

VALTER BALDACCINI ONLUS FOUNDATION

Financial Statements at 31/12/2018

FOUNDATION BOARDS

BOARD OF FOUNDERS

Cunegondi Maria
Baldaccini Antonio
Baldaccini Leonardo
Baldaccini Beatrice
Marcucci Antonello (Umbra Cuscinetti S.p.a.)
Marcucci Sara (Poliscom S.r.l.)

BOARD OF DIRECTORS

CHAIRPERSON	Beatrice Baldaccini
VICE CHAIRPERSON	Antonello Marcucci
DIRECTORS	Antonio Baldaccini Marco Moschini Francesca di Maolo

SCIENTIFIC COMMITTEE

Marta Franci
Maria Frigeri
Simone Poledrini

SOLE AUDITOR

Mr. Massimo Sorci

Introduction

Fondazione Valter Baldaccini (the "Foundation") was formed on May 4, 2015 by deed notarised by Giuseppe Brunelli, index no. 130262, document no. 44440 in his archives.

The Foundation was created in furtherance of the values, thought and actions of Valter Baldaccini, founder of Umbra Cuscinetti S.p.A. (now UmbraGroup). In his lifetime, he was a prime example of moral integrity in all aspects of his public and private dealings: fairness and integrity in business; brotherly love and succour for the vulnerable; and respect for all cultures and identities. The essence of Valter Baldaccini's thought is encapsulated in the principle that "economic development can only be achieved and maintained when productivity goes hand-in-hand with the interests of individuals, social well-being and the cultural development of the national and international community."

The Foundation has been recognised as a non-profit organisation under Italian law ("ONLUS") in accordance with Legislative Decree No. 460 of December 4, 1997. Since December 12, 2016, it has been registered with the Consolidated Registry of Non-Profit Organisations kept by Italy's Ministry of the Economy and Finance. Accordingly, it is eligible for the special tax regime governed by the above statutes.

The Foundation's mission and identity

The Foundation portfolio includes social and health assistance, charitable initiatives, education and training. Its sole beneficiaries are the most vulnerable members of society, individuals in objectively unfavourable circumstances, whether in terms of their mental or physical condition or situations of deviance, urban decay, severe financial and familial insecurity and social exclusion, without distinction by gender, race, language, religion, political opinion or personal and social condition.

The Foundation takes the following measures for the benefit of the above groups of vulnerable individuals:

- integration of children into the school system and training for young adults to integrate them into society and the workplace, to ensure respect for human rights and dignity and to promote a social model based on equality and equal opportunity and prospects;
- activities aimed at ensuring the right to health, social assistance and healthcare, in particular for children, mothers and other vulnerable individuals;
- actions aimed at fostering the development of the economies and production of underdeveloped countries, operating in both urban and rural settings, in pursuit of more autonomous local communities and a general improvement in quality of life;
- removal of the causes of social injustice and discrimination, fostering growth processes of participation and inclusion;
- all other steps aimed at reducing and eliminating disadvantaged social conditions of needy, inadequately protected segments of the population.

To achieve these aims, the Foundation may engage in a series of actions intended to lay the foundation for improved living conditions, assistance, care and research benefiting disadvantaged persons in need.

The Foundation may also engage in all activities related or ancillary to those specifically permitted under its charter, on a complementary basis and provided that they are not inconsistent with its nature as a non-profit foundation, in accordance with the legal limits. The Foundation is forbidden from engaging in activities other than the institutional activities set out in this Article and those set out in Article 10 (1) (a) of Legislative Decree No. 460/97 – with the exception of directly related activities.

The Foundation may conduct its business throughout Italy and internationally.

The Foundation also seeks to form relationships with other entities or associations pursuing similar aims, schools, local entities and other institutions throughout Italy and internationally, to establish partnerships, to conduct comparative studies and to undertake other common initiatives within the Foundation's remit.

Organisational structure of the Foundation

The Foundation's administration is divided into three organisational levels:

need. The intention is that, in 2019, one of the beneficiaries will be activated in UMBRAGROUP.

