statements and its compliance with the legal regulations.

We carried out the procedures specified in Auditing Standard (SA Italy) 720B in order to express an opinion on the consistency of the section "Explanation of the Organisation's economic and financial performance and the manner in which it pursues its statutory purposes" included in the mission report with the financial statements of the Community of St. Egidio ACAP APS Association as of 31.12.2022

and on its compliance with the legal regulations, as well as to issue a statement regarding any significant errors.

In our opinion, the section "Explanation of the Organisation's economic and financial performance and the manner in which it pursues its statutory purposes" included in the mission report is consistent with the financial statements of the Community of St. Egidio ACAP APS Association as of 31.12.2022 and was prepared in keeping with the legal regulations.

With reference to the statement referred to in Article 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of the knowledge and understanding of the Organisation and its context, acquired in the course of the audit, we have nothing to report.

Rome, 26 June 2023

Dr. Giampaolo De Simone

Community of St. Egidio - ACAP - APS

Registered office: Piazza di S. Egidio, 3/A

Tax Code 80191770587 – VAT n. 02132561008

Financial statements as of 31 December, 2022

BALANCE SHEET

ASSETS

	2022	2021
A) MEMBERSHIP FEES OR CONTRIBUTIONS STILL DUE	0	0
B) FIXED ASSETS		
I) Intangible fixed assets		
1) Start-up and expansion costs	0	0
2) Development costs	0	0
3) Industrial patent rights and rights to use intellectual property	140,618	125,027
4) Concessions, licenses, trademarks and similar rights	810	945
5) Start up	0	0
6) Fixed assets underway and advance payments	0	0
7) Other	1,699,369	1.694,201
Total I	1,840,797	1.820,73
II) Tangible fixed assets		
1) Land and buildings	4,780,048	4,557,388
2) Plants and machinery	498,515	425,920
3) Equipment	103,859	43,330
4) Other assets	433,260	404,368
5) Fixed assets underway and advance payments	26,736	0
Total II	5,842,418	5,431,006

III) Financial fixed assets, with separate additional indication, for each item of receivables, of the amounts due within the following year

1) Investments in:	0	0
a) subsidiaries	0	0
b) associated companies	0	0
c) other companies	5,528	5,528
2) Receivables:	0	0
a) from subsidiaries	0	0
b) from associated companies	0	0
c) from other third sector organisations	0	0
d) from others	0	0
3) Other securities	1,889,177	2,538,141
Total III	1,894,705	2,543,669
TOTAL FIXED ASSETS	9,577,920	9,794,848

C) CURRENT ASSETS

I) Inventories

1) Raw, ancillary and consumable materials	0	0
2) Work in progress and semi-finished goods	0	0
3) Contract work in progress	0	0
4) Finished goods and merchandise	0	0
5) Advances	0	0
Total I	0	0

II) receivables with a separate additional indication, for each item, of the amounts due within the next fiscal year

1) From users and customers	620,307	570,215
2) Due from associates and founders	0	0
3) From Public Bodies	1,166,217	736,486
4) From private entities for contributions	1,619,897	3,142,216
5) From organisations in the same network of associations	0	0
6) From other third sector organisations	0	0
7) From subsidiaries	0	0
8) from associated companies	397,205	364,305
9) tax credits	27,491	15,863
10) from 5 per thousand	0	0
11) prepaid taxes	0	0
12) from others	70,117	96,251

Total II	3,901,234	4,925,336
III) Financial assets not constituting fixed assets		
1) Investments in subsidiaries	0	0
2) Investments in associated companies	0	0
3) Other securities	0	0
Total III	0	0
IV) Liquid assets		
1) Bank and postal deposits	8,846,400	8,689,058
2) Cheques	0	0
3) Cash and cash equivalents on hand	74,896	42,212
Total IV	8,921,296	8,731,270
TOTAL CURRENT ASSETS	<u>12.822.530</u>	<u>13.656.606</u>
D) ACCRUED INCOME AND PREPAID EXPENSES	114.236	111.219
TOTAL ASSETS	<u>12.2514.686</u>	<u>23.562.673</u>

LIABILITIES

A) NET ASSETS

I) The Organisation's endowment fund	347,328	347,328
II) Restricted assets		
1) Statutory reserves	0	0
2) Restricted reserves as decided by the institutional bodies	0	0
3) Restricted reserves allocated by third parties	7,114,297	15,405,953
III) Unrestricted assets	0	0
1) Profit or surplus reserves	278,547	250,233
2) Other reserves	4,454,696	4,546,116
IV) Surplus/deficit for the year	25,933	28,314
TOTAL NET EQUITY	<u>12.220.801</u>	<u>20.577.944</u>

B) PROVISIONS FOR RISKS AND CHARGES

1) For pensions and similar obligations	0	0
2) For taxes, including deferred taxes	0	0

3) Other			0	
		0		0
TOTAL PROVISIONS FOR RISKS AND CHARGES		0		0
C) SUM PAYABLE ON RETIREMENT FROM EMPLOYMENT		871.634		616.295
D) PAYABLES, WITH SEPARATE ADDITIONAL INDICATION, FOR EACH ITEM, OF THE AMOUNTS DUE AFTER THE NEXT FINANCIAL YEAR				
1) Due to banks				
- of which payable after the next fiscal year				
2) Payables to other lenders				
- of which payable after the next fiscal year				
3) Payables to members and founders for loans				
- of which payable after the next fiscal year				
4) Payables to organisations in the same network of associations				
- of which payable after the next fiscal year				
5) Payables for conditional donations				
-of which payable after the next fiscal year				
		31.100		14.878
		0		0
		44.215		36.297
		0		0
0		0		0
	0			
0	0			
0	a			
		6.239.244		14.783
		0		0
6) Advances		0		0
- of which payable after the next fiscal year				0
7) Payables to suppliers				
- of which payable after the next fiscal year				
8) Payables to subsidiaries and associated companies				
- of which payable after the next fiscal year				
9) Taxes payable				
- Of which payable after the next fiscal year				
10) Payables to social security and welfare institutions				
- of which payable after the next fiscal year				
11) Payables to social security and welfare institutions				
- of which payable after the next fiscal year				
12) Other payables				
- of which payable after the next fiscal year				

