

REPORT



2013

2013

FINANCIAL STATEMENTS

Approved by the Board of Directors
in the meeting held on 28/04/2014

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STATUTORY BODIES



BOARD OF DIRECTORS	
President	Laura Biancalani
Deputy President	Veronica Berti
Counsellor	Alberto Bocelli

BOARD OF AUDITORS	
President	Franco Martinelli
	Fabio Gambini
	Stefano Monti

ADVISORY BOARD	
Mohammed Abdul Latif Jameel	
Antonio Danieli	
Laura Giarre	
Eliana La Ferrara	
Muhammad Yunus	

STRUCTURE OF THE FINANCIAL STATEMENTS FOR THE 2013 FINANCIAL PERIOD

The financial statements consist of the Balance Sheet, Income Statement and Explanatory Notes. It is also accompanied by the directors' report which is divided into two sections:

- A) MISSION REPORT
- B) ECONOMIC AND FINANCIAL REPORT



REPORT OF THE BOARD OF DIRECTORS

**Drawn up by the board of directors
on 28/04/2014.**

The Board of Directors of the Andrea Bocelli Foundation is pleased to present the report of its activities and the financial statements for 2013. The financial statements were prepared in accordance with the recommendations of the Commission for Non Profit

Organizations of the National Council of Certified Chartered Accountants.

The financial statements were drawn up in accordance with the provisions of the Italian Civil Code for companies taking into account the features which distinguish

the Foundation as well as the principle of transparency, which requires the Foundation to give information about the procedures through which resources were acquired and used in the individual management areas in the year of reference.



Letter from the Founder

"Dear friends,
2013 has provided me with a certain satisfaction in the artistic field. However, there is one thing that makes me prouder than any other which I wish to share with my friends: this jewel is called ABF, it shines thanks to a team of whom I am sincerely proud.

I love remembering that the Andrea Bocelli Foundation 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 behaviour that is in line with our own principles. What matters are positive examples, concrete actions outperforming any statement of intent.

Every effort has its essential weight: ABF is a live workshop, where even the smallest contribution is appreciated. Without the formidable staff which moves its heart, without a small army of wonderful volunteers, and above all, those that, in the world, continue to grant me their trust, working side by side with me in this adventure, without all of this, nearly nothing of all that has already been done, would have been able to occur. Operational since 2012, the Foundation has already realized a number of specific projects. Programmes 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.

2013 saw strong and direct contact between ABF and the Island of Haiti: projects such as the "Water Health Education Action Time Project" contributed to the primary needs of this wonderful but unfortunate land, with eighteen thousand litres of water distributed to those in need, but also with the realisation of street schools for approximately 1,200 children, who were promptly provided with food to sustain their families. 2013 was the year in which ABF, following the appeal launched by Pope Francis, collaborated with the UNHCR (United Nations Refugee Agency), supporting the purchase of basic necessities for refugee camps that are home to millions of Syrian refugees forced to leave their homes and their lives due to the prevailing situation in their country.

2013 was also the year in which the "The Fifth Sense" (vision assistance project, in collaboration with MIT - Massachusetts Institute of Technology of Boston), made significant progress: last December I had the pleasure of personally participating in the workshop set up in Boston by ABF in collaboration with the MIT, thus being able to verify the stimulating potential which emerged during the workshop days. Results were obtained as a result of the fantastic synergy that we generated, in relation to the development of innovative solutions to assist people to overcome the limits imposed by their disability, and specifically to restore independence of movement to the blind.

In short, dreams can become reality, if we really believe in them, and if we are many to dream.... And ABF demonstrated that it is able to energetically respond to that principle that daily moves our actions: leaving our children a better world.

Being optimistic is a moral duty, as well as being a medicine. The world belongs to those who do, to those who are passionate about life, to those who choose to be on the side of good, without fear of getting involved. Because, as St. Francis said, "giving yourself you receive, forgetting yourself you find yourself".

In closing I would like to cite the words of St. Francis of Assisi, who inspired Pope Bergoglio, who took his Pontifical name. Holy Father that, in June 2013, received my family at a private audience, as well as the leaders of ABF, and who benevolently follows our enthusiastic efforts, in this philanthropic dream that has, thanks to all of you, become a reality."

Andrea

OUR WORLD BELONGS TO THOSE WHO CHOOSE TO BE ON THE SIDE OF GOOD AND ARE NOT AFRAID OF TAKE RISKS



Letter from the President

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

2013 has represented the year of awareness of what a foundation such as the ABF, a "workshop institution", may generate in terms of social capital and direct results regarding scientific field challenges and those regarding the fight against poverty.

It has been the year in which we have understood that combining, speaking for those who do not have a voice in the collection of material resources that can make a difference, is the road that must be travelled by a Foundation like ours, that represents an intermediary at the service "of those working in non profit organizations" and Institutions, in order to try and alleviate the suffering of children and improve the quality of life of many. This awareness, together with unimaginable results, makes us responsible and obliges us to commit to adjust our organisation to all this.

The month we spent in Boston, welcomed by our partners at MIT, gave us the opportunity to involve some Italian Universities opening partnership channels and common efforts to talented young people and teachers.

The extraordinary operation of the young people of Haiti in streaming from MIT makes us responsible for constant dialogue and integration between research and work

in the field, between those who study and those who evaluate the operations and those who manage daily emergencies.

This network of relationships and connections that ABF has promoted and made possible is a solid, robust and concrete basis that is generating and will generate important and innovative solutions; all this cannot be measured in economic and financial terms, but is priceless in terms of opportunities and creation of social capital.

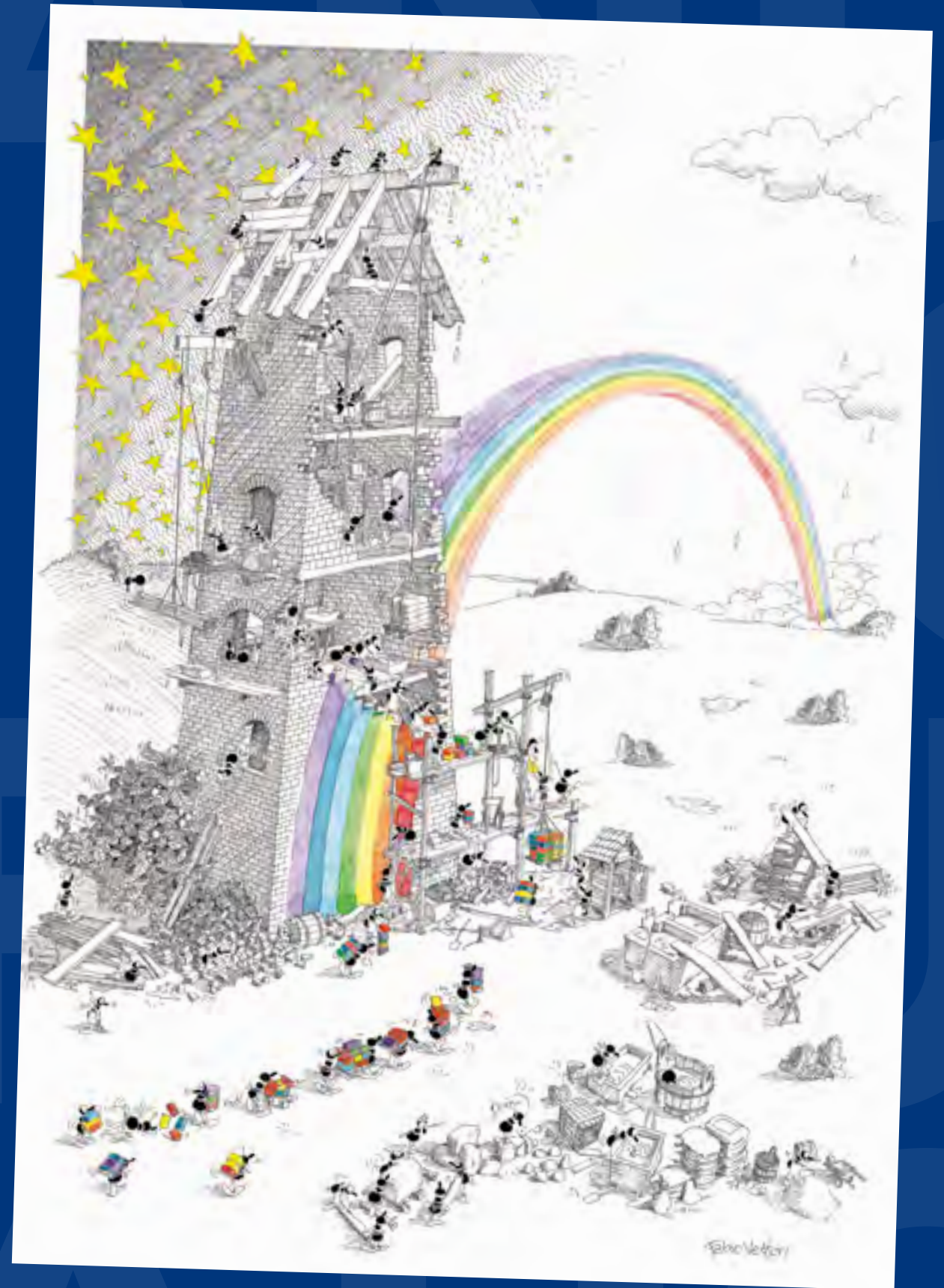
The days we spent in Haiti with our partners of the Saint Luc Foundation allowed us to see that the vision, determination together with the organisation and team work make the difference even in a context like that and are the key to being able to save lives and to generate development.

