

2019 Budget Notes

We analyze the 17th year of our Organization's activity as the administrative headquarters for the GMA Non-Profit Organization of Montagnana (PD) and the 6th year of conducting activities as the independent GMA Naples OdV (Non-profit Voluntary Organization).

References for these notes are the following: the 2019 Financial Budget and the Statement of Accounts as of 31Dec2019.

Various Information is provided below which we believe will be useful for a better understanding of the association's activities and the items included in the budget.

The Budget of Gruppo Missione Alem Napoli OdV (hereinafter referred to as "GMA Naples" or the "Organization") tallies with the financial accounting information regularly kept and compiled according to "Guidelines and schemes for the preparation of annual financial statements for non-profit organizations" published by the Agency for Non-Profit Organizations dated 11Feb2009, with the integration of financial management principles recommended by the National Council of Certified Accountants and Accounting Experts. All of this is appropriately tailored to the specific characteristics and the mission of GMA Naples which makes available to the poor all donations received. Incurred operating costs have remained at a level which is below 15% of revenues and have been partially covered by member contributions.

The Budget scheme was prepared also taking into account what is required by articles 2424 and 2424 bis of the Civil Code. The Financial Statement was appropriately tailored to the specific characteristics of GMA Naples, following financial and/or cash-based accounting principles. The accounting from which the Budget is derived, is based on a cash book with chronological calendar which highlights Collection and Destination of funds for the following Projects: Child Sponsorship, Water and Health, Schools, Advancement of Women and Foster Homes, Administrative Costs, other. It should be noted that a majority of the donations are received by mail 41%, bank 43%, and only 16% via cash mostly during events.

All of the items indicated, either as income or expenditures, are registered when credited or debited and of course without considering the prepaid and accrued expenses.

The Projects developed by GMA Naples have a key driver: the donations of individuals, businesses, and associations such as the "Committee for the fight against hunger" of Forli', which have financed fundamental projects in Ethiopia for education, self-sustainability, and health. The funds contribute significantly to the realization of projects which have a decisive and positive impact on hundreds of Ethiopian people, children and women experiencing socio-economic hardship. The "5 for a thousand" money is earmarked to fund Water projects in schools as well as in the villages, thus ensuring availability of clean water which is indispensable for survival and avoiding diseases resulting from the consumption of non-potable water.

Most notably, in 2019 GMA Naples concentrated its efforts on initiating the realization of a few Foster Homes for girls (who are orphans or living in an environment of grave economic hardship). A Foster Home was started in the Vicariato di Hosanna – Ethiopia. THANKS to the Vitagliano/d'Aponte family we will be able to open another Foster Home in Addis Abeba.

New school classrooms and a water cistern at Mejaha have made it possible for us to welcome approximately 200 new students. As of today, GMA Naples has financed schools for over 3,000 children.

These Budget Notes have been prepared based on article 2427 of the Civil Code.

The Budget highlights:

Cash on hand at the beginning of the year ,comprehensive as well of bank balance and other accounts are reported on top of the balance sheet.

Membership fees: Fees paid in 2019 are added to those paid from 2013 and are accrued in the patrimony as a result of assets minus liabilities. They are considered a reserve asset to be used in case of necessity.

Contributions for projects from private donors: the donations are allocated to Projects financed since many years: Child Sponsorship, Water, Health and Reforestation, Schools, Advancement of Women, Foster Homes (tax code follows). For the “5 for a thousand” money, we received 2017 credits already earmarked for projects “give Water... give life”.

Deductible contributions: a) from members: the volunteers and members of GMA Naples cover part of the operating costs. In short, in the formal drafting of the Budget we had to include the member contributions in Revenues while they could directly compensate the costs in Expenditures*; b) from Child Sponsorship: Child Sponsorship has experienced a significant decrease in comparison with the early years of activity, especially in comparison with 2013. Some of our sponsors consider help to developing countries as a superfluous expense during this period of uncertainty and economic downturn. Precisely 54 fees for 2019 were not paid and 76 fees were only partially paid. Nevertheless, the children were supported with emergency funds. In fact, the funds sent to Ethiopia were managed as follows: 30% for education, 30% for health contributions to families, 30% Emergency Fund and 10% local administrative costs.

Other income: is considered as “Other Donations” with no choice and/or indication of project.

Expenditures:

Expenditures for projects in Ethiopia: as per the Budget (already discussed in para. 2 “Contributions for Projects”)

Other expenditures: include advance payments of 10,000 Euro covering room and board for the 4 Civil Service volunteers in service from 15Jan2020 (see note in Conclusions); all of the advance payments will be reimbursed by the appropriate department of the Civil Service authority within 3 months (or so they assure us).

Among the operating costs the “Reimbursement of expenses, Travel/Transportation and other” are covered by contributions from members and volunteers and recorded in the accounts under “Other income”.

Final cash liquidity: This figure represents the balance of Projects carried over to the following financial year (remaining balance).

BUDGET FORECAST FOR 2020

In compiling the 2020 Budget, we have taken into account the current uncertain socio-economic situation in Italy; therefore, all figures have been aligned with 2019 which nevertheless went better

than the planned 2019 Budget. There is a high demand to help numerous other children in Ethiopia via Child Sponsorship, but we encounter great difficulty not only in finding new sponsors but also in continuing sponsorships already undertaken. Therefore we must trust in other forms of fundraising: e.g. bequests and private donations, foundations and institutions to open Foster Homes and to build Schools.

Expenditures in 2020 for Personnel costs will be higher due to the hiring of at least 2 employees needed at the home office in Licola di Giugliano (NA). This hiring will bring stability and better organization, decentralizing the work of the volunteers (see org chart) in view of the implementation of recent legislation regarding the non-profit sector which will entail even more bureaucracy than before. Please note that in 2019 we were assisted by 4 volunteers from the National Civil Service. This year, for some absurd reason, we have not been assigned volunteers for Italy while we surprisingly won a bid providing us with 4 volunteers for Ethiopia (3 of whom are about to depart for Shashamane for a period of 10 months).

CONCLUSION

Numerous activities were carried out in Italy in 2019, most notably activities in the Campania region schools based on the EAS (Development Education) model. These EAS activities were managed with a big boost of energy from our Marisa Porzio, and with expert assistance from Santina Catalano and Pier Augusto Berardi. Additionally, we are preparing to revise our organizational statute, as mandated by the new legislation covering Non-Profit Entities which applies to us as well since we are a voluntary organization.

There were many missions to Ethiopia in order to meet with our children, inaugurate the new Foster Home for Girls, and to make sure that the aid sent really did meet the objectives set by our projects and without any waste of resources. We remain enthusiastic and committed to the goal of helping and sustaining the communities with whom we *walk together* in Africa. This will only be possible if also our donors, friends and members do NOT tire of *walking together* with GMA Naples for a better world.

Read, undersigned and approved on 1Feb2020

GATTA Annunziata

Treasurer

CARROZZA Fabiana

Auditor

GATTA Giuseppe

President