TOTAL PAYABLES

E) ACCRUED EXPENSES AND DEFERRED INCOME

TOTAL LIABILITIES

			1.897.955	1.365.476
			0	0
			317.516	262.134
			0	0
			114.418	109.034
			0	0
			132.268	87.048
			0	0
322.133	0	0	191.762	368.483
			0	0
			<u>9.290.611</u>	<u>2.258.133</u>
			131.640	110.301
			<u>22.514.686</u>	<u>23.562.673</u>

Income

	2022	2021		2022	2021
CHARGES AND EXPENSES			INCOME AND REVENUE		
A) Expenses and charges from activities of general interest			A) Income, proceeds and revenue from activities of general interest		
1) Raw materials, ancillary consumables and goods	7.244.750	3.474.468	1) Income from membership dues and founder's contributions	0	0
2) Services	15.181.108	11.472.765	2) Income from members for mutual activities	0	0
3) Use of third party assets	940.780	607.774	3) Income from services and transfers to members and founders	0	0
4) Personnel	4.795.798	3.672.555	4) Donations	12.847.623	6.214.505
5) Amortisation	1.423.366	1.377.077	5) Income from 5 per thousand	17.445	394.511
6) Provisions for risks and charges	0	0	6) Contributions from private entities	11.799.16	6.815.692
7) Miscellaneous operating expenses	125.406	52.336	7) Revenue from services and transfers to third parties	334.503	379.091
8) Opening inventories	0	0	8) Contributions from Public Entities	6.115.097	4.494.137
Total	29.109.231	20.656.975	9) Income from contracts with Public Entities	852.562	620.683
			10) Other revenues, proceeds and income	0	0
			11) Closing inventories	0	0
			Total	31.966.39a	21.918.61g
			Surplus / deficit from activities of general interest	2.257. T68	1.261.644
B) Costs and expenses from miscellaneous activities			B) Revenue proceeds and income from miscellaneous activities		
1) Raw materials, ancillary consumables and goods	0	0	1) Income from services and transfers to members and founders	0	0
2) Services	0	0	2) Contributions from private entities	0	0
3) Use of third party assets	0	0	3) Revenues from services and transfers to third parties	0	0
4) Personnel	0	0	4) Contributions from Public Entities	0	0
5) Amortisation	0	0	5) Income from contracts with public entities	0	51.328
6) Provisions for risks and charges	0	0	6) Other revenues, proceeds and income	0	0
7) Miscellaneous operating expenses	0	0	7) Closing inventories	0	0
8) Opening inventories	0	0	Total	0	ZK328 Ts.328
Total	0	0	Surplus / deficit from miscellaneous activities		
C) Costs and expenses of fundraising activities			C) Revenues, proceeds and income from fundraising activities		
1) Charges for regular fundraising	0	0	1) Proceeds from regular fundraising	0	0
2) Charges for occasional fundraising	0	0	2) Proceeds from occasional fundraisers	0	0
3) Other charges	0	0	3) Other proceeds	0	0
Total	0	0	Total	0	0
			Surplus / deficit from fundraising activities	0	0

D) Costs and expenses from financial activities and assets			D) Revenues, proceeds and income from financial activities and assets		
1) On banking relationships	111.357	101.382	1) From banking relationships	3.931	30Z
2) On loans	0	0	2) From other financial assets	16.396	153.3d1
3) From building assets	0	0	3) From building assets	53.892	0
4) From other capital assets	0	0	4) From other capital assets	0	0
5) Provisions for risks and other expenses	169.570	103.266	5) Other revenues	225.672	171.187
6) Other expenses					
Total	280.927	204.648	Totale	299.89d	324.830
			Surplus / deficit from financial activities or assets	18.964	120.182
E) Costs and expenses for general support			E) Income from general support		
1) Raw materials, ancillary consumables and goods	52.790	50.983	1) Income from staff secondment	0	0
2) Services	798.421	400.879	2) Other revenues from general support	67.800	21.489
3) Use of third party assets	121.582	56.MB			
4) Personnel	596.587	527.138			
5) Amortisation	4.164	10.108			
6) Provisions for risks and charges	0	0			
7) Other charges	628.068	293.435			
Total	2.199.633	1.338.771	Totale	67.800	21.489
Total expenses and costs	32.169.791	22.200.394	Totale proventi e ricavi	32.354.060	22.303.266
			Surplus / deficit for the fiscal year before taxes	144.299	10Z.672
			taxes		
			Surplus / deficit for the fiscal year	•11e.3ss	-74.S58
				2S.s33	2d.214

Costi e proventi figurativi

Costi figurativi	2022	2021	Proventi figurativi	2022	2021
1) da attività di interesse generale	0	0	1) da attività di interesse generale	0	0
2) da attività diverse	0	0	2) da attività diverse	0	0
Totale	0	0	Totale	0	0