I thank each of you, every individual small drop that helped the Foundation as a whole and its ambitious work. I would like to thank Andrea, precious driver and coach of our team, our Deputy President, Veronica irreplaceable ambassador of ABF in the world, the Bocelli family: from little Virginia to mum Edi, all those involved in supporting every action from the smallest to the largest.

In closing I will try to summarise my words with an image that a dear friend of mine, a cartoonist, gave us to represent the live workshop that we are building with you. Ad Maiora together."

Laura

**A VISIONARY IMAGINATION,
DETERMINATION, AND WELL
ORGANIZED TEAMWORK
ARE THE KEYS TO CREATING
PROGRESS AND SAVING LIVES**



Thanks to Fabio Vettori for his kind permission to use the image
(www.fabiovettoriartista.it)

MISSION 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" (ABF).

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

"It is by faith in love and justice that we are called to build a better world than we found, called to give back to the world the good that we had, so that even the less fortunate or weaker can be given the opportunity of a lifetime full of chances and beauty, and those who deserve it can find true energy and occasions to give the best of themselves".

Andrea Bocelli

This is the belief that has led us to create the Foundation; making of it a living laboratory, a support column made up of many players connected by a passion for music who, from

every part of the globe, join together against extreme poverty in developing countries accepting major challenges in the social scenario 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

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 means to establish positive relationships between donors, the Foundation and beneficiaries, bringing 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

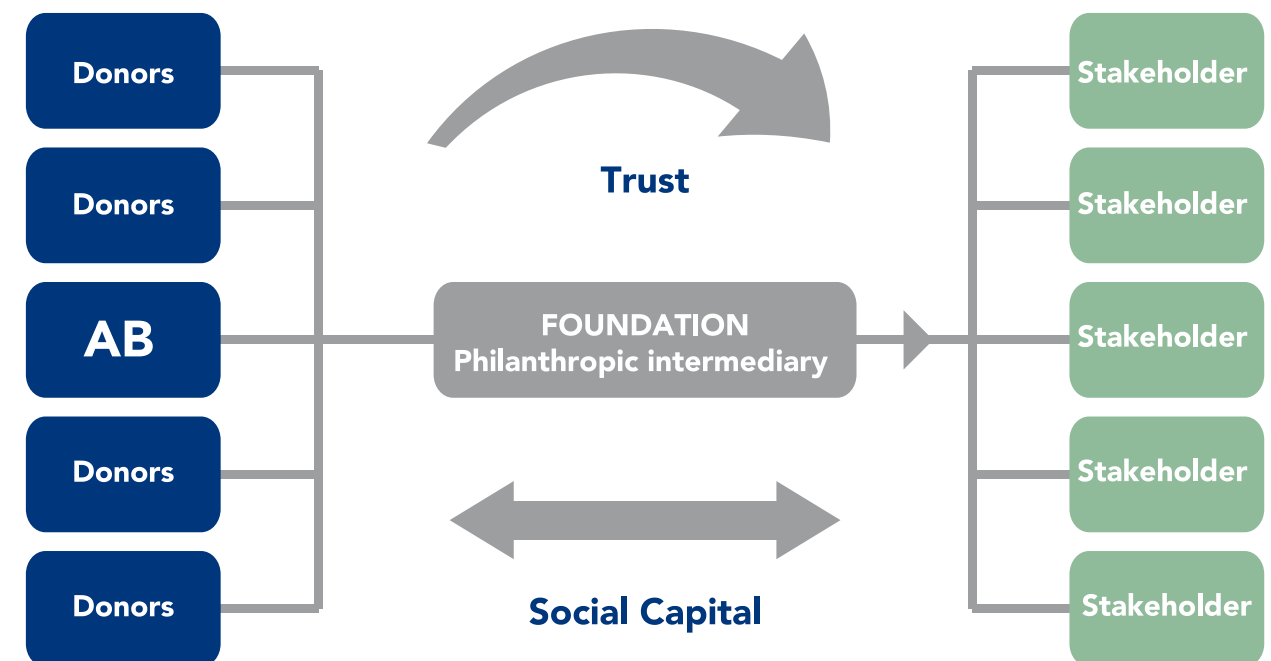
Andrea Bocelli Foundation's institutional mission is to help people in difficulty, as a result of illness, disability, poverty conditions and social exclusion, promoting and supporting national and international projects as well as encouraging full self-expression and breaking barriers.

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 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 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 orientated towards 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

B1. 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 President, and holds office for three financial years. The first Board of Directors and its President were appointed at the time of incorporation directly by the Founder. Hence, with approval of these financial statements the appointed bodies will reach expiry.

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 relative to 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 President through internal selection on the Founder's proposal;
- appoint the Deputy President 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 President or its members, for the purpose of better management effectiveness;
- any other useful activity for the proper functioning and management of the Foundation.

The Advisory Board pursuant to art. 17 of the Articles of Association, 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.

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 Foundation's two programs.

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

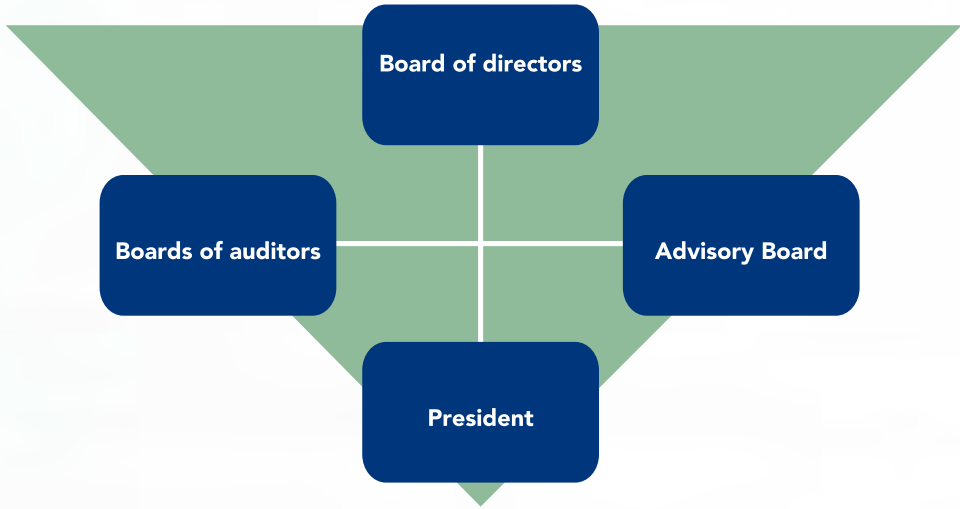
- In 2006 Prof. Yunus was awarded the Nobel Peace Prize for the development of micro-credit with Grameen Bank; in addition to this, for some time now, he has been spreading his concept of social business as a business model to fight poverty;
- Mohammed Abdul Latif Jameel, besides being a successful entrepreneur, supports many important philanthropic initiatives around the world. In particular, he is an MIT (Massachusetts Institute of Technology) Board of Directors member and founder of JPAL (Jameel Poverty Action Lab), a world famous institution for the impact assessment of social politics of governments and international cooperation projects and with whose collaboration in 2013 we created the workshop in Boston;
- Prof. Eliana La Ferrara is a Professor in Development Economics at Bocconi University. Furthermore, she collaborates with other foreign universities such as MIT and World Bank.

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's Fifth Sense Project.

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



The Board of Auditors, pursuant to art. 18 of the Articles of Association, 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 2013, the events of the corporate bodies can be summarized as follows:

DATES OF DIRECTORS MEETINGS
11/01/2013
20/03/2013
15/04/2013
21/05/2013
06/07/2013
28/10/2013
28/12/2013

The members of the Advisory Board were involved in individual areas of interest to study and determine operational guidelines.

