

2012 REPORT



ABF
ANDREA BOCELLI FOUNDATION

REPORT 2012

FOR THE YEAR ENDED 31/12/2012



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STATUTORY BODIES OF THE FOUNDATION



BOARD OF DIRECTORS

Chairman	Laura Biancalani
Vice Chairman	Veronica Berti
Directors	Alberto Bocelli

BOARD OF AUDITORS

Chairman	Franco Martinelli
	Fabio Gambini
	Stefano Monti

ADVISORY BOARD

Mohammed Abdul Latif Jameel
Antonio Danieli
Laura Giarre
Elia La Ferrara
Muhammad Yunus

STRUCTURE OF THE FINANCIAL STATEMENTS FOR THE YEAR 2012

The financial statements consist of the Balance Sheet, Income Statement and Explanatory Notes.

It is also accompanied by the board of directors report which is divided into two sections:



Activities Report



Economic and Financial
Report



BOARD OF DIRECTORS REPORT

DRAWN UP BY THE BOARD OF DIRECTORS ON 15 APRIL, 2013

The Board of Directors of the Andrea Bocelli Foundation is pleased to present the report of its activities and the financial statements for the year 2012.

The financial statements were prepared in accordance with the Italian Civil Code and recommendations of the Commission for Non Profit Organizations of the National Council of Certified Chartered Accountants.



I STRONGLY
BELIEVE
THAT LOVE
DOES JUSTICE.

LETTER FROM THE FOUNDER

Even if doing good does not make sensation, everyone knows and understand in their heart that it represents, for all humanity, the only viable way really worth travelling. Dear friends, I would like to share a reflection of genuine - and yet long meditated - optimism, at the halfway point that closes the first exciting year of activities for ABF, a Foundation, whose already joyous and striving reality further reinforces, if possible, the confidence that I nourish towards others, in the intelligence and goodness of people.

Cementing my belief that in every woman and in every man there are unexplored universes harbouring positive qualities such as to really do wonders. I believe that existence was conceived as an endless struggle between good and evil.

A fork in the road facing us whenever we have to decide, in whatever situation...

It happens daily, continuously. The answers are at our fingertips, because our conscience can indicate them to us. Thus, it is a clash at the end of which we have reason to hope that good triumphs. However, for this to happen, everyone must play their part.

ABF is an institution of which I am sincerely proud, because it is a tangible demonstration of a concept which is very dear to me: that the most explosive testimony, by people of good will, is consistency, or a behaviour in line with our own principles. Offering oneself as a gift to the world, becoming a "neighbour" to all intents and purposes; this, is the only way to express our own opinions in a constructive manner. What matters are positive examples, concrete actions outperforming any statement of intent.

Therefore, actions. ABF has taken a great deal of initiatives, thanks to a formidable team that is its driving force and thanks to those many people in the world who grant us their trust (and that I would like to thank one by one). People who, like us, believe that solidarity is the only intelligent response to inequality.

Little more than a year ago, a long cultivated humanitarian dream became a reality. An immediately operational reality, so that now ABF operates with a

wide variety of action programs aimed at overcoming barriers generated by poverty, disability, social exclusion, relying on the involvement of profiles of excellence such as Nobel Prize winner Muhammad Yunus and joining hands with leading-edge university and research institutions in the world, such as MIT, Massachusetts Institute of Technology, in Boston.

More can be done, and better, of course. But it is hard to refrain from expressing a sense of gratitude and satisfaction, in front of the first results... I am referring for example to the "Casetta della Lucciola", the "Little Firefly House" (in one of the areas most affected by the earthquake in Emilia), a day care centre that has allowed twenty children with various types of disabilities to continue their own search for autonomy despite the disaster; or the preschool almost finished in Finale Emilia; but also the neonatology ward in Haiti, where ABF financially supports the presence and operation of doctors and nurses, working together to ensure safe childbirth while training Haitian specialist doctors; and finally, the memory of last Christmas Eve in Florence, shared with many friends in trouble.

If money can do a lot, what actually materializes the desire to help others is satisfying real needs. We will try over time, through work and dialogue, to learn from others to identify them, finalizing any action to their achievement. And this is - and will increasingly be - the primary commitment of ABF.

Andrea Bocelli

LETTER FROM THE CHAIRMAN

This document represents the work carried out by the Andrea Bocelli Foundation, in its first year of life and is aimed at sharing the achieved results both in qualitative and quantitative results with our stakeholders, and briefly describing the objectives pursued and the reasons for the choices made.

St. Damien's neonatology ward in Haiti, the La Lucciola rehabilitation centre affected by the earthquake in Emilia, the contact with absolute poverty in Italy through Caritas and Tavolo di Inclusione associations in Florence, the MIT research project in Boston: these were the main lines of our efforts during 2012.

In a year experienced with intensity and enthusiasm, we achieved appreciable results, which allowed us to personally experience the importance and the value of our mission; and it is precisely in our daily commitment that we try to take example from the same delicacy, ethics and responsibility that Andrea has long conveyed through his voice, when he comes into contact with the souls of millions of people.

Thus, I would like to use this channel as a means to briefly explain the reason for our mission: to overcome the barriers posed by social or economic conditions through our support, while offering a challenge to the search for innovative solutions, so that those in need can hope for a better quality of life.

The results were achieved by continuously opening ourselves up to the comparison with other realities, including new people within ABF, new situations and new ways of thinking and communicating, to find effective and lasting solutions.

This approach will be a constant also for our future: as a matter of fact, we want to build networks as solid as bridges with all the organizations that share our values and/or objectives, opening doors and new roads, in the belief that alone it is impossible to materialize important results.

In order to make all this a reality, we are creating a team where Trust, Transparency and Teamwork will be the characteristics of our relationships, both internally and with all our stakeholders.

In our first year of activity, also the method of our actions was put into sharper focus: Andrea says that "the world does not belong to those who talk, but to those who act", so the process that we want to

follow in our activity will be more and more along these lines:

- 1. identify and understand needs*
- 2. clarify the objectives to be achieved*
- 3. develop a strategy*
- 4. carry out plans*
- 5. measure the effects and results.*

As a matter of fact, we are more and more convinced that extraordinary progress can be achieved if an objective is clear and shared and if an appropriate measuring tool is adopted to better understand the effects and improve our actions.

In a nutshell, there will be two key words for 2013: Awareness and Empowerment:

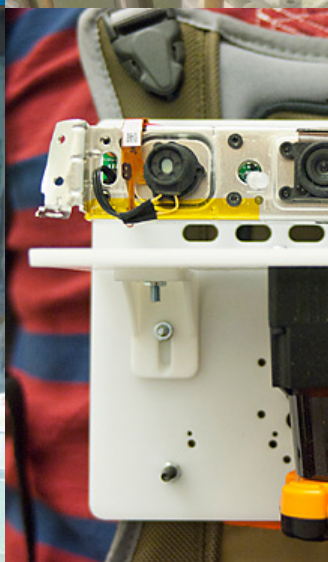
- stimulate the awareness of our resources and potential, both inside and outside the organization*
- take responsibility and be determined to bring out the latent resources both within the organization and in the communities we meet, in order to develop the potential to achieve clear, shared and challenging goals.*

We strongly believe that every person who is aware of itself and its personal potential can become a drop of hope for the whole world.

Laura Biancalani



EVERY INDIVIDUAL
THAT IS AWARE
OF ITSELF AND
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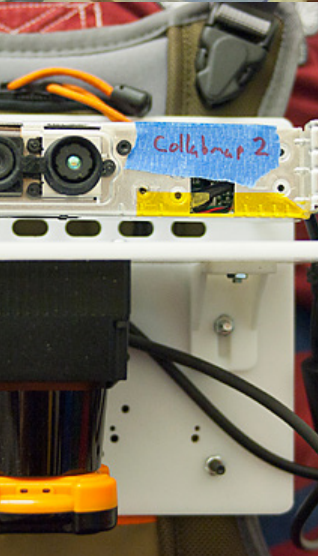
STRONGLY



THAT



DOES



JUSTICE

ACTIVITIES REPORT



A. IDENTITY, MISSION, VALUES

The Andrea Bocelli Foundation was established through a notarial deed by Notary Sergio Napolitano in Pontedera on 12/07/2011, by the will of its one subject Founder Andrea Bocelli. In accordance with the Articles of Association, the Foundation may use the title "Andrea Bocelli Foundation" in English.