3) CASA DEL RAGAZZO: EARTHQUAKE REHABILITATION

Project partner: Non-Profit Casa del ragazzo CNOS-FAP

The Foligno site suffered extensive structural damage following the 2016 summer earthquake. As part of the overall rehabilitation project, the Valter Baldaccini Foundation will support the upgrading of the fire prevention system to current school building regulations. The study and design phase took a long time, further lengthened by bureaucracy connected to building permits. However, the rehabilitation works finally begun at the end of 2018. To guarantee the school's safety means to ensure the provision of training and education for numerous young people, including many foreigners, who live in our area.

4) INBOOK: INCLUSIVE BOOKS

Project partner: Foligno Children's Library and Kiwanis Club Foligno

The Foligno Children's Library was a place that Valter Baldaccini was particularly fond of. It was established through a joint project by UMBRAGROUP and Boeing in 2011. In 2018, the Valter Baldaccini Foundation, together with the Kiwanis Club Foligno, re-launched the project for the "Inbook" section of the library. Inbooks are books translated into symbols, designed for children with communication difficulties. The project is divided in three actions. First, an awareness-raising conference entitled "Everyone's Library: Inbooks as tools of inclusion" was held on November 24. Then, at the beginning of 2019, a special training course will be organized, and, lastly, many new Inbooks will be purchased to enrich the library's shelves.

5) HOME VISITS FOR CANCER PATIENTS

Project partner: ANT Foundation (Umbria Division)

Since its inception, the Valter Baldaccini Foundation has always supported the medical specialist team of the ANT (National Tumour Association) Foundation, which, since 2016, has sought to guarantee dignity for cancer patients through a highly qualified free home assistance service. Doctors Valentina Radicchia and Eleonora Valentini, nurses Angelica Zucchini and Elena Biancalana, nutritionist Deborah Scarcella, coordinator Silvia Leoni and psychologist Giacomo Ercolani are the professionals that, every day, visit the homes of 30 assisted cancer patients across the local area. From the beginning of the initiative, as many as 120 patients have been cared for. However, the continued growth in demand for assistance has made it essential to expand the team with a new doctor. ANT identified the right person in Dr. Sara Piccinelli, a haematology specialist, who was supported in her part-time work throughout 2018 by the Valter Baldaccini Foundation.

As part of the "Scholarships for the Foundation for Sophia" project, 2018 was the second year of studies for two young persons attending the Istituto Universitario di Sophia, a centre of learning and academic research inspired by the values of the social economy, civil economy and economy of communion, founded by Chiara Lubich and promoted by the organisation Opera di Maria "Movimento dei Focolari". In summer 2018, two young people had the chance to undertake internships in UMBRAGROUP.

At the international level, three projected were funded. Distance adoption projects continued in Kenya and Burkina Faso, and, thanks to the collaboration of Sister Federica Zoia, the project "MUTANU: The Pink Vegetable Garden" was launched.

- On November 20, the Foundation participated in the ANT Foundation's **Eubiosia 2018 Awards**, and received an award for the project entitled "Home Visits for Cancer Patients".

COMMUNICATION AND FUNDRAISING

In 2018, Foundation communications activities were implemented through both the website (fondazionevb.org) and social networks (Facebook and Instagram). In July 2018, the Foundation's printed magazine was launched. "Dalle Radici" (From the Roots) is our biannual magazine, in English and Italian, which gives a voice to those involved in the Foundation's projects. The chosen title reminds us of the common thread to all our actions: our commitment to Valter Baldaccini's philosophy. This commitment seeks to honour his small and great works of love by keeping alive and renewing the spirit and legacy he left us with, and which we remember by the phrase: "Together we have sown a great seed that will grow into a great plant".

Regarding fundraising, three more offline and online campaigns were organized during the year, Matanu: The Pink Vegetable Garden, Inbook and Christmas, in addition to the 5x1000 campaign. The first results of the awareness-raising campaign will be seen in 2019.

In 2018, two sports memorials were dedicated to Valter Baldaccini. On September 16, in Cannara, Valter Baldaccini's birthplace, Cannara Onion Festival organizers promoted a race involving over 200 runners. On September 25, SIR Safety Perugia Volley Club dedicated a friendly match against Emma Villas Siena Volley Club to Valter Baldaccini and the Foundation named after him. The evening's collected sum of Euro 3,531 was donated to the "Family and Work" project we promote together with the ecclesiastical charity Diocesan Caritas of Foligno.