A priority for 2014 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: Financial Statements; review and verification of the mission report, 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 the formation of a Scientific Committee of Honor composed of distinguished members, the 3 work groups will be set up to provide operational support to the decisions of the Board of Directors in 3 areas:

1. Institutional Activity: selection, monitoring, project evaluation;
2. Fundraising and Development activities;
3. Support in the field of investment, finance and taxation.



B.2 OPERATIONAL STRUCTURE

As of 31/12/2013, operational powers were entrusted by the Board of Directors on 25/07/2011 to the President, with the operational support of Counsellor 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. 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 2013 the Foundation renewed the work contract with the employee recruited during 2013, entering into a project secondment contract for the event in Boston.

The rest of the operations are supported by a group of voluntary staff.

A secretariat and external relations office open to the public every working day was established. With reference to communication, material has been produced with the offices and dissemination has been taken care of by an outsourced press office.

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

Projects in this start-up phase are followed by the President and body members, with the support of the secretariat and a group of volunteers.

The objective for 2014 as mentioned in the 2014 Programming Document, will be to adjust the operational structure to the activity and the position reached by the Foundation.

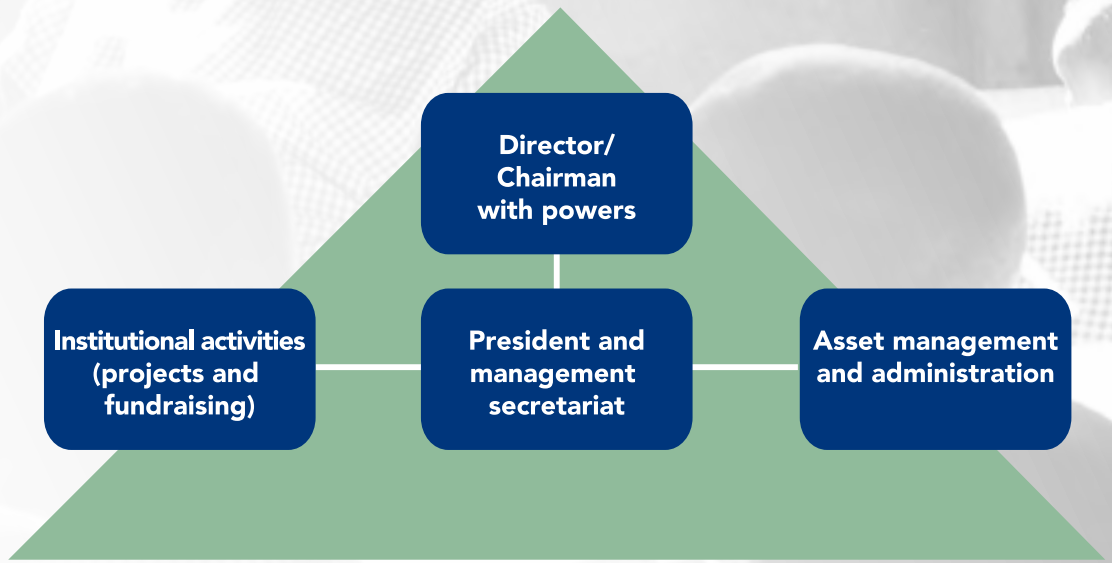
The acquisition of specific professional skills in the Third Sector, in the administration and fundraising sector are necessary for the creation of a team able to lend support in order to develop a fundraising plan and a multi-year plan of activities and fundraising.

Expansion of the volunteer group and possible internships in collaboration with Institutions and Universities will be evaluated.

As soon as the organization is adjusted, an information system will be purchased for the management of donations as well as the management of projects and contacts with stakeholders.

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.

Below the hypothetical organizational structure for the functions to be realized for 2014.



C. ACTIVITY: PROCESSES UNDER-WAY

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

Already 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 which also continued during the whole of 2013: 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.

In particular, during 2013 a partnership for projects was institutionalized with the Saint Luc Foundation of Haiti, with whom the Founder already had long term relations. Such partnership was established in virtue of said friendship and trust the Founder has in Father Rick Frechette, soul and director of the Haitian organisation.

STRATEGIC LEVEL	OPERATIONS	2012			2013												RESPONSABILITY
		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEPT	OCT	NOV	DEC	
Strategic plan	Objectives/Budget	▲												▲			Board of Directors + Advisory Board
Project selection	Grants applications	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Operational structure + Advisory Board
	Investigation evaluation	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
	Board of Directors periodic report	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
Project decision	Deliberations	▲			▲			▲			▲			▲			Board of Directors
Project monitorin	Financial statement evaluation	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	Operational structure + Advisory Board

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 took place throughout the year. The Board of Directors has decided 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 2013, the Foundation’s work was completed through three 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.

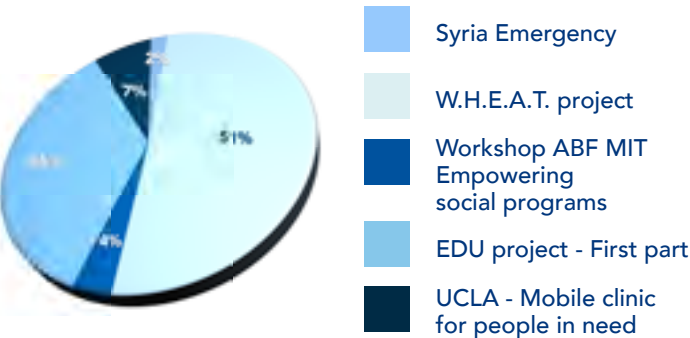
These actions were carried out within the two programs identified by the Board of Directors in accordance with the vision, mission and values of the Foundation’s sole founder:

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 them. The projects supported in 2013 are shown below.

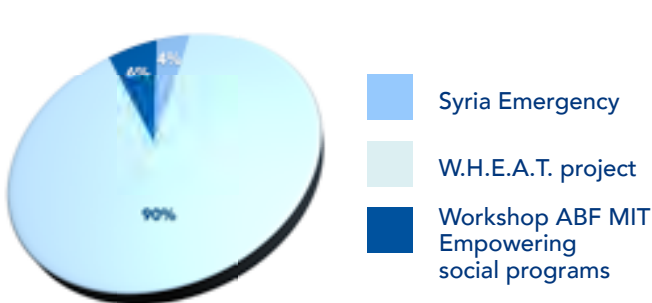
PARTNER	PROJECT	AMOUNT APPROVED in euro	AMOUNT ALLOCATED in euro	DATE RESOLVED
UNHCR	Syria Emergency	€ 10,000.00	€ 10,000.00	20/03/2013
Saint Luc. Foundation Haiti	W.H.E.A.T. project (water, health, education-action time)	€ 257,337.47*	€ 257,337.47	06/07/2013
Andrea Bocelli Foundation MIT	Workshop ABFMIT Empowering social programs	€ 19,000.00	€ 17,750.02	28/10/2013
Saint Luc. Foundation Haiti	EDU project First Part	€ 178,449.39		28/12/2013
UCLA	Mobile Clinic for people in need	€ 36,273.94		28/10/2013
	TOTAL	€ 501,060.81	€ 285,087.49	

The amounts approved and allocated were recorded according to the exchange rates prevailing on the date on which they arose.
*The amount approved for W.H.E.A.T. takes into consideration accounting practices necessary in the allocation phase.

Amount approved for Break The Barriers program



Amount allocated for Break The Barriers program





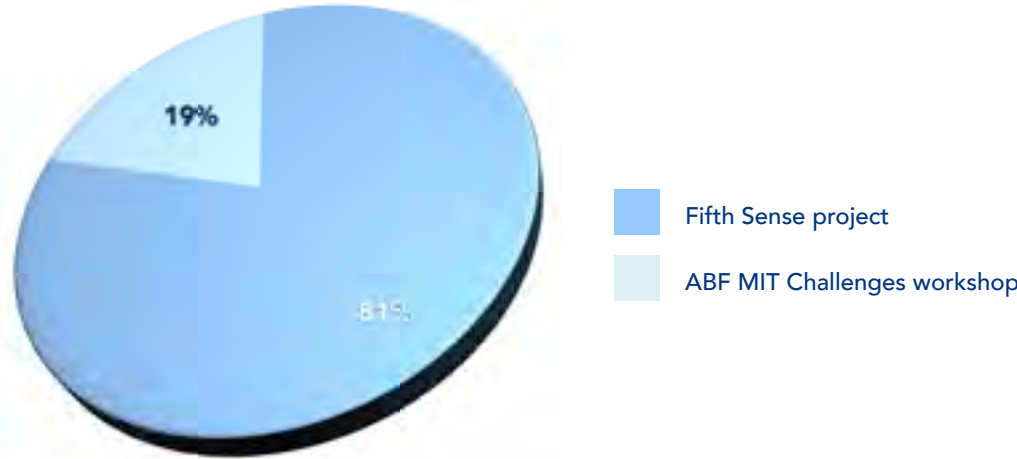
The **Challenges Program** aims to bring together the best minds to find innovative solutions to help people cope with and overcome the limits imposed by their disability/discomfort. The Foundation supports therefore scientific

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 2013 are shown in the table below.