The Foundation was granted legal status by the Prefecture of Pisa, Italy, on 12/10/2011. Since that date, it has been registered in the Book of Legal Persons, Volume VI, no. 46, at the aforementioned Prefecture of Pisa.

The Andrea Bocelli Foundation was established to enhance the value of relationships, the exchange of emotions, that bond of trust that Andrea has created over time; it was born from the desire to create a strong relationship with people, a circle of individuals that can join their strengths and resources so that other people, who find themselves in difficulty, can assert themselves beyond all limits, socially, culturally or personally.

Over the years and confronting with many national and international realities, Andrea has become aware of the value that a committed, focused activity can have, that does not exhaust resources, but targets them to obtain results which, even if small, are innovative, effective and long lasting.

VISION

"I strongly believe that love does justice. And it is for this simple reason that we are all responsible for building a better world. Since love energizes faith, the opposite must also be true. The amazing lives we have been gifted, offers us the privilege, opportunity, and responsibility to give the less fortunate a better future and opportunities."
Andrea Bocelli.

This is the belief that has driven the creation of the Andrea Bocelli Foundation; the object is to become a laboratory full of life, a pillar of support made up of lots of small and big protagonist working generously in every corner of the world to fight against extreme poverty in Developing Countries and to accept challenges in the social and scientific research.

This statement represents the Founder's vision, which forms the basis for the development of its mission and is backed by some of the values identified by the Founder himself and by the Board of Directors as essential.

VALUES

THE 5 Cs	COURAGE: to believe in small and large changes that we can implement and begin something true; the courage to have and give trust.
CARE: or taking care of people that are around us, noticing their discomfort or their unexpressed strength.	CONCRETENESS: working to provide real, tangible, measurable solutions to the problems we are faced with.
COMPETENCE: a fundamental element so that action can be carried out with responsibility and professionalism and is therefore useful and effective.	COOPERATION : it means to establish positive relationships between donors, the Foundation and beneficiaries, bring together wants and needs through humanitarian collaborative activities, so that anyone, big or small, can participate and contribute with human, material and economic resources.

***The key value that summarizes our 5Cs is TRUST:
trust which we inspire, which we ask for,
which we give and which we experience.***

MISSION

Andrea Bocelli Foundation's institutional mission is to help people in need, as a result of illness, disability, poverty conditions and social exclusion, promoting and supporting national and international projects as well as encouraging full self-expression and breaking barriers.

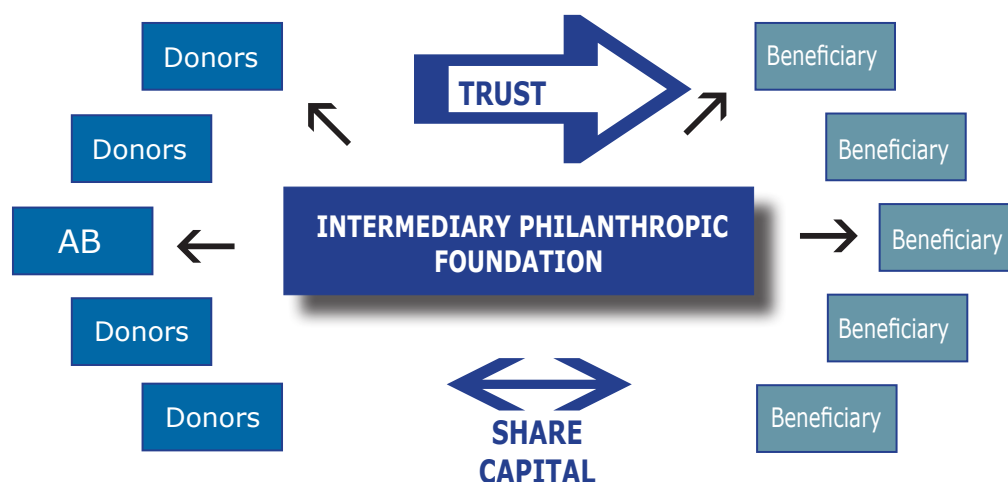
The Foundation is committed to ensuring that every individual and community can express themselves to their full capabilities and beyond their limits.

The Board of Directors has decided to carry out the mission through the creation of two Programs:

- ✓ The **Break the Barriers Program** aims to support and promote projects that in particular assist the population of developing countries and in any case those situations of poverty, illness, and complex social problems that invalidate or reduce the quality of life.
- ✓ The **Challenges Program** aims to bring together the best minds to find innovative solutions to help people cope with and overcome the limits imposed by their disability/discomfort. This program will therefore support projects in the field of scientific/technological research and social innovation.

The Foundation, as a private legal person oriented to the pursuit of social utility purposes, plays a complex role, whose peculiarity is to give support to the planning capacity of Private Bodies or national and international public institutions, and to act as a catalyst of the existing actors and resources through the trust which is granted to the Founder by many individuals and institutions.

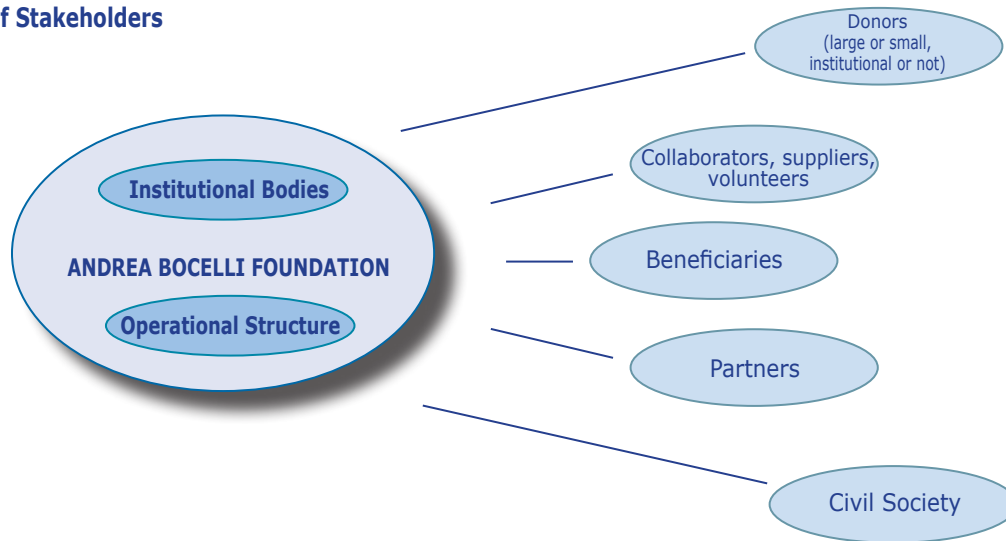
The Foundation's activities can be summarized as follows:



In addition to internal stakeholders (operational structure being established and statutory bodies), the Foundation identifies in Third Sector organizations and national and international institutions its stakeholders with whom it constantly communicates and confronts as to the choice of the projects to finance as well as monitoring and evaluating initiatives, never forgetting however the importance of the network of partners with whom the Foundation is already establishing relations and initiatives, especially in the start-up phase.

While setting up the Foundation and identifying its activities, we have prepared a composite and complex map of stakeholders, consisting of crucial players for the achievement of the mission objectives.

Map of Stakeholders



B.INTERNAL ORGANIZATION

B.1 GOVERNANCE AND ACTIVITIES OF THE BODIES

According to their functions as outlined in the Articles of Association, the Foundation's work is carried out by the following bodies: Board of Directors, Advisory Board and Board of Auditors.

The Board of Directors is made up of 3 to 5 members, one of whom serves as Chairman, and holds office for three financial years. The first Board of Directors and its Chairman were appointed at the time of incorporation directly by the Founder.