The first half of 2018 saw adjustments made to the Foundation's Privacy Policy to bring it in line with the requirements of the European Union's General Data Protection Regulation 679/2016 (GDPR).

CONCLUSIONS AND 2019 OUTLOOK

The projects to be funded in 2018 were approved at the final meeting of the Board of Directors held in 2018. In 2019, the part-time resource hired by the Foundation will be supported by a trainee. The goal of 2019 is also to establish a group of volunteers to support the Foundation in all the activities it promotes. During the new year, a development strategy will be defined for the coming years, and the 5x1000 campaign will be further advanced. 2019 will see the first publication dedicated to the figure of Valter Baldaccini. Given the abundance of material left by Valter Baldaccini himself, the Board of Directors and Professor Marco Moschini have agreed on the proposal of at least a trilogy of publications. In 2019, UMBRAGROUP will support the Foundation's activities with a contribution of Euro 100,000.00.

AUDITOR'S REPORT

Balance Sheet

Balance Sheet - Assets	31/12/2018	31/12/2017
A) Subscribed capital unpaid		
B) Fixed assets		
<i>I. Intangible assets</i>		
1) Set-up and expansion costs	1,623	2,434
3) Patents and intellectual property rights	21,391	20,212
4) Concessions, licenses, trademarks & sim. rights	4,232	4,768
7) Other long-term deferred costs	3,221	4,294
	30,467	31,708
 <i>II. Property, plant & equipment</i>		
3) Industrial and commercial equipment	607	746
	607	746
Total fixed assets	31,074	32,454
C) Current assets		
<i>I. Inventories</i>		
1) Promotional materials	1,631	
	1,631	
 <i>II. Receivables</i>		
5 bis) Tax receivables		
- within one year		65
		65
5-quater) Others		
- within one year	11,890	3,843
	11,890	3,843
	11,890	3,908
 <i>IV. Cash and cash equivalents</i>		
1) Bank & postal deposits	126,738	95,504
	126,738	95,504
Total current assets	140,259	99,412
D) Prepayments and accrued income	3,707	4,041
Total assets	175,040	135,907
Balance Sheet - Liabilities		
A) Shareholders' Equity		
<i>I. Entity endowment fund</i>		
	60,000	60,000

2018 Operating Statement

CHARGES		31/12/2018	31/12/2017	INCOME		31/12/2018	31/12/2017
1)	Charges from core operations			1)	Income and revenues from core operations		
1.1	Purchases	4,756	2,525	1.3	by Founders	80,000	83,500
1.2	Services	4,944	0	1.4	by third parties	70,887	53,257
1.5	Amortisation & Depreciation	84	84	1.5	Inventories	1,631	0
1.6	Other operating charges	0	26				
1.1	Disbursements to other Entities	57,200	82,232				
	Total 1)	66,984	84,867		Total 1)	152,218	136,757
2)	Promotional & fundraising charges			2)	Income from fundraising		
2.1	SIR tender charges	586	0	2.1	SIR tender income	3,531	0
2.2	Fundraising charges		3,157	2.2	Fundraising income	0	2,541
	Total 2)	586	3,157		Total 2)	3,531	2,541
3)	Charges from accessory activities	0	0	3)	Income and revenues from accessory activities		
	Total 3)	0	0	3.1	Other income and revenues	252	3
					Total 3)	252	3
4)	Financial and equity charges			4)	Financial and equity income	1	0
4.1	On banking transactions	0	0		Total 4)	1	0
	Total 4)	0	0				
5)	General support charges						
5.1	Purchases	2,625	1,463				
5.2	Services	16,186	6,252				
5.3	Rent, leases and similar costs						
5.4	Personnel	23,375	4,401				
5.5	Amortisation & Depreciation	11,853	9,214				
5.6	Other operating charges	9	52				
	Total 5)	54,048	21,382				
	Total Charges	121,617	109,405		Total Income	156,301	139,301
	Positive operating result	34,684	29,896		Negative operating result		

of the entity and the results obtained, centred on the pursuit of the institutional mission.

The Financial Statements are accompanied finally by the "Auditor's Report", the Body required to execute accounting controls and the audit of the financial statements.