PARTNER	PROJECT	AMOUNT APPROVED in euro	AMOUNT ALLOCATED in euro	DATE RESOLVED
Andrea Bocelli Foundation MIT	ABF MIT Challenges workshop	€ 21,000.00	€ 20,767.07	28/10/2013
MIT	Fifth Sense project	€ 90,684.86		28/10/2013
	TOTAL	€ 111,684.86	€ 20,767.07	

The amounts approved and allocated were recorded according to the exchange rates prevailing on the date on which they arose.

Amount approved for Challenges program



Total disbursements as of 31/12/2013 divided into action programs are as follows.

PROGRAM	AMOUNT APPROVED in euro	AMOUNT ALLOCATED in euro
Program Challenges	€ 111,684.86	€ 20,767.07
Program Break the barriers	€ 501,060.81	€ 285,087.49
TOTAL	€ 612,745.67	€ 305,854.56

The amounts approved and allocated were recorded according to the exchange rates prevailing on the date on which they arose.

D1.

BREAK THE BARRIERS PROGRAM

"The BREAK THE BARRIERS program - Fight against poverty"

aims to support and promote projects assisting weaker groups in Italy and in developing countries, where situations of poverty, illness, malnutrition and complex social problems invalidate or reduce the quality of life.

The Foundation wants to promote actions to support health, education and social integration, and wants to do this directly by measuring, where possible, the impact of its actions in order to continuously improve them.

ABF in this program for the year in progress has predominately worked in Haiti.



PROJECT NAME: SYRIA EMERGENCY

PARTNER: United Nations Refugee Agency (UNHCR)

LOCALTION: Refugee camps hosting Syrian refugees (Jordan)

**THE
PROJECT:**

Thanks to the relationship with UNHCR (United Nations Refugee Agency), the Foundation has decided to support, the purchase of basic necessities for refugee camps that are home to millions of Syrian refugees forced to leave their homes and their lives due to the prevailing situation in their country.

OBJECTIVES:

To contribute to the purchase of basic necessities responding to increased demand coming from the refugee camps.

ABF'S ACTIONS:

Contribution of Euro 10,000 (April 2013) for the purchase of goods useful to refugee families such as blankets and clothes.
Monitoring and reporting of projects through reports provided by UNHCR.

AMOUNT ALLOCATED: € 10,000.00



PROJECT NAME: W.H.E.A.T. Project

PARTNER: Saint Luc Foundation

LOCATION: Haiti

THE PROJECT: Every day 28 primary schools and 1 secondary school (the only free one in the country) ensure a warm meal to more than 10,000 children between 2 and 16 years of age in the poorest suburbs of Port au Prince and the provinces; this is often their only hot meal for the day and they are also provided with vaccines and medical treatment, a clean uniform, books, pencils and exercise books and education to build their future. Pasta and food are given to the children for their families at home.

Water is another essential resource, since the island does not have a hydraulic system, so there is safe drinking water accessible to all. The Saint Luc Foundation organises daily distribution of drinking water in the slums by tanker truck. This distribution assures the population of the water needed for personal hygiene, cooking and washing clothes.

OBJECTIVES:

1. To reduce infant mortality by ensuring through the school not only an education but also one meal a day.
2. Improving sanitary conditions through the distribution of drinking water in the slums.

ABF ACTION: The Andrea Bocelli Foundation supports Haiti through the following three actions:

1. Water: distribution of drinking water in the slums by tanker truck, 6 days a week 6 times a day for a total of about 18 million litres a year;
2. Education: coverage of the annual costs of organisation and structure of the three street schools: St. Augustin (600 children) in Abricots, Jeremie, Ste Philomene (243 children) in Kenscoff, Notre Dame Du Rosaire (320 children) in Croix des Bouquets.
3. Food incentives: to help families and, as an incentive for attendance, children are periodically given 4 kg pasta packages produced in a professional training centre. Monitoring and reporting through constant relations with the partner, periodical reports and missions in the field.

AMOUNT ALLOCATED: € 257,337.47



PROJECT NAME: BREAK THE BARRIERS/ WORKSHOP 2013

PARTNER: Massachusetts Institute of Technology di Boston

LOCATION: Cambridge, Boston

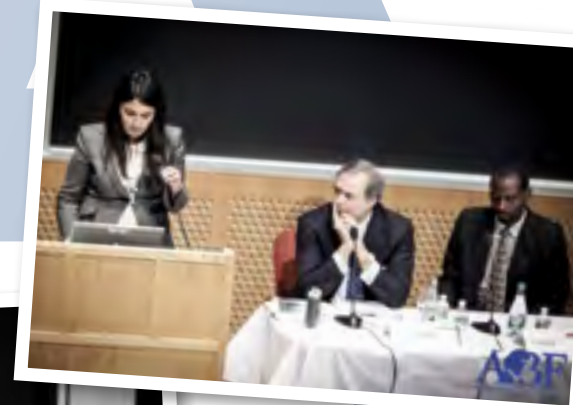
THE PROJECT: The workshop was developed to share experience and research in the field of health, water and education, considering those elements that contribute to the effectiveness of the actions themselves: the insight, whose purpose is to recognise the profound needs, is the guide towards the useful strategy to arrive at a possible solution and which represents one of the driving forces at the beginning of the activity, perseverance in doing, essential basis for changing conditions, scientific evidence, the measurement of progress in order to improve insight, therefore redefine the intervention strategy thus increasing the impact of these same actions, in a virtuous circle. The 3 elements described in fact give rise to a process that can help the public and private sectors to provide tools and services necessary to the community.

OBJECTIVES: To share experiences and research in the field of health, water and education, considering those elements that contribute to the effectiveness of the actions themselves: Reflect and to link those that work in the field and world of research.

ABF'S ACTION: The 2nd workshop ABF BREAK THE BARRIERS puts J-PAL researches together with the work of the ABF in collaboration with the St. Luc Foundation of Haiti. In fact, the Foundation considers it important to support the actions of those who work in the field, but at the same time believes the work of those who, like the Jameel Poverty Action Lab, who through the scientific approach assesses, measures and orients the impact of such actions as essential.

AMOUNT ALLOCATED: € 17,750.02

The workshop contents can be consulted on the website www.abfmit.com and on the Foundation's YouTube channel.





**I STRONGLY
BELIEVE THAT
LOVE DOES
JUSTICE**

PROJECT NAME: SACRO CUORE PRE-SCHOOL

PARTNER: ERGA OMNES ONLUS Association

LOCATION: Finale Emilia

THE PROJECT: The Erga Omnes Association was specifically established for the post-earthquake reconstruction of the Sacro Cuore school unit, the association created a pool of public and private institutions to raise the funds necessary to rebuild the pre-school. Federlegno is the company leader that participated in the project. Together with this raising awareness, the Association has involved other companies in order to achieve such performances for the raising of funds necessary, including Olimpiadi del Cuore (Olympics of the Heart), which actually organised a concert in Brescia on 10th October 2012, which saw the participation of Maestro Bocelli.

OBJECTIVES: Reconstruction of the Pre-school Sacro Cuore destroyed in the Earthquake of May 2012.

ACTIONS MONITORED BY THE ABF: Maestro Bocelli, after deciding to donate his earnings for the evening in Brescia to the Erga Omnes, asked the ABF to monitor and support the project. With the contribution of the Maestro, the work of excavation, foundation and construction of the parts in cement necessary for the realisation of the new Pre-school Sacro Cuore in Finale Emilia were completed.
Work began in July 2012 and was completed in May 2013.

The major partners in the project were:

- Andrea Bocelli Foundation (for Andrea Bocelli);
- FEDERLEGNO ARREDO for technical assistance;
- ARCHILINEA GREENPROJECT for architectural project;
- ERGODOMUS for structural project;;
- STUDIO ZECCHINI S.R.L. for mechanical, gas and natural gas, air inflow and documents for fire prevention;
- STUDIO ELETTROTECNICO MARANESE for electrical systems and any photovoltaic systems.

The Foundation followed the project with an inspection during construction and their presence during the inauguration on 5th May 2013.