The powers of the Board pursuant to article 9 of the Articles of Association are as follows:

- define the foundation's general guidelines, within the objectives of the activity referred to in Article 2 of these Articles, and approve the action programs prepared annually;
- approve the budget and final account;
- approve, where appropriate, the Regulation on the organization and functioning of the Foundation
- establish the membership criteria;
- have the power to deliberate on more categories of Members also in relation to the Foundation projects, as well as the extent and duration of participation;
- approve, where appropriate, the Regulation for the breakdown of participants by category of activity and participation
- appoint the Foundation's Chairman through internal selection on the Founder's proposal;
- appoint the Vice Chairman through internal selection;
- appoint Advisory Board members;
- appoint, as appropriate, the Director General, from a selection of people with specific skills and expertise;
- appoint the members of the Board of Auditor;

- approve any statutory changes;
- approve the sale and purchase of any real estate, the acceptance of donations, either charitable or related to inheritance;
- vote on the proposal to the competent authority for the dissolution of the Foundation and the transfer of the assets. In the latter case, the quorum for deliberation will in any case require a qualified majority voting;
- delegate the executive functions of its decisions to the Chairman or its members, for the purpose of better management effectiveness;

The Advisory Board is the Foundation's advisory and guarantee body and is composed of a minimum of 3 members chosen by the Board among experts in the fields of the Foundation's activities, as well as among donors.

In particular, the Advisory Board, has the task of:

- studying, developing and assisting the Foundation's strategies and programs;
- work together to define the Foundation's guidelines and possible areas of development;
- to support, in an advisory capacity, the Board of Directors in the Foundation's ordinary and extraordinary management;
- prepare a periodic report on the Foundation's activity to be submitted to all the Foundation's stakeholders.

It is currently composed of 5 members linked to the two current programs of the Foundation.

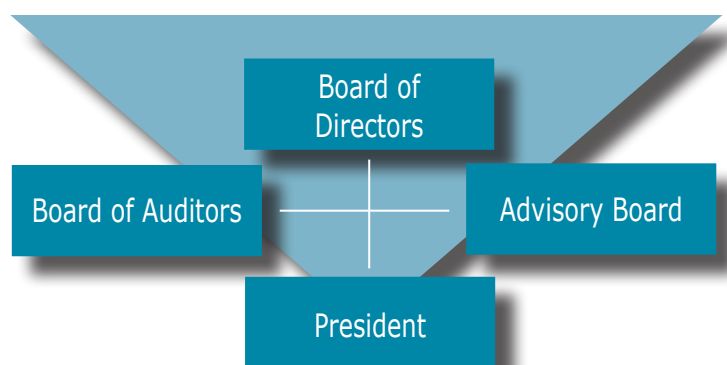
Prof. Yunus, Mr Jameel Latif and Prof. Eliana La Ferrara are connected to the program concerning Poverty Reduction.

- ✓ In 2006 Prof. Yunus was awarded the Nobel Peace Prize for the development of microcredit with Greemen Bank; in addition to this, for some time now, he has been spreading his concept of social business as a business model to fight poverty;
- ✓ Mohammed Abdul Latif Jameel, besides being a successful entrepreneur, supports many important philanthropic initiatives around the world. In particular, he is an MIT (Massachusetts Technical Institute) Board of Directors member and founded JPAL (Jameel Poverty Action Lab), a world famous institution for the impact assessment of international cooperation projects;
- ✓ Prof. Eliana La Ferrara is a Professor in Development Economics at Bocconi University. Furthermore, she collaborates with other foreign universities such as MIT.

The Challenges Program, on the other hand, is covered by Prof. Laura Giarre who is a Control System Professor at the University of Palermo. Prof. Giarre is the scientific director of ABF Fifth Sense Project.

Finally, the last member of the Advisory Board is Antonio Danieli, an engineer who is currently the Golinelli Marino Foundation Director, after directing Nomisma Foundation. A management engineer, he supports the Foundation's organizational development.

The Board of Auditors is the controlling body of the Foundation's management and organization, participating, without voting rights, in all the meetings of the bodies. It is chaired by the Chairman of the Board of Auditors. It consists of 3 members chosen from among chartered accountants enrolled in the register of Auditors.



In 2012, the first year of the Foundation's actual operation, the events of the corporate bodies can be summarized as follows:

BOARD OF DIRECTORS MEETINGS

18/01/2012
12/03/2012
25/05/2012
04/09/2012
21/12/2012

The members of the Advisory Board met on the 6 to 10 July 2012 and were involved in individual areas of interest, together with the Board of Directors and the Founder, to study and determine operational guidelines.

A priority for 2013 will be organizing the bodies activities in the best possible way, as they represent the Foundation's strategic driving force and determine its development.

The Board of Directors, in fact, will meet at least 4 times a year to decide on: 2012 Final Balance, review and verification of the mission balance sheet, and the achievement of pre-set objectives, fundraising and investments, activity programming.

An expansion of the Advisory Body will be sought possibly changing the Articles of Association and, jointly with a restricted Honorary Scientific Committee composed of distinguished members, 3 work groups will be set up to provide operational support to the decisions of the Board of Directors in 3 areas:

1. Institutional Activities: selection, monitoring, project evaluation
2. Fundraising and Development activities
3. Support in the field of investment, finance and fiscal matters

B.2 OPERATIONAL STRUCTURE

As of 31/12/2011, operational powers were entrusted by the Board of Directors on 25/07/2011 to the Chairman, with the operational support of director Alberto Bocelli.

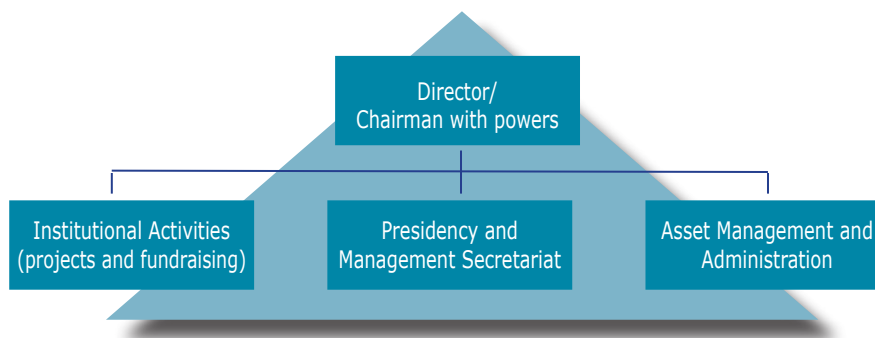
The Advisory Board's appointed members provided major support in the identification of the development strategy as well as the individual activities and projects to endorse.

In addition to this, the accounts are maintained by an external office that also provides for the drafting of the economic and financial position, compliance with tax, consulting on tax matters.

Professionals and companies worked on a voluntary basis and offered their pro bono work both for the establishment of the Foundation's organization, and its institutional activity

During 2012, the Foundation began to form the core of a team gradually adapting to the growth of the Foundation in its infancy.

The structure of the Foundation in its full capacity should be the same as that shown in the figure below:



The objective for 2012 concerning the establishment of secretariat and external relations office was achieved. Since September 2012, a person has been in charge of the secretariat and external relations office and of coordinating communication with the support of an outsourced press office.

The function of accounting and administration is presently undertaken by a professional firm. Projects in this start-up phase are followed by the Chairman and body members, with the support of the secretariat and a group of volunteers that have become close to the Foundation since July 2012.

The objective for 2013 will be, jointly with Institutions and Universities, to select volunteers and/or interns to be inserted into the area of institutional activities, in order to develop a fundraising plan and a multi-year plan of activities with partners, as well as monitor and assess projects.

The purchase of an information system will be evaluated for the management of donations, projects and contacts with beneficiaries.

Finally, a crucial goal to be pursued will be the creation of a team made up of employees, collaborators, external suppliers, volunteers having as a common denominator the target of working together: TRUST, TRANSPARENCY and TEAMWORK (the desire to work together).

C. ACTIVITY: PROCESSES UNDERWAY

The Andrea Bocelli Foundation has so far operated and will operate according to three methods:

1. support for projects submitted by or designed with national and international institutions or bodies, an activity which represents the Foundation's core;
2. philanthropic activity in various capacities, in line with the Founder's vision and values;
3. institutional relationships, opportunities for analysis and actions in partnership initiatives in line with the Foundation's vision and mission.