COMMUNITY OF ST. EGIDIO ACAP APS

Tax Code 80191770587

VAT N. 02132561008

Piazza S. Egidio, 3/a - 00153 ROMA RM

MISSION REPORT

GENERAL SECTION

Foreword

Dear Shareholders,

The financial statements, which we are submitting for your approval, of which this Mission Report is an integral part, corresponds to the results of the accounting records duly kept and which have been prepared in accordance with the provisions of Article 13 of Legislative Decree no. 117 of 2017 (so-called Code of the Third Sector) as well as the Decree of the Ministry of Labor and Social Policy no. 39 of March 5, 2020, "Adoption of the financial statements forms of Third Sector entities," taking into account the rules of the Civil Code and the accounting principles developed by the Italian Accounting Organization as compatible with the non-profit nature of the Association, and in accordance in particular with the OIC 35 - ETS Accounting Standard, published in February 2022 and amended in February 2023.

The Balance Sheet and Management Report are expressed in Euros as required by Article 2423, paragraph 5 of the Civil Code.

The summary results for fiscal year 2022 are therefore represented by the following documents, which together constitute the Financial Statements for the year ending on December 31, 2022:

- Balance Sheet;
- Management Report;
- Mission Report.

The formal structures of the Statement of Assets and Liabilities and the Management Report, as required by the documents referred to above, have been respected with reference to the order of presentation of both macro-classes and individual items. In preparing the Financial Statements, the general postulates of clarity and true and fair representation have been observed, as well as the principles of preparation set forth in Article 2423-bis of the Civil Code

as supplemented and interpreted by the national accounting standards. All additional information deemed necessary to give a true and fair representation is also provided, even if not required by specific legal provisions.

The Community of St. Egidio ACAP was established in 1973 and recognized as an NGO under Law 49/87 and after Article. 10, 8th paragraph, of Decree Law 460/97 was issued, it became an ONLUS by right. Currently, under article. 32, paragraph 7 of Law 125/2014, it is registered in the registry of non-profit organizations at the Regional Directorate of the Lazio Revenue Agency. As an Association of Social Promotion already registered in the National Register of Associations of Social Promotion at n. 64, following transmigration the Community of St. Egidio ACAP APS was registered at the RUNTS (National Third Sector Register) at registry number 113746, dated 19-05-2023. It has had legal personality since 2015.

It benefits from the tax benefits provided for non-profit organisations by Article 150 of Presidential Decree 917/86, and subsequent additions and amendments, regarding Ires (Corporate Income Tax), as well as the determination under Article 10 of Presidential Decree 446/97 regarding Irap (Regional Income Tax).

Monetary donations to the non-profit organization are still deductible for the 2022 tax period from the tax return under Presidential Decree 917/86, Article 15 for IRPEF subjects and Article 100 for IRES subjects. Alternatively, the offers are deductible under Article 14 Decree Law, 35/2005 converted by L 80/2005, for both Irpef and Ires subjects.

The audit was entrusted to Legis Audit STP Srl.

GENERAL INFORMATION ABOUT THE ORGANISATION

The Association "Community of St. Egidio-ACAP" was founded in 1973 in order to coordinate the social and humanitarian commitment of the Community of St. Egidio.

Solidarity in favor of disadvantaged people, weak social categories and social groups with very little income is experienced as a voluntary and unpaid service and is carried out in different types of programs in terms of objectives and methodologies, also in consideration of the number of adherents and the energies which each individual nucleus can count on in different countries. Ecumenism and dialogue among religions are experienced as a search for unity among believers and as a way of peace and collaboration among religions, but also as a way of life and a method for reconciliation in conflicts.

The organization has registered over time in Italian public registers and registries, consistent

with its mission or specific areas of interest. It is recognized as an NGO under Law 49/87, and today is an APS (Social Promotion Association) with a legal personality registered with RUNTS.

The Community of St. Egidio - ACAP is also officially recognized by those states in which it operates on a humanitarian level (e.g. Mozambique, Malawi, Tanzania, Guinea Bissau, Guinea Conakry, Ivory Coast, Burkina Faso, Congo DRC, Cameroon, Central African Republic, Uganda, Kenya, Albania, Ukraine, Guatemala, Argentina and others), by the United Nations (NGO Section of the Department of Economic and Social Affairs), the European Union and a great many of its member states, UNESCO, UNICEF, UNHCR and the World Bank. At the level of donor countries it carries out activities in the field of cooperation and peace-keeping in collaboration with governments or states at many of which it is associated with the legal regime of protection provided by the Headquarters Agreements signed by the Community of Sant'Egidio.

Constant updates on ongoing projects are posted at <https://acap.santegidio.org>.

MISSION PURSUED

The Organization's main purpose (Art. 3 of the current Statute) is "the promotion of justice, peace, development, international cooperation and the protection of human rights." The achievement of this purpose is accomplished by "ensuring dignity and equality, guaranteeing the rights of people, developing all forms of social solidarity among individuals, fighting against all forms of poverty, promoting cultural, educational and social and health care initiatives."

ACTIVITIES OF GENERAL INTEREST REFERRED TO IN ARTICLE 5.