AMOUNT ALLOCATED: € 100,000.00



INITIATIVES AND PARTICIPATION

HAITI MISSION June 2013

In June, the Foundation went on a mission to Haiti to monitor the projects achieved through the contribution of Maestro Bocelli in the years before the establishment of ABF and to visit the Neonatology Ward of the St. Damien's Children's Hospital, of which the Foundation has been a supporter thanks to the contribution allocated through the Virginia Project in 2012. In addition, the Foundation has initiated direct contact with those who later became the ABF's project partners in Haiti: Saint Luc Foundation. Prior to the establishment of the ABF, Maestro Bocelli came to know the situation in Haiti by working with the Francesca Rava NPH Italy Onlus Foundation, which in Italy represents

the Nuestros Pequeños Hermanos (NPH) organization. Through this collaboration the Maestro became aware of the work carried out by Father Rick Frechette, doctor and priest who has been working in the front line in Haiti for 27 years. Because of his work and with the young Haitians who have grown up with him in the NPH orphanages, the Saint Luc Foundation was founded in 2010, an institution guided solely by Haitians, which specifically dedicates itself to the education, medical care and solutions to provide a dignified life even in poverty for the Haitians. Saint Luc operates not only in Port-au-Prince but also in more remote areas of the island.



TENTH ANNIVERSARY CELEBRATIONS FROM THE BIRTH OF JPAL - BOSTON 7th December 2013

On 7th December, the Foundation, in the person of the President and a delegation of the project partners in Haiti, took part in the celebrations for the Tenth Anniversary of the birth of J-PAL. The day was held in Boston,

at the Auditorium of the Massachusetts Institute of Technology. During the day, J-PAL researchers from different parts of the world took turns on stage, detailing their research and relative results achieved.



D2.

CHALLENGES PROGRAM



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. 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 to achieve a better quality of life.



PROJECT NAME: FIFTH SENSE

PARTNER: Massachusetts Institute of Technology

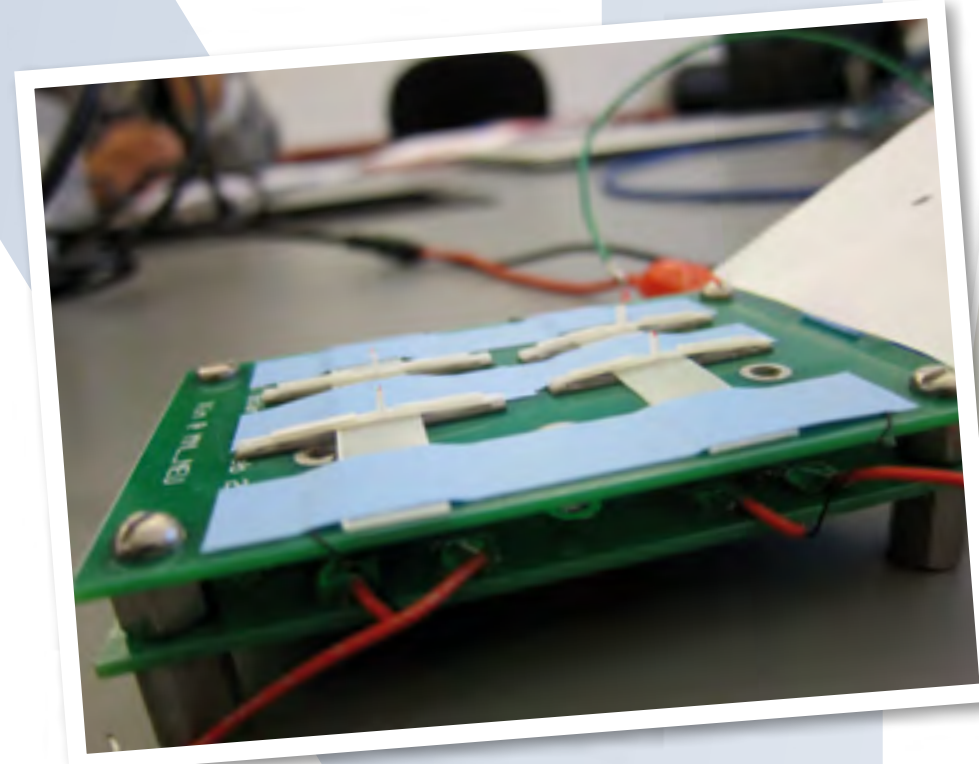
LOCATION: Cambridge, Boston

THE PROJECT: The autonomy of the visually impaired always depends on the constant assistance of a person, an animal or cane that inadvertently affect both their social and outdoor life, thus limiting it.

OBJECTIVES: Wearable intelligent perception system with high resolution tactile display aimed at increasing the independence of the blind.

ABF'S ACTIONS: The ABF is working with a multidisciplinary team of researchers and scientists at MIT (Massachusetts Institute of Technology) to develop a technology that can assist the blind 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 socialising.

AMOUNT APPROVED: € 90,684.86



PROJECT NAME: CHALLENGES/ WORKSHOP BOSTON 2013

PARTNER: Massachusetts Institute of Technology

LOCATION: Cambridge, Boston

THE PROJECT: Information Technology neuroscientists and scientists work to understand the functional use of vision and to develop innovative technological solutions that enable the blind to increase their independence and improve their social inclusion.

OBJECTIVES: To identify a new multidisciplinary understanding in the complex challenge of enabling the blind to achieve an independent life. With the intention of opening dialogue and sharing the results of their work, the Andrea Bocelli Foundation and the Massachusetts Institute of Technology of Boston have organised a 1-day workshop in which internationally acclaimed people in the fields of scientific and technological research and development economics will take part.

ABF'S ACTIONS: The 2nd ABF workshop CHALLENGES brings together scientists from different disciplines representing the excellence in their fields, to share results, ideas and find answers together. The various approaches on the 1-day theme have been described, all aimed at improving the quality of life, increased autonomy, to ensure that independence and social inclusion of the blind is always greater.

AMOUNT ALLOCATED: € 20,767.07

the cost of the workshop and the study period, were shared with the project partners.

The workshop contents can be consulted on the website www.abfmit.com and on the Foundation's YouTube channel.



INITIATIVES AND PARTICIPATION

BOSTON MISSION June 2013

The Foundation in the person of its President visited MIT in June 2013 to meet the researchers involved in the 5th Sense Project and evaluate the projects progress. During the meeting were shown the instruments and

results obtained after months of study and work carried out by the team were shown. Prof. Teller paid particular attention to the results achieved with indoor navigation and touch screen.



INSTITUTIONAL ACTIVITIES

MEETING WITH POPE FRANCIS Vatican City - 26th June 2013

The Foundation was received at a private audience by the Supreme Pontiff, in a sitting room in Casa Santa Marta at the Vatican. The meeting, which lasted about an hour, touched on the conspicuous commitment that the Foundation is making to support national and international projects aimed primarily at fighting poverty (now an urgency that does not pertain only to developing countries), as solidarity is the only intelligent response to

inequality. Pope Francis received as a gift a Haitian fer forgé made with recycled metal, simple, but of great symbolic significance for the work that ABF is doing. Pope Bergoglio deeply discussed the Foundation's operations in Haiti, in his opinion the Country is a symbol of poverty which destroys the dignity of the individual. He then invited the Foundation to continue to operate in that country.



HUMANITARIAN AWARD

For his humanitarian spirit that gave birth to the Foundation, Andrea Bocelli has been awarded the Humanitarian Award from the Lions International Foundation for this reason: "To Andrea Bocelli because his foundation is working to fight poverty in Developing Countries. It operates trying to fight disease, illiteracy and social exclusion through closeness and economic support. In addition, his Foundation supports a team of

MIT researchers who are developing wearable devices for people who are blind or visually impaired, a theme dear to the Lions around the world." The International Rotary Foundation, sharing the aims of the ABF, has made the sum of US\$ 250,000.00 available for projects in Haiti and for the challenge towards independence of the blind.



FUNDRAISING INITIATIVE TEATRO DEL SILENZIO

Lajatico - July 2013

The Foundation organized a fundraising campaign also for the Teatro del Silenzio 2013 edition, aimed at supporting the WHEAT project for Haiti. With approximately 35 volunteers and two dedicated workstations, the ABF was present at the

two evenings presenting their activities and initiatives to concert guests. The occasion was also important to report on results achieved with the TDS 2012 fundraising campaign.



FIRST ABF VOLUNTEER'S DAY

Lajatico - September 2013

The Foundation organized a day dedicated to the volunteers who each year decide to donate time and their work to the Foundation. The Founder and the President took the opportunity to thank everyone for their

valuable contribution in supporting the activities of the organisation and for the belief in a common path.