PARTIES ELIGIBLE FOR FINANCING

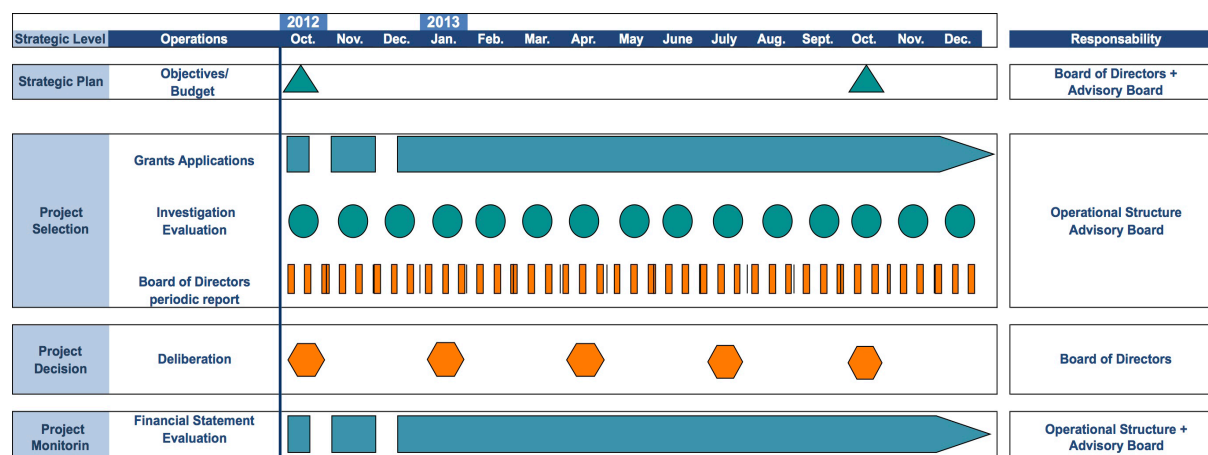
The resources provided by the Foundation, apart from those used for actions of internal origin, referred to in points 2 and 3, may only relate to, as required by the Articles, Non Profit Organizations and national and international institutions, as the Foundation is not allowed to provide resources directly to individuals.

THE WORK PROCESS: SUPPORT FOR PROJECTS

In 2011, even before the establishment of the Foundation and together with those who were then appointed as members of the Advisory board, research and analysis had been performed on projects included in the Foundation's programs and in the Founder's intentions. The projects were selected and one of these, that was considered to be very important, was chosen as the first project to be undertaken: The Fifth Sense Project.

In 2012, in addition to the projects mentioned above, we received and evaluated projects presented to us through direct contact and website.

Over the next year, we are planning a workflow as shown below:



Following the Strategic Plan and the setting of objectives and the annual budget, the responsibility of which is divided jointly between the Board of Directors and the Advisory Board, the receipt, investigation and evaluation of the projects will take place throughout the year. The Board of Directors shall decide on a quarterly basis which projects to support in line with the Foundation's mission. An important aspect of the workflow, which will be increasingly implemented, will be the measurement and assessment of the projects effects as against the objectives that are proposed.

D. INSTITUTIONAL ACTIVITIES: OVERALL VIEW

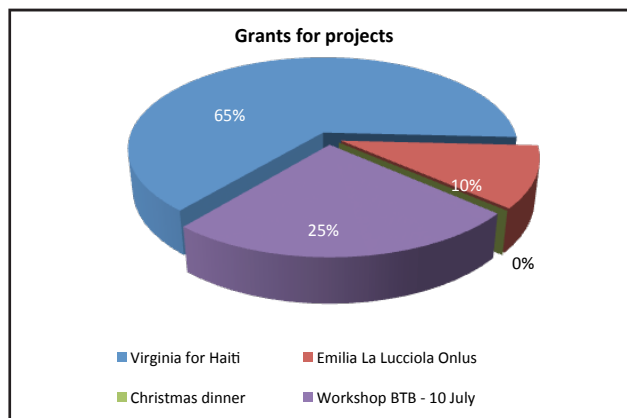
In 2012, the Foundation's work was completed through 3 levels of operation:

- support for projects from national and international organizations and Non Profit Organizations, which represents the Foundation's core activity;
- various philanthropic activities consistent with the Founder's philosophy;
- institutional relationships, in-depth analysis and partnership actions in initiatives with an Institutional profile.

These actions were carried out within the two programs identified by the Board of Directors in accordance with the vision, mission and values of the Foundation's sole founder:

■ The Break the Barriers Program aims to support and promote projects assisting in particular the populations of developing countries, and in any case those situations of poverty, illness, and complex social problems that invalidate or reduce the quality of life. The Foundation wants to support actions to promote health, education and social integration, and wants to do this directly measuring, where possible, the impact of its actions in order to continuously improve it. The projects supported in 2012 are shown in the table below.

PROJECT	AMOUNT PAID
Emilia - "La Lucciola Onlus" - a wooden house	Euro 10.000,00
Virginia for Haiti - St.Damien Hospital Neonatology Ward	Euro 60.851,00
Christmas Dinner at "La Casa della Solidarietà" - Florence	Euro 0,00
Workshop on 10 July2012 - Fight against poverty: a commitment for everyone.	Euro 23.232,00
TOTAL	Euro 94.083,00



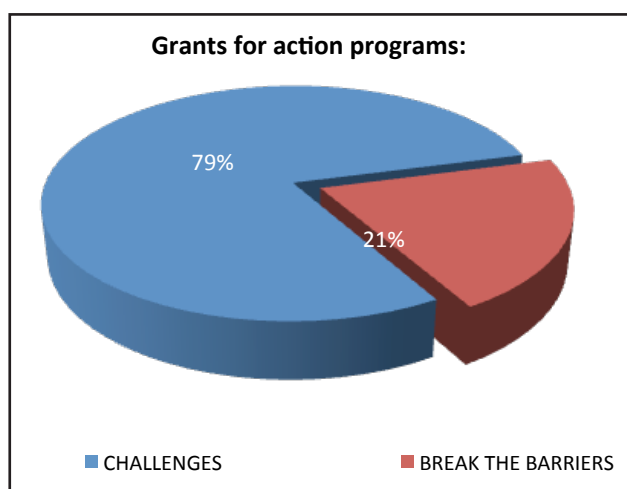
■ The Challenges Program aims to bring together the best minds to find innovative solutions to help people cope with and overcome the limits imposed by their disability/ discomfort.

The Foundation supports therefore scientific research projects, innovative and original technological or social actions that allow people experiencing illness or social/economic difficulty to overcome or at least improve their conditions. The projects supported in 2012 are shown in the table below.

PROJECT	AMOUNT PAID
MIT Fifth Sense Project	Euro 342.994,00
Workshop 6 July 2012 - MIT Fifth Sense and other projects to help the independence of the blind. A confrontation between Italian and American scientists.	Euro 16.027,00
TOTAL	Euro 359.021,00

Total disbursements as of 31/12/2012 divided into action programs are as follows.

PROGRAM	AMOUNT PAID
Break the Barriers	Euro 94.083,00
Challenges	Euro 359.021,00
TOTAL	Euro 453.104,00





“THE
WORLD

BELONGS
TO THOSE
WHO ACT,



NOT
THOSE
WHO TALK”

BREAK THE BARRIERS PROGRAM

The Break the Barrier Program stems from the desire to support projects contributing to breaking down barriers, be they economic or cultural, in Italy and in developing countries.

For the Andrea Bocelli Foundation, breaking down a barrier means to be successful in the desire to offer every human being freedom and dignity to live the life they deserve.

Give people the ability to provide for themselves by creating opportunities for redemption in terms of economic and social independence by acting responsibly on real needs and activating people's unexpressed energy.

The Foundation operates through its actions achieving real opportunities for improvement for the people concerned, measuring one's actions not in terms of the sums of money invested, but in relation to its effective contribution to people.

TOTAL DISBURSEMENT EURO 94.083,00

LA LUCCIOLA PROJECT – ITALY



The Centro La Lucciola has operated for 25 years in the treatment and care of children with multiple disabilities, helping them to acquire skills and manual dexterity to make them more independent and autonomous. The multifunctional facility where the Centre carried out its activity was made completely unusable by May 2012 earthquake, and the children were forced to continue their activities in tents.

The project opened in July 2012 and closed in September of the same year, permitting the construction of a 100 sqm house, part of a complex of three, where to accommodate the Centre activities.