Drafting principles

The "Balance Sheet" presents the individual accounts according to the presentation criterion of increasing liquidity: this expresses the overall balance sheet and equity position of the Entity at the reporting date and presents the comparative amounts for the previous year.

The "Operating Statement" outlines the means by which the Foundation's resources were acquired and employed in the year, indicating the positive and negative components accruing in the year and summarises the operating result. The chosen form consists of opposing sections with classification of income and revenues on the basis of origin and of costs on the basis of allocation.

The reclassification of the operating statement is made according to the following areas of activities:

Core activities area: this operating area includes the amount of allocations made and contributions received concerning the activities carried out in accordance with the statutory and incorporating provisions identifying the objectives of the Foundation. In managing institutional activities, all transactions which may be directly related to the Foundation's mission are therefore included.

Promotional activities and fundraising: this area concerns the charges and income relating to fundraising carried out by the Foundation.

Accessory activities area: this area includes the charges and income from complementary activities to institutional activities, which guarantee the resources necessary to pursue the institutional objectives expressed in the By-Laws.

Financial and equity management activities area: this area includes the charges and income from equity and financial management activities in pursuit of the Foundation's operations.

General support activities area: this area includes the charges and income from the management and operation of the Foundation's structure, which guarantees the existence of the underlying conditions for the organisational and administrative management of the initiatives outlined in the preceding points.

Accounting policies

(Ref. Article 2427, first paragraph, No. 1 of the Civil Code and OIC 12)

The accounting policies utilised in the preparation of the financial statements for the year ended 31/12/2018 are the same as those utilised in the previous year, in particular in relation to the measurement and continuity of these policies.

The accounts have been measured in accordance with the general criteria of prudence, accruals and materiality and on a going concern basis, and also taking into consideration the economic function of the assets and liabilities.

The application of the prudence concept has resulted in the separate measurement of the elements forming each asset and liability account.

The application of the accruals method of accounting referred to signifies that the effects of Company transactions are recorded in the year to which they in fact relate, as opposed to being recorded simply on a cash basis.

In applying the materiality principle, the obligations in terms of recognition, measurement, presentation and disclosure were not observed where not assisting the presentation of a true and fair view.

Consistency in the application of the accounting policies is fundamental to ensure comparable financial statements from year to year.

Recognition and presentation of the accounts was made taking into account the substance of the operations and of the contract.

Assets

B) Fixed assets

I. Property, plant & equipment

Balance at 31/12/2018	Balance at 31/12/2017	Change
30,467	31,708	(1,241)

Total movements of Intangible Assets

(Ref. Article 2427, first paragraph, No. 2 of the Civil Code).

	Set-up and expansion costs	Patents and intellectual property rights	Concessions, licenses, trademarks & similar rights	Other intangible assets	Total intangible assets
Opening balance					
Cost	2,434	20,212	4,768	4,294	31,708
Depreciation (Accumulated depreciation)					
Book value	3,246	20,212	4,768	4,294	31,708
Opening balance					
Increases for acquisitions		10,555			10,555
Decreases for disposals (at book value)					
Depreciation for year	811	9,376	537	1,074	11,798
Other changes					
Total changes	(811)	1,179	(537)	(1,074)	(1,241)
Opening balance					
Cost	4,057	37,505	5,788	5,368	52,719
Revaluations					
Depreciation (Accumulated depreciation)	2,434	16,114	1,557	2,147	22,252
Book value	1,623	21,391	4,231	3,221	30,467

Set up and expansion costs include those charges incurred for incorporation and the change to the By-Laws. The costs for the creation of the website, utilised by the Foundation as a tool for informational purposes, advertising and fundraising, were capitalised to the account "Patents and intellectual property rights".

Concessions, licenses and trademarks include the costs incurred for the creation of the trademark and all of the Foundation's logos and symbols.

The charges incurred for the social media campaign, consisting of the activation of the Facebook and Instagram accounts, the initial setting and the preparation and implementation of the marketing strategies, were capitalised to Other intangible assets.