ARN^o AWARD FOR SOLIDARITY TO LAURA BIANCALANI IN HER CAPACITY AS THE PRESIDENT OF THE ABF

Pisa

Reasons for the award: Laura Biancalani is President of the Andrea Bocelli Foundation, which was founded to help people in need due to illness, disability, poverty and social exclusion through the promotion and support of national and international projects. "Arno" is pleased to confer the solidarity award for having demonstrated through her determination and

tenacity that happiness is the right of every human being and thus should be ardently defended. Your unwavering commitment and extraordinary strength are a source of pride and an example for our country but they are also a message that you know how to proudly convey to the world.



EVENING IN HONOUR OF THE PARTNERSHIP MIT-ABF Boston - 6th December 2013

The President of MIT (Massachusetts Institute of Technology), Prof. Rafael Reif, organized an evening of honor at Grey House to celebrate the partnership established between the Institute and the Foundation as well as the tenth anniversary of the birth of J-PAL. During the evening, which was attended by

leading members of the three institutions as well as by the most important supporters of MIT, Prof. Teller (5th Sense Project) and Prof. Esther Duflo (J-PAL), respectively, have discussed the objectives of their work and achievements as well as those expected.



ABF AND THE CELEBRATIONS FOR THE YEAR OF ITALIAN CULTURE IN AMERICA

For its scientific and cultural value, the Ministry of Foreign Affairs has inserted the Workshop organized by the Foundation and by the Massachusetts Institute of Technology in the official program of the celebrations for the Year of Italian Culture in America that took place throughout 2013 and in which representatives of Italian companies and

institutions participated.

To celebrate the partnership ABF-MIT and at closing celebrations for the Year of Italian Culture in America, the Italian Ambassador in Washington Claudio Bisogniero introduced the works and was present on the day.





E. RESOURCES FOR INSTITUTIONAL ACTIVITIES
SHORT FINANCIAL REVIEW

In 2013 the Foundation received part of the funds to support and develop its own projects through fundraising activities, direct or mainly organized by third parties and volunteers, as well as charitable donations from private and institutional donors

A. ASSETS

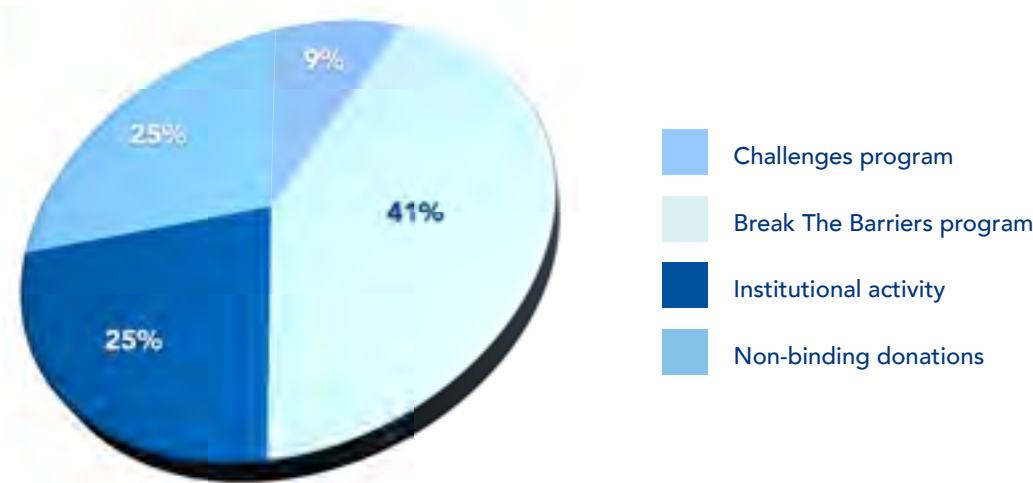
The Foundation’s assets are those provided by Founder on Foundation establishment, € 100,000.00.

B. REVENUE FROM CHARITABLE DONATIONS AND FUNDRAISING

Charitable donations for 2013 are € 1,194,983.58 allocated as follows:

ALLOCATION	AMOUNT	INCIDENCE
BTB Program	494,184.49	41%
Challenges Program	112,116.81	9%
Institutional Activity	296,077.96	25%
Non-binding donations	302,604.32	25%
TOTAL	€ 1,204,983.58	100%

Revenue as at 31/12/2013 for programs



The following table shows the allocation of contributions from donors. In fact, they may choose to tie their donations to one of the Foundation’s projects or programs.

	DESTINATION	AMOUNT
1	BTB Program	494,184.49
1.a	Private donations	16,567.50
1.b	W.H.E.A.T. Project	243,422.96
1.c	EDU Project	224,194.03
1.d	Syria Emergency	10,000.00
2	Challenges Program	112,116.81
3	Institutional Activity	296,077.96
4	Non-binding donations	302,604.32
TOTAL		€ 1,204,983.58



B.1. DONATIONS RECEIVED FROM CAF AMERICA/ CHARITY AID FOUNDATION

The Andrea Bocelli Foundation, with effect from 14/01/2013 to 14/01/2015, after a due diligence carried out by the CAF America’s Eligibility Committee, has been deemed eligible to receive donations from CAF America, an organization that allocates donations worldwide, thus helping organizations, companies and individuals to donate without borders. In 2013 the Foundation received the following donations from CAF America.

DATE SENT FROM CAF	US TOTAL	AMOUNT EU	THE PURPOSE OF THE SUBSIDY	
22/01/2013	46,000.00	34,431.73	Institutional Activity (supporting activity programs)	To be allocated to projects
28/05/2013	4,600.00	3,546.95	Break the Barriers Program	To be allocated to projects
31/07/2013	4,600.00	3,468.70	Institutional Activity (supporting activity programs)	To be allocated to projects
09/09/2013	4,600.00	3,460.33	Institutional Activity (supporting activity programs)	To be allocated to projects
09/09/2013	333,500.00	251,170.25	Institutional Activity (supporting activity programs)	To be allocated to projects
14/10/2013	100,000.00	73,021.35	WHEAT Project by the initiative of the reporting Renè and Bob Parsons Foundation	Fully allocated to achieve the W.H.E.A.T. Project
04/11/2013	222,800.00	166,577.12	Haiti Projects by the initiative of the reporting Stewart Rarh Foundation.	US\$ 100,000 used for the W.H.E.A.T. Project. The remaining part shall be used to realise the EDU Project - construction of a school in Saint Philomene
TOTALE	\$ 716,100.00	€ 535,676.43		

B.2. OCCASIONAL FUNDRAISING COLLECTION

Even in 2013 the Foundation has carried out an occasional funding collection during the Teatro del Silenzio event; net funds collected amounted to Euro 5,712.05. For further details concerning the operations refer to reports pursuant to Article 20 of the Presidential Decree 600/1973 as amended by Article 8 of Legislative Decree 460/1997 annexed to these Financial Statements (Annex no.1).