The Association achieves its purposes (article 3 of the current Statute) by promoting forms of active participation of the entire population; by collaborating with international bodies, public administrations, nongovernmental organizations, associations and private institutions; by organizing and promoting training and refresher courses by organizing and managing Reception and Listening Centers, Social and Health Residential Structures, Housing Communities and Family Homes especially for minors, the disabled, the elderly, homeless citizens, refugees and immigrants; by promoting free education, preventive health care and

treatment activities, in Italy and abroad; by promoting the social, cultural, educational and work integration of foreign immigrants, refugees and Roma citizens; by assisting asylum seekers and other social groups in a condition of extreme fragility who, forced to leave their countries of origin due to conflicts or other disasters, are in urgent need of reception and integration in safe countries ("Humanitarian Corridors"); achieving the protection of the rights of the elderly; promoting prevention activities and socio-cultural, educational, scholastic and recreational services for children and adolescents in need; initiating forms of international cooperation with governments and non-governmental associations; supporting the condition of children particularly in those countries where they are threatened by poverty, exploitation or conflict with forms of long-distance support, with international adoption programs and with initiatives aimed at encouraging civil registration and the protection of rights deriving from the acquisition of a legal identity.

OFFICES

Registered office: Piazza S. Egidio, 3/a - 00153 ROME (RM)

Operational Offices: 12 ITALIAN REGIONS - 15 COUNTRIES WHERE THE LOCAL DELEGATION IS RECOGNIZED

ACTIVITIES CARRIED OUT

- Peace education for children and adolescents in Europe, Africa, Latin America and Asia
- Training of young people on themes of solidarity
- Fighting extreme poverty and supporting homeless people (in Europe, Africa, Latin America and Asia)
- Support for the elderly in Europe, Africa, Latin America and Asia
- Promotion of social, educational and work integration activities for immigrants, refugees and gypsies in Italy and Europe
- Humanitarian Corridors
- Support for the abolition of the death penalty in the world
- Assistance to people in prison in Europe, Africa, Latin America and Asia
- The fight against AIDS in Africa
- Humanitarian emergencies in Africa and Latin America
- " Long-distance adoptions of children in Africa, Latin America, Eastern Europe and Asia)
- International adoptions in Eastern Europe (Albania), Africa (Burkina Faso, Ivory Coast, Guinea Conakry and Madagascar), Latin America (Bolivia and El Salvador) and Asia (Cambodia and Vietnam)
- BRAVO. Program for the registration of all children

2)

DATA ON THE MEMBERS OR FOUNDERS AND ON THE ACTIVITIES CARRIED OUT WITH THEM

The association has 43 natural person associates who make up the Members' Assembly, which meets throughout the year on matters for which its pronouncement is provided for in the Bylaws. The association consists of more than 400 volunteers.

The Board of Directors lasts three years and precedes the contribution of members with different history, responsibilities and backgrounds.

Elective offices are free of charge.

INFORMATION ON PARTICIPATION OF THE MEMBERS IN THE LIFE OF THE ORGANISATION

The statutory activities stipulated by the Members' Assembly do not fully cover the participation of the members in the life of the Organization. Area and zone coordination and meetings to discuss humanitarian initiatives are organized at least monthly and they ensure a balanced flow of information and participation. The Code of Ethics and other internal regulatory provisions enrich the panorama of tools developed to increase interaction between old and new members, for a more widespread responsible and grassroots participation in the organization's mission.

3)

CRITERIA APPLIED IN THE EVALUATION OF BALANCE SHEET ITEMS

The evaluation of the items in the financial statements was based on general criteria of prudence and competence in the perspective of continuing the activity and taking into account the activity carried out by the APS. The Board of Directors made a prospective assessment of the Organisation's ability to constitute a functioning economic entity for the foreseeable future, that is a period of at least twelve months from the date of the Statement of Accounts. The assessment performed did not identify significant uncertainties regarding this capacity, The application of the principle of caution involved the separate evaluation of the elements

that make up the single entries or items of assets and liabilities, in order to avoid offsetting losses that had to be recognized and profits that were not to be acknowledged because they had not been made.

In accordance with the accruals principle, the effect of transactions and other events was reflected in the accounts and attributed to the fiscal year to which these transactions and events refer, and not to the year in which the related movements of cash (receipts and payments) occurred.

The continuity of application of valuation criteria over time represents a necessary element for the comparability of the company's financial statements in different years.

Legislative Decree 139/2015 also introduced the general principle of substance over form, Article 2423 bis of the Civil Code in the new paragraph I-bis) states, "The recognition and presentation of items is carried out taking into account the substance of the transaction or contract."

The valuation criteria, where not otherwise indicated, are in accordance with the provisions of the Civil Code and the recommendations mentioned in the introduction. The values are expressed in euros.

The criteria used in the preparation of the financial statements for the year ended December 31, 2022 do not differ from those used in the preparation of the financial statements for the previous year.

In particular, the valuation criteria adopted in the formation of the financial statements were as follows:

Intangible Fixed Assets

These are recorded at the original purchase cost, including directly attributable incidental expenses, shown net of depreciation calculated in relation to the remaining possibility of use.

Depreciation begins from the time the fixed asset is available and ready for use.

Materials

These are recorded at original purchase or production cost, including ancillary charges, and shown net of depreciation and write-downs.

All assets are depreciated except for some civil buildings whose usefulness does not end, such

as land.

In line with the provisions of the OICs, In fact, depreciation is required for capital properties when there is production of services to which they contribute and there is an actual economic deterioration of the asset itself, while income property and other non-capital assets are not depreciated.

Depreciation begins when the asset is available and ready for use.