The construction of the 3-house facility was possible thanks to the synergy of ABF, Francesca Rava Nph Onlus Foundation, the Italian Navy and the Italian Basketball Federation. The Foundation decided to be present in the earthquake which hit Emilia with a project that was immediately achievable

OBJECTIVES	OUTCOME
Develop new areas where La Lucciola could soon resume its activities. The area had to be appropriate to accommodate the centre guests and activities.	In September 2012, 3 wooden structures built near the damaged facility were inaugurated. Activity at the centre restarted in September, only a few months after the earthquake, guaranteeing the children's families constant daily support.
TOTALE AMOUNT PAID € 10.000,00	

CHRISTMAS DINNER WITH FRIENDS - ITALY



The Foundation started a process to understand and work effectively on poverty in Italy, and wanted to give a tangible sign of this commitment on Christmas Day. It gave rise to a pool of volunteers and companies, who donated time and products, under the coordination of ABF, to prepare a special evening where many homeless people or those living in Caritas homes could find a warm meal but also the warmth of a home, of a family. A message of unity and cooperation without frontiers that for its first year began in Florence.

The Andrea Bocelli Foundation wanted to involve institutions and organizations who have worked for some time in this area, including the Social Welfare, Tavolo di Inclusione Sociale and Caritas, starting a dialogue to promptly achieve an effective Project in the area of absolute poverty in Italy. The Founder Andrea Bocelli attended the dinner staying constantly connected to his entire family.

OBJECTIVES	OUTCOME
<p>Create a situation of sharing on a particularly symbolic day such as Christmas.</p> <p>Gain the support of partner companies and volunteers who could provide free raw materials for the preparation of meals, gifts and services.</p> <p>Open a direct relationship with those who daily operate side by side with poverty.</p>	<p>On 24 December, at the Caritas San Paolino centre in Florence, 120 people joined together to enjoy an evening offered by the Foundation.</p> <p>At the same time, in the soup kitchens of Caritas and other associations, the raw materials collected were used to prepare the Christmas day meals.</p>
<p style="text-align: right;">TOTAL AMOUNT PAID € 0,00</p> <p style="text-align: center;">ALL THAT WAS REQUIRED WAS DONATED BY ABF VOLUNTEERS AND FRIEND COMPANIES</p>	

VIRGINIA PROJECT -LDC

NEONATOLOGY WARD, ST. DAMIEN'S HOSPITAL, HAITI



St.Damien's Hospital is located in the heart of the island of Haiti and after the disastrous earthquake it became the main Children's Hospital in Haiti, thanks to the meticulous and continuous work of Father Rick Frechette, a Passionist Priest and doctor who gave life to this important reality. Over 30,000 children are treated every year in the Hospital, helping to reduce the island's high infant mortality rate. The Foundation chose to provide support to the neonatology ward work for one year (June 2012 - June 2013) taking charge of the professional development of the totally Haitian internal staff, with the intention of creating specialized staff, thus gradually enabling the self-sustaining operation of the ward.

We believe these actions of community empowerment can contribute to improving the quality of life. We work to create "competent communities", so that citizens have professionalism, motivation and resources to undertake activities aimed at improving life.

OBJECTIVES	OUTCOME
Implement the Neonatology ward providing tools and expertise, as well as new equipment and training for the Haitian personnel. Perform actions of empowerment for the local community to stimulate long lasting improvements of the quality of life on the Island.	Since July 2012, the Foundation has supported the start up and development of the Neonatology Ward and, with the actions and intermediation of the Francesca Rava NPH Onlus Foundation, has ensured the constant training of staff in the ward thanks to Italian volunteering specialist doctors.
TOTAL AMOUNT PAID € 60.851,00	

WORKSHOP ON 10 JULY 2012

“FIGHT AGAINST POVERTY: A COMMITMENT FOR EVERYONE”



To inaugurate its activities in Italy, the Foundation organized a debate day covering world poverty issues. Amongst the various guests were distinguished keynote speakers including Professor Muhammad Yunus, Nobel Prize winner, Prof. Eliana La Ferrara (both members of ABF's Advisory Board), and Prof. Abhijit of the Jameel Poverty Action Lab. The Universities of Pisa and Florence and the Sant'Anna High School assisted in the organization of the Workshop.

The Workshop was held in Pisa, at the Opera Primaziale; the event was attended by 200 guests while thousands of people participated via live web streaming.

The meeting was opened and closed by the Founder Andrea Bocelli's reflections.

OBJECTIVES	OUTCOME
<p>The participation of excellent speakers and working with them can help ABF:</p> <ul style="list-style-type: none"> - to better focus its action; - to create legitimacy and trust for the foundation; - to acquire a non-profit identity. 	<p>Thousands of people were reached sharing ideas and important themes with them; 30 volunteers were enrolled; relationships and dialogue were opened with Italian Universities, creating also with them and for them pauses for reflection; effective ways to fight poverty were looked for and compared.</p>
TOTALE AMOUNT PAID € 23.232,00	

INITIATIVES AND PARTICIPATION

THE PILGRIMAGE OF LOVE AND FORGIVENESS - ASSISI



The Foundation was a guest at the Pellegrinaggio dell'Amore e Perdono (Pilgrimage of Love and Forgiveness) organized by the Fetzer Institute in Assisi, which saw the participation of over 500 opinion leaders in various themes, from religion to medicine, from art to meditation. From 19 to 23 September these leaders brought their experiences as evidence that there is nothing stronger than the positive energy of love and forgiveness to actually change the world in which we live. In light of the ABF projects, purposes and similarity of values, the Fetzer Memorial Trust became a partner of the Foundation ensuring the fulfilment of the Virginia project.

MEETING THE CHILDREN OF HAITI



The Foundation and its Founder met a group of Haitian children at Forte dei Marmi, assisted by Father Rick Frechette and St. Damien Hospital, which the Foundation supports. The children entertained the people present with dances and songs. Moments of joy and sharing animated an afternoon and united ABF with an ideal bridge to the island.

COOPERATIVE CONGRESS GROUP CGM

JURY OF THE SO.DO.CU (SOCIAL DOCUMENTARY FESTIVAL) COMPETITION – MANTOVA



On the occasion of the Congress organized by the Co-operative Group CGM in Mantova, entitled "L'energia dei legami" (The Energy of Bonds) the Andrea Bocelli Foundation was invited to join the jury of the Social Documentary Festival. The competition included the awarding of short films to narrate the work carried out by social cooperatives on the theme of social discrimination.

CHALLENGES PROGRAM

The Program aims to bring together the best minds to find innovative solutions to help people cope with and overcome the limits imposed by their disability or discomfort.

The Challenges program operates within the area of scientific and technological research and social innovation, accepting major challenges in terms of both investments and results to be achieved in the willingness to allow anyone who experiences economic or social difficulties to express themselves.

In this program, the Foundation launches challenges involving high-risk investments and global interest that could contribute to improving the living conditions of many people.

TOTAL AMOUNT PAID EURO 359.021,00

PROJECT “THE FIFTH SENSE” - USA



The Andrea Bocelli Foundation, spurred by its Founder, is working with a multidisciplinary team of researchers and scientists at MIT (Massachusetts Institute of Technology) in Boston, to develop a technology that can assist blind people to independently and efficiently perform daily activities, such as moving from one place to another, eating, shopping, finding things, using household appliances and work tools, and socializing.

Blind people live and work in a world designed for sighted people. They do not have access to a visual channel which is rich with information about space, depth, colour, objects and their movements, people and their facial expressions, gestures and body language, and many other features. Even though they can partly compensate the lack of sight through the use of their other senses, in general, they must make their way through the world in a far less independent and less efficient way than sighted people.

Today, many of us carry a small computer - for e.g. a smartphone - providing information from all over the world. Yet, these devices can provide only limited information about things in their immediate vicinity. However, this is exactly the type of information that blind people need to make their way through the world.

The team created by the Foundation is studying the use of small cameras and other wearable sensors, integrated with sophisticated algorithms and human-computer interfaces, to provide sight to the blind.

We are facing several key issues which are central to the development of “assisted vision” devices.

1. Safe Mobility
2. Socializing
3. Text spotting
4. Tactil display

Some of these points have in part already been tackled, and the results were presented at the July 2012 Workshop in Pisa.

OBJECTIVES	OUTCOME
Creating a device that enables a blind person to move independently both indoors and outdoors.	The first safe mobility prototype of the device (worn on a jacket) was presented in July 2011. First prototype device for facial recognition.
TOTAL AMOUNT PAID € 342.994,00	

WORKSHOP ON 6 JULY 2012

“FIND INNOVATIVE SOLUTIONS TO ASSIST PEOPLE TO OVERCOME THE LIMITS IMPOSED BY THEIR DISABILITY. ITALIAN AND AMERICAN SCIENTISTS AT WORK.”