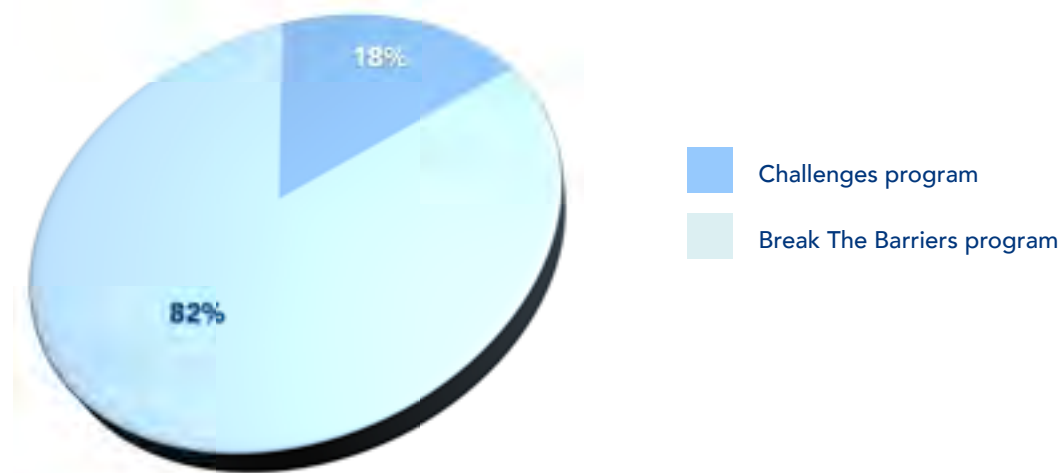


C. CHARGES FROM CONTINGENCIES

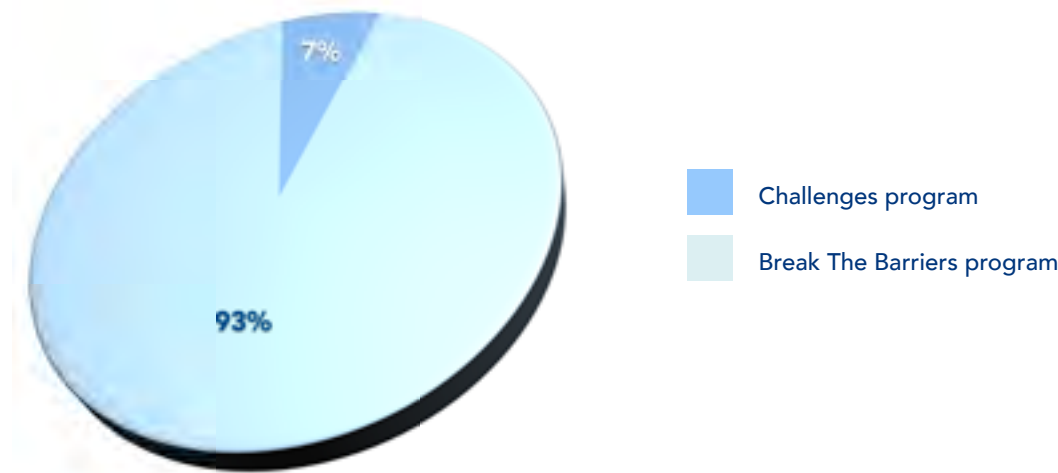
PROGRAM	APPROVED	ALLOCATED
Challenges	€ 111,684.86	€ 20,767.07
Break the Barriers	€ 501,060.81	€ 285,087.49
TOTAL	€ 612,745.67	€ 305,854.56

The amounts approved and allocated were recorded according to the exchange rates prevailing on the date on which they arose.

Amount approved for programs



Amount allocated for programs

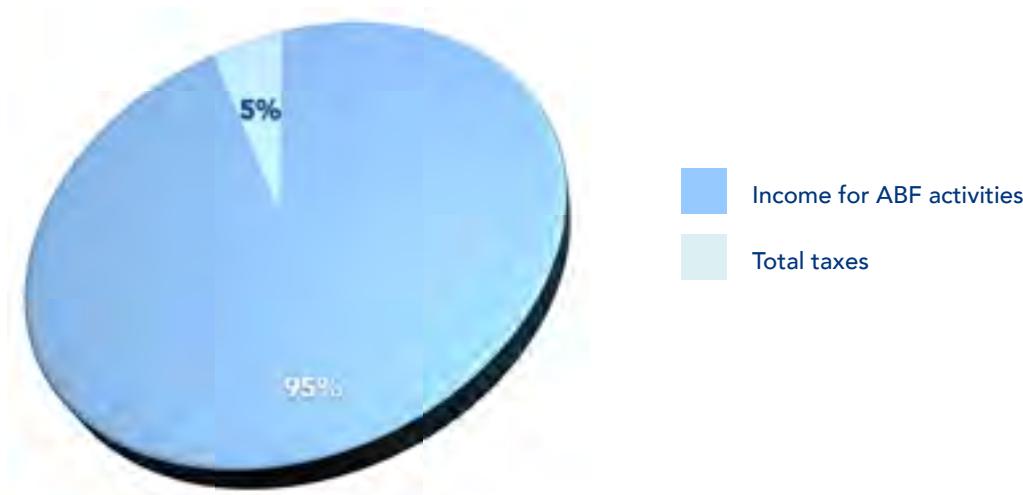


D. CHARGES FOR THE PERFORMANCE OF THE ACTIVITY AS AT 31/12/2013

Total charges for the performance of the activity of the Foundation were 65,534.00, of which for:

ACTIVITY CHARGES AS 31/12/2013	
Total charges for general support	€ 60,097.00
Body costs	€ 0,00
Costs for promotions and fundraising	€ 7,437.00
TOTAL	€ 67,534.00

Cost incidence on activity revenue



Profit is equal to Euro 835,652.00. The Board of Directors in view of the resolution passed during 2013 for the EDU project (Euro 178, 449.39), for the UCLA project (Euro 36,273.94), for the 5th Sense Project (Euro 90,684.86) proposes to allocate the remaining part to increase free funds at the disposition of the institutional activity.

ANNEX 1



www.andreabocellifoundation.org
Headquarter: Via Volterrana 49, Lajatico (Pisa) Italia
Tax Code n°: 90049390504
Registration in the Book of Legal Persons, Prefecture of Pisa: Volume VI, n.246

Report of occasional collection of funds
Teatro del Silenzio - July 2013
Date: 25th October 2013

REVENUE	
1. Cash donations from donation box	€ 2,738.80
2. Cheque donations	€ 1,000.00
1. Collection of transferred assets purchased on a payment basis (t-shirts and bracelets)	€ 4,267.00
TOTAL REVENUE	€ 8.005,00

EXPENSES	
1. Purchase of assets distributed during the collection event	€ 1,597.20
Expense reimbursement for volunteers	
Promotional expenses for the collection	
Printing and postal expenses	€ 695,75
Expenses for other services	
Utility expenses	
TOTAL EXPENSES	€ 2,292.95
NET RESULT OF THE COLLECTION	€ 5,712.05
BALANCE	-

Article 8 of Legislative Decree 460/97 introduced a legal obligation for non-commercial entities, to individually and analytically report on the financial operations connected with the activity carried out at the public collection of funds, in a "special and separate report" (within four months from financial year close). Please note that tax exemption of the funds collected occurs on the condition that it is an event, awareness campaign, etc.).





FOUNDATION
**BY OURSELVES
WE CAN ACHIEVE
ONLY SO
MUCH,**

**BUT
TOGETHER
THERE ARE
NO LIMITS**



FINANCIAL STATEMENTS

As at 31/12/2013

BALANCE SHEET ASSETS	31/12/2013	31/12/2012
A) Receivables from shareholders for payments still (of which already called up)		
B) Fixed assets		
I. Intangible assets		
- (Amortization)		
- (Write-downs)		
II. Tangible assets		
- (Amortization)	6,832	3,632
- (Write-downs)	1,329	363
	5,503	3,269
III. Financial		
- (Write-downs)		
Total Fixed Assets	5,503	3,269
C) Current Assets		
I. Inventories		
II. Receivables		
- within 12 months	793	32
- over 12 months		
	793	32
III. Financial assets not held as Fixed assets		
IV. Cash and Cash Equivalents	1,340,670	507,156
Total current assets	1,341,463	507,188
D) Accruals and deferrals	472	150
Total assets	1,347,438	510,607

BALANCE SHEET LIABILITIES	31/12/2013	31/12/2012
A) Net assets		
I. Free capital		
1) Operating profit from previous years	399,283	57,767
2) Statutory reserves		
3) Other.....	2	(1)
II. Endowment fund	100,000	100,000
IX. Operating profit for the year	835,652	341,517
Total net assets	1,334,937	499,284
B) Provisions for risks and charges		
C) Employee severance indemnities	2,131	434
D) Payables		
4) Advances		
5) Payables to suppliers	4,382	5,541
6) Tax liabilities	2,565	2,343
7) Payables to social and welfare agencies	1,701	1,448
8) Other payables	1,722	1,558
	10,370	10,890
E) Accruals and deferrals		
Total liabilities	1,347,438	510,608

MEMORANDUM ACCOUNTS	31/12/2013	31/12/2012
1) Risks taken on by the company		
Sureties		
due to subsidiaries		
due to associated companies		
due to parent companies		
due to subsidiary companies from parent companies		
due to other companies		
Guarantees		
due to subsidiaries		
due to associated companies		
due to parent companies		
due to subsidiary companies from parent companies		
due to other companies		
Other personal guarantees		
due to subsidiaries		
due to associated companies		
due to parent companies		
due to subsidiary companies from parent companies		
due to other companies		
Collateral		
due to subsidiaries		
due to associated companies		
due to parent companies		
due to subsidiary companies from parent companies		
due to other companies		
Other risks		
receivables transferred with recourse		
other		
2) Commitments taken on by company	306,891	306,891
3) Third party assets held in the company		
goods-in-process		
property held by the company under deposit or loan for use		
property held by the company as pledge or security deposit		
other		
4) Other memorandum accounts		
Total memorandum accounts	306,891	

1) Revenue from members or associates

1) Revenue from members or associates		
2) From project contributions	902,380	408,649
3) Other Revenue	302,604	418,321
	<u>1,204,984</u>	<u>826,970</u>
Total revenues from ordinary operations	1,204,984	826,970

4) Financial income and assets

1) From Bank deposits	3,397	630
2) From other activities	229	5,455

Total revenue and financial charges	3,626	6,085
--------------------------------------------	--------------	--------------

5) Extraordinary income

1) From other activities	1,793	
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Total revenue and financial charges	1,793	
--------------------------------------------	--------------	--