The depreciation rates, charged to the income statement, were calculated assuming the use, destination and economic-technical life of the assets, based on the criterion of the residual possibility of use, a criterion that we considered to be well represented by the following rates, reduced to half in case the assets themselves came into operation in the closing fiscal year:

"Land and buildings" category:

Buildings: 3%

"Plants and equipment" category:

Plants: 15%

Equipment: 15%

Telephone systems 25%

"Other assets" category:

Vehicles: 25%

Electronic office equipment: 20%

Furniture and furnishings: 15%

Lightweight constructions: 10%

Financial

Financial fixed assets consist of equity investments in various enterprises, receivables and other securities.

Investments in various companies and other securities intended to remain in the Organisation's assets on a long-term basis as a result of the management's will and the community's actual ability to hold them for an extended period of time are classified as

financial fixed assets.

Otherwise, they are recorded in current assets. The change of destination between fixed assets and current assets, or vice versa, is recognized in accordance with the specific evaluation criteria of the accounting standard OIC 21.

The classification of receivables between financial fixed assets and current assets is carried out on the basis of the criterion of their destination with respect to ordinary activities, and therefore, regardless of maturity, receivables of financial origin are classified as financial fixed assets while those of a commercial origin are classified as current assets.

Receivable items, on the other hand, include security deposits recorded at nominal value.

Other securities consist of financial assets entrusted to asset management companies and are recorded at the lower of historical cost and market value.

Equity investments in other companies are recorded at adjusted cost only in case of long-term loss of value.

The values of fixed assets, on the first application of the OIC 35, were carried forward in line with the past.

Receivables

Receivables are recognized in the financial statements on the basis of amortised cost, taking into account the time frame. The amortised cost criterion may not be applied to receivables if the effects are irrelevant; generally, the effects are irrelevant if the receivables are short term (i.e., with a maturity of less than 12 months). The Organisation does not have any receivables with a maturity of more than 12 months on its balance sheet; therefore, it has opted to recognize them at their estimated realizable value. The adjustment of the nominal value of receivables to the estimated realizable value is achieved through a special allowance for doubtful accounts, taking into account the general economic conditions and those of the sector.

Cash and cash equivalents

These are recorded at their nominal value.

Cash and cash equivalents may include currency, cheques, and bank and postal deposits denominated in foreign currencies.

Accruals and deferrals

These were determined according to the actual accrual basis for the year.

Shareholders' equity

Shareholders' equity represents the difference between assets and liabilities. A distinction was made between restricted assets, for which there is an obligation to use them for predetermined purposes, and unrestricted assets, which are intended to contribute to the Community's intended mission.

Provisions for risks and charges

Provisions for risks and charges are recorded for possible liabilities of a definite nature, whose existence is certain or probable, but whose amount or date of occurrence is undetermined at the close of the fiscal year.

The provisions reflect the best possible estimate on the basis of the commitments made and the information available to the management.

The general criteria of prudence and accrual were observed in the evaluation of these provisions, and no generic risk provisions without economic justification were established.

Contingent liabilities were recognized in the financial statements and entered in the provisions since they are considered probable and the amount of the related charge can be reasonably estimated.

In this case, this item includes allocations to the "Others" Fund.

Provision for severance pay

The provision for severance pay is allocated to cover the entire liability accrued at the close of the fiscal year to employees in accordance with the current legislation and collective labour

and supplementary company agreements.

This liability, in accordance with the relevant provisions, is subject to revaluation by means of indexes.

Payables

Payables are recognized in the financial statements on the amortized cost basis, taking into account the time frame. The amortized cost criterion may not be applied to payables if the effects are insignificant; generally the effects are insignificant if the payables are short-term (i.e., maturing in less than 12 months). The Organisation does not have any debts with a maturity of more than 12 months on its balance sheet, so it has opted to recognize debts at their nominal value.

Conversion criteria for values expressed in foreign currencies.

Receivables and payables originally expressed in foreign currency are recorded in the financial statements in Euro at the year-end exchange rate. Exchange differences, resulting from the conversion of receivables and payables in foreign currencies at the end of year exchange rate, are charged to the income statement as part of financial items.

Income taxes.

Taxes were determined in accordance with the rates prescribed by current regulations.

Positive and negative income components.

These have been determined in accordance with the principles of prudence and competence. More specifically, donations are recognized as income in the period in which they are received or in the period in which the right to receive them is acquired, taking into account the activity performed and the OIC 35. Donations, in fact, are non-synallagmatic transactions that, according to the Glossary on Financial Statement Items in the Ministerial Decree, can be defined as "acts that are distinguished by the coexistence of both of the following prerequisites: a. the enrichment of the beneficiary with a corresponding reduction of wealth on

the part of the person performing the act; b. the spirit of liberal giving (understood as an act of generosity performed in the absence of any form of compulsion."

Donations thus mainly include regular and "one off" donations, donations from companies and large donors (where not governed by agreements and conventions that characterize them as contributions), bequests and donations in kind, i.e., goods received free of charge during the year. The latter donations are recognized at their fair value at the time of recognition.

When the financial statements are closed, the portion of contributions not used during the year, as stipulated by the aforementioned principles, is reversed from the Statement of Operations and allocated to Equity, thus expressing the resources still available and to be used in subsequent years for the completion of the projects to which they refer. Capital grants, received and used for the purchase of tangible and intangible assets, are recorded in Shareholders' Equity and credited among the positive components of the Statement of Operations corresponding to the value of the amortizations calculated on the financed assets.

Financial Income and Expenses.

This class includes the positive and negative components of the economic result for the year related to the financial area of the Organisation's operations.

"Financial income" should be recognized on an accrual basis.

4)

TRANSACTIONS OF FIXED ASSETS

I - Intangible fixed assets

Intangible fixed assets had a net book value of 1,840,797 as of 12/31/2022 (1,820,173 as of 31/12/2021)

The fixed assets are represented as follows.