(Ref. Article 2427, first paragraph, No. 4, 7 and 7-bis, Civil Code)

Balance at 31/12/2018	Balance at 31/12/2017	Change
167,281	131,593	35,688

Given the importance of equity as a key instrument for the achievement of the Foundation's objectives and the pursuit of the relative institutional mission, a statement is presented below indicating shareholders' equity movements. It is however indicated that on the basis of the criteria utilised for the preparation of the Balance Sheet, shareholders' equity was broken down in consideration of the need to highlight the part of equity restricted for use by third parties, the free equity and the Endowment fund.

The following table presents the movements in shareholders' equity during the year.

Description	31/12/2017	Increases	Decreases	31/12/2018
Endowment Fund	60,000			60,000
Restricted Equity				
Prior year operating result		23,067		23,067
Free Equity				
Operating Fund	60,000	1,000		61,000
Difference from Euro rounding	(2)	4		2
Prior year operating result	(18,301)	6,829		(11,472)
Current year operating result	29,896	34,684	(29,896)	34,684
<i>Of which: to be allocated to restricted funds</i>				
Total free Shareholders' Equity	71,593	42,517	(29,896)	84,214
Total	131,593	65,584	(29,896)	167,281

Endowment Fund

Balance at 31/12/2018	Balance at 31/12/2017	Change
60,000	60,000	-

The endowment fund comprises payments made by the founding shareholders on the Foundation's formation. It is utilised for the achievement of the corporate scope.

Restricted Equity

Balance at 31/12/2018	Balance at 31/12/2017	Change
23,067	0	23,067

The restricted equity includes previous years' surpluses corresponding to restricted donations not yet disbursed to the partners indicated by the donors.

Free Equity

Balance at 31/12/2018	Balance at 31/12/2017	Change
71,593	84,214	12,621

The Free Equity includes the operating provision and operating cost surpluses not allocated to restricted equity.

The Operating fund also includes the payments made by the founders on formation or subsequently in support of needs related to institutional activities. This equity is not restricted for other purposes and was paid-

The total collected with allocation restrictions is Euro 16,850, as detailed below:

Description	Sums collected with allocation re- strictions
Charitable donations	
Distance Support (Kenya / Burkina Faso)	4,500
Mutanu "Pink Vegetable Garden" Project	1,974
Serafico Assisi Institute	150
Central Italy Earthquake	5,050
Family and work - Caritas	4,531
In book - Kiwanis	645
	16,850

For some of these, the restriction on the allocation of resources has been fulfilled (see summary of allocations to other Entities). The restriction on income collected for the Earthquake in Central Italy remains, for a total amount of Euro 5,050, in addition to the Euro 20,867 raised in 2017.

Regarding remote support in Kenya and Burkina Faso, the Foundation advances amounts to local project partners, and then collects donations to cover them, bearing the cost of any difference with its own funds.

A fundraising event was organised in 2018. On September 25, during a friendly match with Emma Villas Siena Volley Club, SIR Safety Perugia Volley Club allowed Valter Baldaccini Foundation employees to collect donations from spectators. In the following pages, we present the statement of the two mentioned fundraising events.

Charges

	Balance at 31/12/2018	Balance at 31/12/2017	Change
	121,617	109,403	12,214
Description	31/12/2018	31/12/2017	Changes
Core activity charges	66,984	84,867	(17,883)
Fundraising charges	586	3,157	(2,571)
General support charges	54,048	21,380	32,668
	121,617	109,403	12,214

The costs between the operating areas were not broken down. All costs incurred were recognised to the relative area where clearly related to such.

For common costs, in particular employees and amortisation and depreciation, such were recognised to the General Support area, as primarily relating to such.

Charges from core operations

Core activity charges include all amounts disbursed by the Foundation to other entities in support of identified and funded projects, in addition to costs directly concerning fundraising.

Similarly to payments received, payments made to entities under approval by the Board of Directors have not been considered as operating costs up to the amount collected from donors with allocation restrictions.

The choice of entities and projects, as indicated in the introductory paragraphs, is made by the Board of Directors, with support provided by the Scientific Committee.

General support charges	31/12/2018	31/12/2017	Difference
Purchases	2,625	1,463	1,162
Services	16,186	6,252	9,934
Personnel	23,375	4,401	18,975
Amortisation & Depreciation	11,853	9,214	2,639
Other operating charges	8	52	(42)
Total	54,047	21,382	32,667