1) Charges from ordinary operations

1) Challenges Program		359,021
1 a) Workshop Challenges	20,767	
2) Break the Barriers Program		94,083
2 a) Syria Emergency Project	10,000	
2 b) Haiti Wheat Project	257,337	
2 c) Workshop MIT Break the Barriers	17,750	
	<u>305,854</u>	<u>453,104</u>

Total charges from ordinary operations	305,854	453,104
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2) Charges for promotions and fundraising

1) Ordinary promotion activity	7,437	9,231
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Total charges for promotions and fundraising	7,437	9,231
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6) Charges for general support

1) For raw materials, consumables and merchandise	2,450	1,197
2) For service	19,259	15,350
3) For the use of third party assets		
4) For personnel		
a) Salaries and wages	25,651	7,505
b) Social security contributions	7,811	2,289
c) Employee severance indemnity	1,698	434
d) Pensions and similar obligations		
e) Other costs		
	<u>35,160</u>	<u>10,228</u>

5) Amortisation, depreciation and writedowns		
a) amortisation of intangible assets		363
b) amortisation of tangible assets	966	
	<u>966</u>	<u>363</u>

14) Miscellaneous operating costs	2,262	272
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Total charges for general support	60,097	27,410
------------------------------------------	---------------	---------------

Operating result before tax

	837,015	343,310
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22) Current, deferred and prepaid income taxes for the financial period

a) Current taxes	1,363	1,793
	<u>1,363</u>	<u>1,793</u>

Positive operating result	835,652	341,517
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President of the Board of Directors
Laura Biancalani





NOTES

To the financial statements closed at 31/12/2013

CRITERIA FOR PREPARATION

With reference to the Italian Civil Code that does not contain provisions on the financial statements of associations, foundations and other non profit organisations but 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 emanated the accounting standard no.1 regarding the preparation and presentation of financial statements of non profit organisations and the Articles of Association of the Foundation.

CRITERIA FOR EVALUATION

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

The evaluation 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 recognised and profits not recognised as unrealised.

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 finalised.

The continuity of application of the assessment criteria over time is necessary for the purposes of the comparability of the Foundation's 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. art. 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.

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.

Amortisation 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 utilisation, 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 multi-year 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 VALUES


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

For a proper comparison with the previous financial year, it should be noted that the gains/ losses resulting from currency conversion or the exchange rate from the sale of one currency and the purchase of another are credited to the Management Statement under item 4.2

Financial income and gains from other assets.

GUARANTEES, COMMITMENTS, THIRD PARTY ASSETS AND RISKS

The amount disclosed under commitments represents the residual value of the amounts to be allocated by the Foundation at the end of the period in which these financial statements refer. These commitments, under execution for various intervention programs, are analytically described in the Mission Report.



DREAMS
CAN BECOME
REALITY
WHEN WE
BELIEVE
IN THEM AND
WHEN WE
ALL DREAM
THEM
TOGETHER

ASSETS

C) Current assets

II. Receivables

Balance as at 31/12/2013	Balance as at 31/12/2012			Changes
793	32			761
Description	Within 12 months	Over 12 months	Over 5 years	Total
From customers				
From subsidiaries				
From affiliated companies				
From parent companies				
For tax credits				
For prepaid taxes				
From others	793			793
Rounding				
	793			793

IV. Cash and Cash Equivalents

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
1,340,670	507,156	833,514
Description	31/12/2013	31/12/2012
Bank and postal deposits	1,340,670	507,156
Cheques		
Cash and cash equivalents on hand		
Rounding		
	1,340,670	507,156

The balance represents the liquid assets available and the existence of ready cash and values on closure of the financial period.

D) Accruals and deferrals

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
472	150	322

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 of the Italian Civil Code)

Balance as at 31/12/2013	Balance as at 31/12/2012			Changes
1,334,937	499,283			835,654
Description	31/12/2012	Increases	Decreases	31/12/2013
<i>Endowment fund</i>	100,000			100,000
<i>Various other reserves</i>	(1)	3		2
<i>Other</i>				
<i>Rounding</i>				
<i>Operating profit from previous years</i>	57,767	341,517		399,283
<i>Operating result</i>	341,517	494,135		835,652
	499,283	835,652		1,334,937

C) Employee severance indemnities

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

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
2,131	434	1,697

The change is as follows.

Changes	31/12/2012	Increases	Decreases	31/12/2013
Employee severance indemnities, transactions during the period		1,697		1,697

The provision represents the Company's liability as at 31/12/2013 to the employees in force at that date, net of the advances paid.
The 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)

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
10,370	10,890	(520)

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 mesi	Over 12 mesi	Over 5 anni	Total
Payables to suppliers	4,382			4,382
Tax liabilities	2,565			2,565
Payables to social and welfare agencies	1,701			1,701
Other accounts payable	1,722			1,722
Rounding				
	10,370			10,370

“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 IRAP (Italian regional tax on productive activities) payable equal to Euro 1,363.00. There are no significant changes in the amount of the item “Tax liabilities”.

1) Revenue from contingencies

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
1,206,777	826,970	379,807

4) Proventi finanziari e patrimoniali

Saldo al 31/12/2013	Saldo al 31/12/2012	Variazioni
3,626	6,085	(2,459)

Description	31/12/2013	31/12/2012	Changes
From equity investments			
From long-term receivables			
From securities held as fixed assets			
From securities held as current assets			
Income other than above	3,397	630	2,767
(Interest and other financial charges)	229	2	227
Gains (losses) on foreign exchange		5,453	(5,224)
	3,626	6,085	(2,459)

1) Charges from contingencies

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
305,854	453,104	(147,250)

Description	31/12/2013	31/12/2012	Changes
Challenges Program	20,767	359,021	(338,254)
Organisation Workshop Challenges	20,767	16,027	4,740
MIT Fifth Sense Project	0	342,994	(342,994)
Break the Barriers Program	285,087	94,083	(76,333)
Organisation Workshop BTB	17,750	23,232	(5,482)
Expenses Haiti Wheat project	7,978	0	7,978
Haiti Wheat project	249,359	0	249,359
Syria Emergency project	10,000	0	10,000
La Lucciola ONLUS Emilia Eatrhquake project	0	10,000	(10,000)
Project Virginia for Haiti	0	60,851	(60,851)
	305,854	453,104	(147,250)

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

Income taxes for the financial period

Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
1,363	1,793	(430)

Taxes	Balance as at 31/12/2013	Balance as at 31/12/2012	Changes
Current taxes:	1,363	1,793	(430)
IRES		1,500	(1,500)
IRAP	1,363	293	1,070
	1,363	1,793	(430)

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 Notes to the Financial Statements, give a true and fair view of the financial position and profit for the year and correspond to the accounting records.

Lajatico (PI) 28/04/2014

President of the Board of Directors

Laura Biancalani



MINUTES OF THE MEETING OF THE BOARD OF AUDITORS

On 10th April 2014 at 6 p.m. at the offices of the Studio Commerciale Associato Martinelli in Cascina (PI), Via Tosco Romagnola nc, 742 the Board of Auditors met, in the persons of the undersigned:

- Franco Martinelli - Chairman
- Stefano Monti - acting auditor
- Fabio Gambini - acting auditor
- Arianna Nesti - consultant retained by Studio Comm. Ass. Martinelli

In order to carry out controls on the financial statements closed at 31/12/2013 and to prepare the Board of Auditors Report.

The financial statement's individual items are examined through the analytical examination of accounting records and particular reference to the matching of accounting records to the resolutions of the Board.

The meeting of the Board of Auditors closed at 8.30 p.m. following preparation of the Report of the Board of Auditors which is annexed to these minutes and forms an integral and essential part thereof.

The Board of Auditors

REPORT OF THE BOARD OF AUDITORS

Dear Board Members of the ANDREA BOCELLI FOUNDATION,
The Board of Auditors,, for the financial period ended 31/12/2013, performed both the functions provided for by Articles 2403 et seq. of the 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 ended 31/12/2013. The ANDREA BOCELLI FOUNDATION's administrative body is responsible for preparing the financial statements in accordance with the regulations governing reporting criteria. It is our responsibility 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 organisational 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 31/12/2012.

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 the ANDREA BOCELLI FOUNDATION for the financial period ended 31/12/2013.



Second part

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

1. During the financial period ended 31/12/2013 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 organisations 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 31/12/2013, 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 31/12/2013 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 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:

Assets	1.347.438
Liabilities	12.501
Shareholders' equity (excluding profit for the financial years	499.285
Operating profit for the financial year	835.652
Accounts, commitments, contingencies and other memorandum accounts	306.891

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 31/12/2013 prepared by the Board of Directors.

Lajatico, 10th April 2014

The Board of Auditors
Franco Martinelli
Stefano Monti
Fabio Gambini







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