	HISTORICAL COST				ACCUMULATED DEPRECIATION					NET VALUE	
	Value as of 31/12/2021	Increase 2022	Decrease 2022	Value as of 31/12/2022	Value as of 31/12/2021	Amortisation 2022	Reclassification on 2022	Decrease 2022	Value as of 31/12/2022	31/12/2021	31/12/2022
Industrial patent rights and intellectual property	225,542	122,378	0	347,920	100,515	106,787	0	0	241,128	182,017	241,128
Concessions, licenses, trademarks and similar rights	92,508	0	0	92,508	91,563	15,500	0	1,100	91,698	94,500	810

Total	11.725.530	890.223	0	12.615.753	6.294.524	478.811	0	0	6.773.335	5.431.006	5.842.418
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LAND

The total value of land amounted to €238,926 as of 12/31/2022 and includes three pieces of land in Malawi for €167,992, one piece of land located in Matola - Mozambique, purchased during 2004 for €20,185, one piece of land located in Iringa - Tanzania for €23,117, and one piece of land in Guinea Conakry purchased in 2012 for €27,556. Land is not subject to depreciation in accordance with the provisions of the OIC 16. The increase for the year of € 76 is due to some portions of land received by inheritance in the municipality of Moncalieri. The amount was included in the financial statements according to the value for IMU (Municipality Property Tax) purposes.

BUILDINGS

The properties owned by the Community of St. Egidio ACAP as of 31/12/2022 are as follows:

- Property located in Rome, Via dei Gracchi no. 128, with a garage, leased;
- Property located in Rome, Via Amerigo Vespucci n. 41 int.1, granted under management;
- Property located in Rome, Via Ponziano No. 15, used to house refugees;
- Property located in Kiev, with annex related to the donation;
- Property located in Viale dei Quattro Venti, Rome, used as a centre for the disabled;
- Property located in Rome, Via Falconieri, 35, currently under renovation
- Property located in Iringa - Tanzania, location of a DREAM clinical centre;
- Property located in Arusha - Tanzania, location of a DREAM clinical centre;
- Property located in Blantyre - Malawi, location of a nutrition centre;
- Property located in Beira - Mozambique, location of a DREAM multipurpose centre as well as a nutrition centre.
- Property located in Blantyre - Malawi, location of a senior centre
- Building located in Bangwe - Malawi, location of a senior centre
- Property located in Beira - Mozambique, location of a youth centre built in 2016
- Property located in Kiev, acquired in 2019, an office for institutional activities.

- Property located in Dubreka - Guinea Conakry, work completed in 2019, location of a multipurpose DREAM centre.
- Building located in Rome, Via Damaso Cerquetti, purchased in 2020, used to house the elderly.
- Property located in Rome, Viale Trastevere n.118, used for senior living;
- Building located in Rome, via S. Satta, used as headquarters for institutional activities;
- Property located in Rome, via Brambilla, used for senior cohabitation;
- Property located in Nettuno received by donation;
- Property located in Naples, received by inheritance;
- Property located in the municipality of Moncalieri, received by inheritance

The increase for the year of € 411,480 refers to the evaluation at current market values of properties received by donation (Nettuno, without any constraint placed by the donor) and testamentary bequest (Naples and Moncalieri, without any constraint) and also to maintenance work on some properties in the municipality of Rome that were accounted for as an increase in the value of the property.

PLANTS AND MACHINERY

This item includes air conditioning, telephone systems, machinery and equipment used at ACAP's various locations.

EQUIPMENT

This item includes the equipment used at ACAP's various locations.

OTHER ASSETS

These are various pieces of furniture and furnishings for the lodgings, the canteen, the library and offices, lightweight constructions as well as vehicles.

FIXED ASSETS UNDER CONSTRUCTION AND ADVANCE PAYMENTS

The increase in this item refers to the purchase of assets for the school in Mushayuma and for an area of land in Mbeta (Malawi).

I - Financial fixed assets

Financial fixed assets consist of equity investments in various companies and Asset Management as detailed below.

Investments in other companies and organisations

	Balance as of
	31/12/2022
Investments in companies (coop. Obiettivo lavoro S.ar.l.)	2.100
Investments in other organisations (Mediterranea Senza Handicap and Novaya Solidarnos)	3.428
Receivables	0
Other securities	1.889.177
Total	1.894.705

Other securities

Other securities, recorded as fixed assets since they are intended to remain in the Institution's assets on a long-term basis, refer to the financial assets entrusted to Banca Fideuram for asset management. These assets are recorded at the lower of historical cost and market value. A net decrease in value of €648,964 was recorded on these assets, mainly due to purchases made in 2022.

5)

COMPOSITION OF INTANGIBLE FIXED ASSETS

There are no start-up and expansion costs or development costs

6)

RECEIVABLES AND PAYABLES WITH A RESIDUAL MATURITY OF MORE THAN FIVE YEARS AND DEBTS SECURED BY COLLATERAL

Statutory reserves by decision of the institutional bodies	0	0	0	0	0	0
Restricted reserves allocated by third parties	15.405.953	0	2.971.591	-11.263.247	0	7.114.297
III Free assets						
Reserves of profit or surplus operating surplus	250.233	0	0	28.314	0	278.547
Other reserves	4.546.116	0	4.536.449	-4.627.869	0	4.454.696
Profits (losses) carried forward	0	0	0	0	0	0
IV Surplus / deficit for the year	28.314	0	0	-28.314	25.933	25.933
Total net assets	20.577,944	0	7.508.040	-15.891.116	25.933	12.220.801

ACAP's shareholders' equity of € 12,220,801 consists of the Endowment Fund of € 347,328, set up in 1988, by restricted reserves set aside by third parties of € 7,114,297 (made up of restricted funds and capital contributions), unrestricted reserves set aside for institutional activities of € 4,454,696, and reserves of profits or surpluses of € 278,547.