In order to inaugurate its actions in Italy, the Foundation organized a day of work in which it showed its first results after only few months it had kicked off the Fifth Sense project.

The Universities of Pisa, Florence and Palermo, as well as the Sant’Anna High School and CRN were involved in the organization of the workshop. The study day, besides sensitizing the territory on research subjects related to technology aids for the blind, also saw the participation of Universities as well as Research and Non-Profit Institutions. With them, which exhibited products and aids, a profitable opportunity for exchange was created, culminating in a panel in the afternoon with all the professors, researchers and users who contributed to identifying objectives and problems that will need to be faced and solved in the future. The University researchers and the associations and companies that operate on the theme have profitably exchanged experiences and ambitions. The Workshop was held in Pisa, at the Opera Primaziale, and the event was attended by 200 guests as well as thousands of other people who were able to participate via live web streaming.

The meeting was opened and closed by the Founder Andrea Bocelli’s reflections.

OBJECTIVES	OUTCOME
<p>The participation of excellent speakers and working with them can help ABF:</p> <ul style="list-style-type: none"> - to better focus its action; - to create legitimacy and trust for the foundation; - stimulate and question Italian and American researchers on the practical use of low-cost technological systems for the daily activities of the blind. 	<p>Thousands of people were reached sharing ideas and important themes with them; 30 volunteers were enrolled; relationships and dialogue were opened with Italian Universities, creating also with them and for them pauses for reflection; an attempt was made to involve and bring together Italian scientists and researchers with MIT; the debate generated new points of reference for researchers in this field and provided the opportunity to present and share existing projects and solutions, by comparing the results achieved and the gaps to be filled.</p>
TOTAL AMOUNT PAID € 16.027,00	

INITIATIVES AND PARTICIPATION

INTERNATIONAL SEMANTIC REPRESENTATION IN THE BLIND UNIVERSITY' OF PISA



The Foundation attended the Conference held in Pisa as a guest in the person of Prof. Laura Giarrè, a member of the Advisory Board. Neuroscientists, psychologists and linguists of international fame discussed the difference of awareness, thought and semantics between blind and sighted people.

INTERNATIONAL CONFERENCE SCIENCE UNIVERSITY OF NORWAY



Prof. Giarrè (member of the Advisory Board) was invited to attend the Workshop Toys at Remida Centre in Norway.

The concept for the Workshop is mixing the use of technology and creativity to help children to develop a proactive attitude towards technological tools and in the future become more involved in scientific and technological topics. Furthermore, it was secondly examined whether such an action could also be adopted to help people who are blind or disabled approach the same areas.



ALONE
ONE
CAN DO
SO MUCH,



BUT
TOGETHER
MUCH MORE
CAN BE
DONE!



E. RESOURCES FOR INSTITUTIONAL ACTIVITIES

SHORT FINANCIAL REVIEW

In 2012, the Foundation received part of the funds to support and develop its own projects both from fundraising activities, direct or mainly organized by third parties and volunteers, and charitable donations from private and institutional donors.

Most of the resources were used to support the projects selected by the Foundation in 2012.

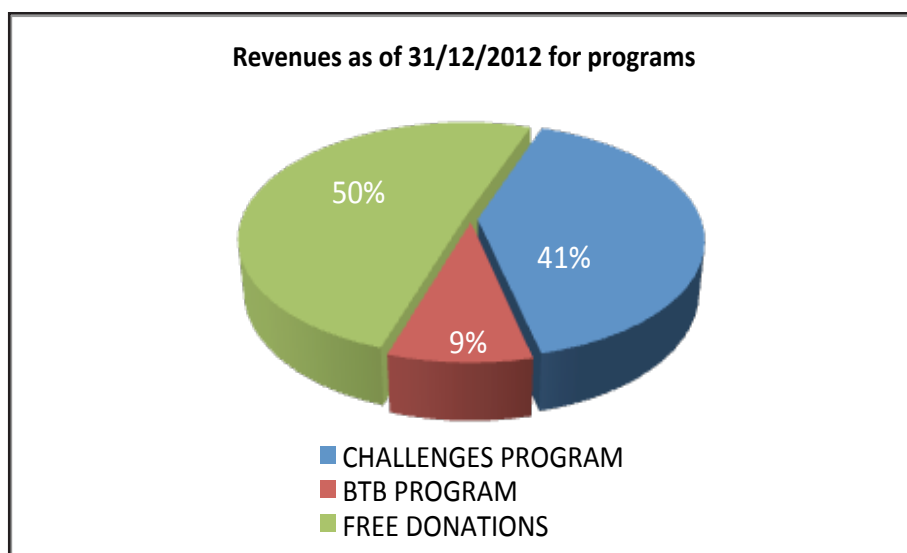
ASSETS

The Foundation's assets are those provided by Founder on ABF establishment, € 100,000.00.

INCOMING RESOURCES (FROM VOLUNTARY INCOME)

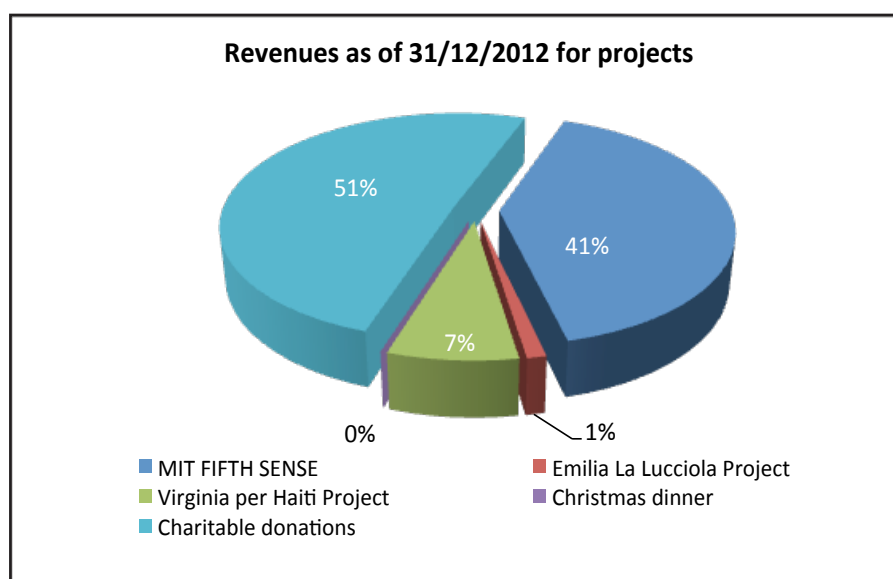
Voluntary income from individual givers and donors for 2012 are € 826.970,05 as follows:

PPROGRAM REVENUES	AMOUNT	IMPACT
RESTRICTED FUNDS	Euro 408.648,43	49%
Challenges Program	Euro 337.086,67	41%
Break the Barriers Program	Euro 71.561,76	8%
UNRESTRICTED FUNDS	Euro 418.321,62	
Free Donations	Euro 418.321,62	51%
TOTAL	Euro 826.970,05	100%



The following table shows the allocation of contributions from donors. They may choose to tie their donations to one of the Foundations projects or programs.

REVENUES AS OF 31/12 FOR PROJECTS	AMOUNT	IMPACT
RESTRICTED FUNDS	Euro 408.648,43	49%
Fifth Sense	Euro 337.086,67	41%
Emilia La Lucciola Project	Euro 9.356,81	1%
Virginia per Haiti Project	Euro 62.204,95	7%
Christmas Dinner	Euro 0,00	0%
URESTRICTED FUNDS	Euro 418.321,62	
Free donations	Euro 418.321,62	51%
TOTAL	Euro 826.970,05	100%

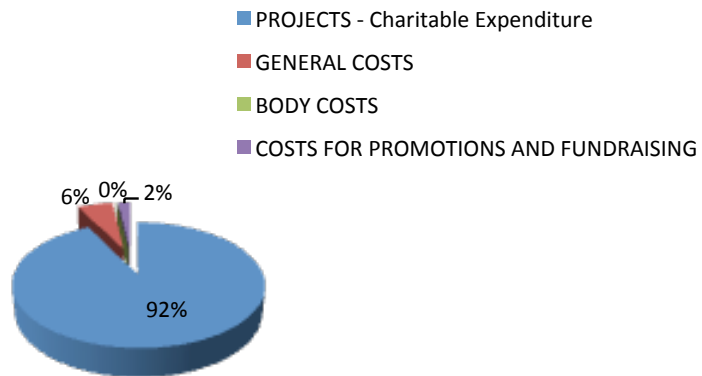


OUTGOING RESOURCES

Total outgoing resources for the Foundation's activities were € 492,344.41 of which:

OUTGOING RESOURCES AS OF 31/12	AMOUNT	IMPACT
Projects - Charitable expenditure	Euro 453.104,00	92%
General Costs	Euro 27.410,00	6%
Body Costs	Euro 0,00	0%
Costs for promotions and fundrais- ing	Euro 9.231,11	2%
TOTAL	Euro 489.745,11	100%

OUTGOING RESOURCES as of 31/12/2012



FINANCIAL STATEMENTS AS OF 31/12/2012

FINANCIAL STATEMENTS AS OF 31/12/2012

BALANCE SHEET ASSETS	31/12/2012	31/12/2011
B) Fixed assets		
I. Intangible assets		
- (Amortization)		
- (Write-down)		
II. Tangible assets		
- (Amortization)	3.632	
- (Write-down)	363	
	3.269	
III. Financial		
- (Write-down)		
Total Fixed Assets	3.269	
C) Current Assets		
I. Inventories		
II. Receivables		
- within 12 months		
- over 12 months	32	
	32	
III. Financial assets not held as fixed assets		
IV. Cash and Cash Equivalents	507.156	157.781
Total Current Assets	507.188	157.781
D) Prepayments and accrued income	150	
Totale ASSETS	510.607	157.781

BALANCE SHEET LIABILITIES	31/12/2012	31/12/2011
A) Net assets		
I. Free capital		
1). Operating profit from previous years	57.767	
3). Statutory reserves		
4). Other...	(1)	(1)
II. Endowment fund	100.000	100.000
IX. Operating profit for the year	341.517	57.767
Total Net Assets	499.283	157.766
B) Provisions for risks and charges		
C) Employee severance indemnities	434	
D) Payables		
4) Advances		
5) Payables to suppliers	5.541	
6) Tax liabilities	2.343	
7) Payables to social and welfare agencies	1.448	
8) Other Payables	1.558	15
	10.890	15
E) Prepayments and accrued income		
Total LIABILITIES	510.607	157.781

MANAGEMENT STATEMENT	31/12/2012	31/12/2011
1) Revenues from ordinary operations		
<i>Total revenues from ordinary operations</i>	826.970	57.721
	826.970	57.721
4) Financial income and assets		
1) From bank deposit	630	515
2) From other activities	5.455	
	6.085	515
<i>Total financial income and assets</i>	6.085	515
1) Charge from ordinary operations		
1) Challenges Program	359.021	
2) Break the Barriers Program	94.083	
3) Services		197
	453.104	
<i>Totale charges from ordinary operations</i>	453.104	197
2) Charges for promotions and fundraising		
1) Ordinary promotion activity	9.231	
	9.231	
<i>Total charges for promotions and fundraising</i>	9.231	
6) Charges for general support		
1) For raw materials, consumables and merchandise		1.197
2) For services		15.350
3) For the use of third party assets	7.505	
4) For personnel	2.289	
a) Salaries and wages	434	
b) Social security contributions		
c) Employee severance indemnity		
	10.228	
5) Amortization, depreciation and write-down		
a) Amortizzazione of intangible assets	363	
b) Ammortamento delle immobilizzazioni materiali		
	363	
6) Miscellaneous operating costs	272	272
	272	
<i>Total charges for general support</i>	27.410	469
Operating result before tax	343.310	57.767
22) Current, deferred and prepaid income taxes for the financial period		
a) Imposte correnti	1.793	
	1.793	
Positive Operating Result	341.517	57.767

NOTES TO THE FINANCIAL STATEMENT

ENDED 31/12/2012

CRITERIA FOR PREPARATION

Given that the Italian Civil Code does not contain provisions on the financial statements of associations, foundations and other non-profit organizations and merely indicates that these entities should convene at least once a year for their financial statements approval (Article 20), in preparing this document the provisions issued by the National Council of Certified Chartered Accountants were complied with. The Council developed some recommendations and adopted the accounting standard no. 1 regarding the preparation and presentation of financial statements of non-profit organizations

CRITERIA FOR EVALUATION

(Ref. art. 2427, first paragraph, no. 1, Italian Civil Code)

The valuation of the financial statement items was made based on general criteria of prudence and competence in view of continuing the activity.

The application of the principle of prudence involved the individual evaluation of the components of the single entries or items for assets and liabilities, to avoid offsetting losses that should have been recognized and profits not recognized as unrealized.

In accordance with the principle of competence, the effect of transactions and other events was accounted for and allocated to the year to which such transactions and events are related, and not to the year in which the associated cash movements (receipts and payments) are finalized.

The continuity of application of the assessment criteria over time is necessary for the purposes of the comparability of the company financial statements in the various financial periods.

The evaluation applied allows the representation of transactions according to the economic reality underlying the formal aspects.

EXEMPTIONS

(Ref. Article 2423, fourth paragraph, Italian Civil Code)

There were no exceptional circumstances that required the use of exemptions under Article 2423, paragraph 4 of the Italian Civil Code.

In particular, the evaluations criteria adopted in preparing the financial statements were as follows.

FIXED ASSETS

Tangible assets

These are stated at purchase cost and adjusted by the accumulated depreciation.

Miscellaneous charges and costs incurred for asset use, leading trade discounts and cash discounts for a significant amount to cost reduction are taken into account in the value of the assets.

Amortization charged to the income statement is calculated according to the use, allocation and economic life of the assets, based on the criterion of the residual possibility of utilization, a criterion that we considered well represented by the rates applied.

PAYABLES

Payables were recorded at their nominal value, adjusted for returns or billing corrections.

ACCRUALS AND DEFERRALS

They were determined on the basis of the accrual period.

For multiyear accruals and deferrals the conditions that led to the original entry were verified carrying out, where necessary, appropriate modifications.

EMPLOYEE SEVERANCE INDEMNITY PROVISION

This represents the actual amount due to employees in accordance with the law and the collective bargaining agreements, considering all forms of ongoing remuneration.

The provision is the total of the indemnities due to employees at the financial statements date, net of the advances paid, and is equal to what should have been paid to employees in case of employment termination on that date.

INCOME TAXES

Taxes are allocated according to the principle of competence; therefore, they represent the provisions for taxes to be paid for the year, determined in accordance with current rates and regulations.

CRITERIA FOR THE CONVERSION OF FOREIGN CURRENCY

The financial statement items are recorded according to the exchange rates prevailing on the date on which they arose.

The gains resulting from currency conversion or the exchange rate obtained through the sale of one currency and the purchase of another are credited to the Management Statement under point 4.2 Financial income and gains from other assets.

ASSETS

C) CURRENT ASSETS

II. Receivables

	Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
	32		32

Description	Within 12 months	Over 12 months	Over 5 years	Total
From customers				
From subsidiaries				
From affiliated companies				
For tax credits				
For prepaid taxes				
From others		32		32
Rounding				
		32		32

IV. Cash and Cash Equivalents

Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
507.156	157.781	349.375

Description	31/12/2012	31/12/2011
Bank and post deposits	507.156	157.781
Cheques		
Cash and equivalents on hand		
Rounding		
	507.156	157.781

The balance represents the cash and the existence of cash and equivalents at fiscal year end.

D) ACCRUALS AND DEFERRALS

Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
150		150

They measure revenues and charges to be paid in advance or postponed with respect to cash collection or documentary process; they are independent from the date of payment or collection of the related revenues and charges, common to two or more financial periods and distributable over time.

LIABILITIES

A) NET ASSETS

(Ref. Article 2427, first paragraph, points 4, 7 and 7 bis, Italian Civil Code)

Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
499.308	157.766	341.517

Description	31/12/2011	Increases	Decreases	31/12/2012
Endowment fund	100.000			100.000
Various other reserves	(1)			(1)
Other	(1)		(1)	
Rounding				
Operating profit from previous years			(57.767)	57.767
Operating result	57.767	341.517	57.767	341.517
	157.766	341.517	(1)	499.283

C)EMPLOYEE SEVERANCE INDEMNITY

(Ref. art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as of al 31/12/2012	Balance as of 31/12/2011	Changes
434		434

The change is as follows.