Restricted reserves from third parties consist of restricted funds, which decrease in relation to costs incurred for projects and increase for the portion deferred to subsequent years, and capital grants, which flow into the profit and loss account in relation to the depreciation of investments made through the grant.

The 2022 financial year reported an operating surplus of €25,933.

10)

LIABILITIES FOR CONDITIONAL DONATIONS

These are amounts subject to a contingent repayment clause for the unspent (or incorrectly spent) portion. The debt will then be turned over to the management account depending on the failure of the condition. Payables for conditional donations include those to:

- Ministry of Labour Viva gli anziani project - euro 1,177,307
 - Italian Government Protect project - euro 982,500
 - Italian Agency for Cooperation and Development BRAVO Mozambique project - euro 936,743
 - European Union HUMCORE project - euro 517,959.01
-

THE MANAGEMENT REPORT

The management report is subdivided into categories of costs and revenues according to the type of the various items.

In detail, for the financial year 2022, expenses are broken down into:

° Costs and expenses from activities of general interest for a total of Euro 29,709,231 as follows:

- Raw, ancillary and consumable materials and goods - euro 7,244,750 - these are mainly food, medicines, equipment and material for medical purposes, clothing and miscellaneous materials.
- Services - euro 15,181,108 - related to utilities (telephone charges, electricity, gas, water), maintenance and repairs, transport costs, couriers, costs related to collaborators, insurance, consultancy, travel and transfers, board and lodging, contributions to private individuals mainly in the context of long distance adoptions, and other miscellaneous services.
- Use of third party assets - euro 940,780 - these are rents payable, leases and rentals, and condominium expenses, relating to operational headquarters, premises used for organising conferences, events, training courses, and the hire of equipment, cars and various installations.
- Personnel - euro 4,793,799 – these are costs related to personnel employed in Italy and locally (gross salaries, social security costs, severance pay, insurance costs).
- Depreciation and amortisation - euro 1,423,386 - this is the total amount of depreciation related to: the right to use software, maintenance expenses, varied and small equipment, special equipment, furniture and fittings, electronic machines, vehicles, telephone, air-conditioning and other systems.
- Various operating expenses - 125,408 - these are residual expenses not included in the other categories such as local taxes and charges, extra expenses and other.

° Costs and charges from financial assets and assets for euro 280,927 constituted as follows:

- On bank relations - 111,357 - these are almost exclusively bank expenses arising from the Organisation's various current accounts.
- Other charges - 169,570 - these are currency exchange rate losses.

° General support costs and charges - euro 2,199,633, consisting of:

- Raw, ancillary and consumable materials and goods - euro 52,790

- Services - euro 798,421 -

- Use of third party assets - euro 121,582

- Personnel - euro 596,587

- Amortisation - 4,164

- Other charges - 626,089

° Taxes - euro 118,366

The details of the individual items making up general support charges are the same as those reported for those of general interest.

The income in 2022 is broken down as follows:

° Revenues, proceeds and income from activities of general interest amounting to euro 31,966,399 consisting of:

- Donations - euro 12,847,623 - income from donations granted by private parties with the sole purpose of carrying out a specific activity

- 5 per thousand proceeds - euro 17,445

- Contributions from private entities - euro 11,799,169 - are revenues deriving from contributions from private entities such as companies, associations, private or banking foundations, and private entities such as Churches or Religious Foundations.

- Revenues from services and transfers to third parties - euro 334,503 - these are revenues from transactions invoiced by the Community, both for sponsorship activities and for contributions received from private entities for homes for the elderly.

- Contributions from Public Bodies - euro 6,115,097 - this is income deriving from contributions granted by both Italian and international public law bodies.

- Income from contracts with Public Entities - euro 852,562 - this refers to income from contracts entered into with the Municipality of Rome for the management of the social canteen and accommodation homes for children and the homeless.

° Revenues, income and income from financial and patrimonial activities for euro 299,891 as follows:

- From bank relations - euro 3,931 - this is interest income accrued on various bank accounts
- From other financial assets - euro 16,396 - this item mainly consists of interest on securities.
- From building assets - euro 53,892 - this item is made up of income from rents and revenues from the management of properties.
- Other income - euro 225,672 - this item consists of profits from currency exchange rates.
- ° General support income amounting to euro 67,800, consisting of:
 - Other income form general support - euro 67,800 – an item mainly consisting of rounding up and contingent assets.

12)

DONATIONS RECEIVED

Donations received during the year amounted to €12,847,623 and refer to donations given without a specific activity restriction. The most significant items of the year include:

- Donations from individual supporters for euro 8,419,660
- Supporters for distance and international adoptions for euro 1,755,645
- Donations from corporate supporters for euro 1,747,812

13)

EMPLOYEES AND VOLUNTEERS

The following tables summarise data regarding the employees the year 2022:

(Table)

The national collective agreements applied are:

- Tertiary, distribution and services - Confcommercio, for administrative staff
- Welfare services - UNEBA, for custodial/assistance/cleaning and kindergarten staff.