Changes	31/12/2011	Increases	Decreases	31/12/2012
Employee severance indemnities, transactions during the period		434		434
		434		434

The provision represents the Company's liability as of 31/12/2012 to the employees in force at that date, net of the advances paid.

This provision represents the actual amount due to employees in accordance with the law and the collective bargaining agreements, considering all forms of ongoing remuneration.

D) PAYABLES

(Ref. article 2427, first paragraph, no. 4, Italian Civil Code)

Saldo al 31/12/2012	Saldo al 31/12/2011	Variazioni
10.890	15	10.875

Payables are stated at their nominal value and their expiration is as follows (Article 2427, first paragraph, no. 6, Italian Civil Code).

Description	Within 12 months	Over 12 months	Over 5 years	Total
Payables for suppliers	5.541			5.541
Tax liabilities	2.343			2.343
Payables to social and welfare agencies	1.448			1.448
Other accounts payable	1.558			1.558
Rounding				
	10.890			10.890

"Payables to suppliers" are recorded net of trade discounts; on the contrary, cash discounts are recorded at the time of payment. The nominal value of these liabilities was adjusted for returns and trade discounts (billing corrections), to the extent agreed upon with the other party.

The item "Tax liabilities" only includes certain and determined income tax liabilities. There are no probable or uncertain tax liabilities in the amount or on the date of occurrence, or for deferred taxes; to be entered in the liability item B2 (Tax provision).

The item tax liabilities includes IRES (Corporate Income Tax) payable equal to Euro 1,500.

In addition, IRAP (Italian regional tax on productive activities) payable amounts to Euro 293.

There are no significant changes in the amount of the item "Tax liabilities".

1) REVENUE FROM CONTINGENCIES

Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
826.970	57.721	769.249

4) FINANCIAL INCOME AND ASSETS

	Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
	6.085	515	5.570

Description	31/12/2012	31/12/2011	Changes
From equity investments			
From long-term receivables			
From securities held as fixed assets			
From securities held as current assets			
Income other than above	630	515	115
(Interest and other financial charges)	2		2
Gains (losses) on foreign exchange	5.453		5.453
	6.085	515	5.570

1) CHARGES FROM CONTINGENCIES

	Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
	453.104		453.104

Descrizione	31/12/2012	31/12/2011	Variazioni
Programma Challenges	359.021		359.021
Org. Workshop MIT Fifth Sense	16.027		16.027
Progetto MIT Fifth Sense	342.994		342.994
Programma Break the Barriers	94.083		94.083
Org. Workshop Break the Barriers	23.232		23.232
Progetto La Lucciola ONLUS Terremoto Emilia	10.000		10.000
Progetto Virginia per Haiti	60.851		60.851
	453.104		453.104

For a detailed description of the projects and operations, please refer to the Mission Balance Sheet.

INCOME TAXES FOR THE FINANCIAL PERIOD

	Balance as of 31/12/2012	Balance as of 1/12/2011	Changes
	1.793		1.793

Taxes	Balance as of 31/12/2012	Balance as of 31/12/2011	Changes
Current taxes:	1.793		1.793
IRES	1.500		1.500
IRAP	293		293
	1.793		1.793

The taxes for the financial period under examination were recorded.

GENERAL INFORMATION

Pursuant to the law it should be noted that the members of the Board of Directors and the supervisory body waived remuneration due for the work completed on the Foundation's behalf.

In implementation of Recommendation no. 3 issued by the National Council of Certified Chartered Accountants, we declare that the Foundation's proceeds donations did not give donors the right to any deductions for tax purposes.

These financial statements, including the Balance Sheet, Management Statement and Explanatory Notes, give a true and fair view of the financial position and profit for the year and corresponds to the accounting records.

Lajatico (PI) 15/04/2013

Chairman of the Board of Directors
Laura Biancalani

REPORT OF THE BOARD OF AUDITORS

Dear Board Members of the ANDREA BOCELLI FOUNDATION,

The Board of Auditors, for the financial period ended 31/12/2012, performed both the functions provided for by Articles 2403 et seq. Italian Civil Code and those provided for by Article 2409-bis of the Italian Civil Code.

This unitary report contains in its first part the "Audit report pursuant to Article 14 of the Italian Legislative Decree no. 39 of 27 January 2010", and in the second part the "Report pursuant to Article 2429, paragraph 2, of the Italian Civil Code".

First part

Audit report pursuant to article 14 of Italian Legislative Decree no. 39 of 27 January 2010

a) we carried out the statutory audit of the ANDREA BOCELLI FOUNDATION's financial statements ended 31/12/2012. The ANDREA BOCELLI FOUNDATION's administrative body is responsible for preparing the financial statements in accordance with the regulations governing reporting criteria. Our responsibility is to express a professional opinion on the financial statements based on our statutory audit.

b) Our audit was performed in accordance with generally accepted auditing standards. In accordance with those principles, the statutory audit was planned and performed to obtain the information necessary to determine whether the financial statements are free of misstatement and, taken as a whole, are reliable. The audit was carried out in a manner consistent with the size of the Foundation and its organizational structure. It includes examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements, as well as evaluating the appropriateness of the accounting standards used and the reasonableness of the accounting estimates made by the directors. We believe that the work performed provides a reasonable basis for the expression of our professional opinion.

With reference to the opinion on the financial statements of the prior financial period, the data of which is presented for comparative purposes as required by law, reference is made to the report issued by us for the financial period ended 31/12/2011.

c) In our opinion, the aforementioned financial statements as a whole are in compliance with the rules governing reporting criteria; they are clearly prepared and give a true and fair view of the financial position and results of operations of FOUNDATION ANDREA BOCELLI for the financial period ended 31/12/2012.

Second Part

Report pursuant to article 2429, paragraph 2 of the Italian Civil Code

1. During the financial period ended 31/12/2012, our business was inspired by the provisions of law and the Rules of Conduct of the Board of Statutory Auditors as well as the principles for the preparation of non profit organizations financial statements promulgated by the National Council of Certified Chartered Accountants.

2. In particular:

- We monitored compliance with the law and the articles of association, as well as the principles of good administration.
- We attended the meetings of the Administrative Body held in compliance with statutory

requirements, laws and regulations that govern its operation and for which we can reasonably ensure that the resolutions adopted were in conformity with the law and the articles of association and were not clearly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the corporate assets.

- Through the information obtained and the examination of the documentation received, we assessed and monitored the adequacy of the administrative and accounting system as well as its reliability in correctly representing the results of operations, and in this regard we have nothing particular to report.

3. During the financial period, in accordance with the provisions of the Articles, we were regularly informed by the Directors of the management performance and its outlook. We can therefore reasonably ensure that the actions taken were in accordance with the law and with the Articles, and were not manifestly imprudent, risky, in potential conflict of interest or in contrast with the resolutions adopted by the Foundation's bodies or such as to compromise the integrity of the corporate assets.

4. The Board of Auditors found no atypical and/or unusual transactions, including those carried out with related parties.

5. The Board of Auditors, during the financial year, did not issue any opinions in accordance with law.

6. We examined the draft financial statements for the financial period ended 31/12/2012, which was made available to us in appropriate terms and on which we report as follows:

- For an attestation that the financial statements as of 31/12/2012 is a true and fair view of the financial position and results of operations of your Foundation pursuant to Article 14 of Italian Legislative Decree no. 39/2010, please refer to the first part of our report.
- The directors, in preparing the financial statements, did not depart from the rules of law pursuant to article 2423, paragraph 4, of the Italian Civil Code.

The balance sheet shows a operating result of Euro 341.517 and is summarized as follows:

Assets	Euro	510.607
Liabilities	Euro	11.324
- 'Shareholders' equity (excluding profit for the year)	Euro	157.766
- Operating result for the year	Euro	341.517
Accounts, commitments, contingencies and other memorandum accounts	Euro	0

Monitoring and control did not reveal any significant facts to be reported or mentioned in this report.

As mentioned above, the Board of Auditors found no impediment and can therefore recommend approval of the financial statements for the financial year ended 31/12/2012 prepared by the Board of Directors.

Lajatico, 27 March 2013

The Board of Auditors

Franco Martinelli
Stefano Monti
Fabio Gambini