The average values of labour units per year (LAUs) are:

- white collar employees: 66.71
- blue collar employees: 10.07

- contratto apprendistato: 0.92

The association consists of over 400 volunteers.

14)

REMUNERATION OF THE EXECUTIVE BODY, THE SUPERVISORY BODY AND THE AUDITOR.

There is no remuneration for the executive body or the controlling body until the year 2022. The auditor will be awarded a fee at the shareholders' meeting convened to approve the financial statements for 2022.

15)

ASSETS INTENDED FOR SPECIFIC BUSINESS DEALINGS

There are no assets earmarked for specific business dealings.

16)

TRANSACTIONS WITH RELATED PARTIES

In accordance with the requirements of the OIC 35, related parties are defined as: a) Any person or entity capable of exercising control over the entity. Control is deemed to be exercised by the person who has the power to appoint or remove the majority of the directors or whose consent is necessary for the directors to make decisions; b) Any director of the entity; c) Any company or entity that is controlled by the entity (and any director of that company or entity). For the notion of control, please refer to the provisions of Article 2359 of the Italian Civil Code, while for the notion of control of an entity, please refer to the previous point; d) Any employee or volunteer with strategic responsibilities; e) Any person who is related to a person who is a related party of the entity.

The following is a summary of transactions carried out with related parties:

Related party	Amount as of 31 December 2022	Nature of the relationship
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Community of St. Egidio ecclesiastic entity	20.584	Ecclesiastic entity that operates with the Community of Sant'Egidio ACAP
Fondazione DREAM C.S.E. Onlus	—300.005	Foundation linked to the Community that deals specifically with the development of DREAM programmes in various countries
Associacao DREAM	41.512	Legally recognised local organisation in Mozambique through which the Community carries out its projects
Peace & Development Trust Malawi	16.329	Legally recognised local organisation in Malawi through which the Community carries out its projects

DREAM Trust Kenya	172.269	Legally recognised local organisation in Kenya through which the Community carries out its projects
ASBL Congo	146.509	Legally recognised local organisation in Congo through which the Community carries out its projects

17)

ALLOCATION OF THE YEAR'S SURPLUS

The surplus for the year, amounting to EUR 25,933, is allocated to increase the organisation's free assets as a profit reserve.

18)

SITUATION OF THE ORGANISATION AND PERFORMANCE

The financial statements as a whole appear balanced in terms of assets and financial position, which is a fundamental prerequisite for the solvency of the Association and its organisational and operational continuity over time. The fundamental objective of the Association is to pursue its institutional aims and mission by adopting criteria of maximum effectiveness and efficiency (including economic efficiency), and guaranteeing the greatest programmatic impact. The organisation, which is endowed with legal personality, is endowed with adequate assets, deemed congruous in relation to the annual economic turnover and for the institutional purposes pursued. From an economic point of view, the Association closed the year with a surplus of Euro 25,933. For information purposes only, we note that the 2021 budget closed with a surplus of Euro 28,314. The year 2022 is characterised for the Community of Sant'Egidio ACAP APS by a year in which some important projects related to the Covid-19 emergency were concluded, with a planning phase of new interventions mainly related to interventions in favour of the populations affected by the war in Ukraine. Considering the external conditions mentioned above, the absolute values of the economic turn-over of the budgets of the Community di St. Egidio ACAP APS in recent years have tended to be constant.

Cash flows have never recorded any particular criticality in 2022, so the organisation has had no difficulty in punctually honouring its commitments and therefore has not recorded any need to resort to financial indebtedness, even if temporary.

19)

FORESEEABLE EVOLUTION OF OPERATIONS

For 2023, in line with the budget prepared by the organisation, it is expected that its economic and financial equilibrium will be maintained. The evolution of the context of reference of the Association's action and, in particular, the serious crises that are characterising the international scenario and their consequences, do not seem at the moment to constitute conditions such as to determine economic and financial repercussions on the operations of the Community of St. Egidio ACAP APS, at least in the short term.

20)

METHODS OF PURSUING THE STATUTORY PURPOSES

With regard to the ways in which the statutory purposes are pursued through the activities of

general interest, please refer to the notes already outlined in the first part of this Mission Report, which offer an analytical presentation of the institutional activities carried out by the Community of Sant'Egidio ACAP APS in Italy and in the partner countries, in the priority strategic sectors identified by the mission of the Organisation. It is also specified that "Other activities" of a secondary and instrumental nature with respect to those of general interest consist of income from rents received and property management in the Municipality of Rome.

21)

MISCELLANEOUS ACTIVITIES AND THE SECONDARY AND INSTRUMENTAL CHARACTERISTICS OF THESE ACTIVITIES

The Association did not engage in any other activities during the financial year with the exception of leasing activities for property management in the Municipality of Rome. The miscellaneous activities appear to be instrumental and secondary in accordance with ministerial provisions.

22)

IMPUTED COSTS AND DONATIONS RECEIVED AND MADE

No imputed costs or income were accounted for in the financial statements.

23)

INFORMATION REGARDING PERSONNEL COSTS

The difference in salary between employees, calculated on a gross annual basis, does not exceed the ratio provided for in Article 16 of Legislative Decree 117/2017, as amended.

24)

FUNDRAISING ACTIVITIES

There are no figures for costs or income related to specific fundraising activities.

25)

FURTHER INFORMATION

These financial statements, consisting of the Statement of Assets and Liabilities, the Management Report and the Mission Report, give a true and fair view of the financial position and results of operations for the year and correspond to the accounting records.

For the Board of Directors

The Secretary General

(Dr. Cesare Giacomo Zuconi)

