



**ASSOCIATION
PRO TERRA SANCTA
NGO – NPO**

Registered Office in Via Matteo Boiardo 16, Roma (RM)
Tax Code n. 97275880587

NOTES TO THE FINANCIAL STATEMENTS, ANNUAL REPORT as of December 31st, 2020

Dear Members,

the financial statement of Associazione Pro Terra Sancta ("Associazione" and/or "PTS") as of December 31st 2020, which highlights an operating income of € 268,557 was drawn up according to the guidelines issued by the National Council of Chartered Accountants and Accounting Experts (CNDCEC) and contained in the "Guidelines and schedules for the preparation of the financial statements of non-profit organizations" issued by the Agency for NPOs on 11th February 2009 and appropriately adapted to the specificities of the Association. In what follows, submitting to your approval the present financial statements, we analytically report the evaluation criteria, as well as all the useful and complementary information deemed necessary to give a truthful and correct representation of the financial and economic situation of the Association.

The profit and loss statement shows the details of income by contributor and the reallocation of the contribution/resources in typical activities of the Association and support activities.

I. BUDGETARY CRITERIA

The principles adopted for the financial report, issued on December 31st, 2020, are based on the principles of prudence and competence, on a going concern basis of the institutional activities and do not differ from the previous accounting period.

Budget items are compared with the previous accounting period.

II. ASSESTMENT CRITERIA

The assessment criteria applied to assets and liabilities are the following:

- Intangible assets, which refer to costs for improvements of third-party assets, are recorded net of year' depreciation. The depreciation charged on the financial statement is calculated in relation to the lesser period between the period of future usefulness of the expenses and the remaining period of the loan.
- Financial fixed assets are recorded at purchase cost, including any accessory charges;
- Receivables are recorded at their presumed realizable value;
- Cash and cash equivalents are recorded at nominal value;
- Shareholders' equity is represented by the endowment capital and the free reserves deriving from management income of previous years;
- The provision for severance indemnities, calculated in compliance with the law and the collective agreements in force, represents the payable to employees for the obligations existing at the end of the year;
- Payables are recorded at nominal value;
- Accruals and deferrals are determined according to the principle of economic and temporal competence in relation with the operating costs and revenues. Some relevant institutional donations to be received in 2021 for projects implemented in 2020, are recognized as accrued incomes; deferred accounts are also recorded for contributions collected in 2020 for projects to be carried out in 2021;
- Income is generally shown in the financial statements according to the cash-flow principle, except as described in the paragraph "Accrued expenses and deferred income" in order to better represent the financial statements in accordance with the principle of correlation between sources and uses and of prudence;
- The charges are shown/recorded in the financial statements according to the principle of economic and temporal competence. Costs, which may be charged to the destination, are attributed directly to the project to which they refer and, in order to better reflect the value of the Association's efforts and commitments, are classified in the related item in the typical activities in the management report. The costs not directly related to the projects are classified as other costs.
- The Association, recognized as a NGO by the Ministry of Foreign Affairs, with legal personality, is registered in the Register of non-profit organizations of the DRE of Lazio pursuant to Legislative Decree 460/97, pursuant to article 32 c.7 of L.125 / 14. The

Association does not carry out commercial activity and it does not have other income subject to IRES to be declared, filling the tax return statement for the exclusively purpose of drafting the RW section, monitoring the financial activities held abroad and the one regarding the tax credit for advertising investments.

- The registered office of the Association is in Rome, while the operational headquarters are in Milan where employees work. As the Lombardy region has exempted the non-profit organizations referred to article 10 of Legislative Decree 460/97, the Association does not have to pay IRAP even though it is required to submit the annual return form.
- On 3rd June 2019, the Association's assembly approved amendments of the Articles of the Association to bring them into line with the Legislative Decree no. 117 of the 3 of July 2017, regarding the third sector, and to register the Association in the single national register of the Third sector according to the article no. 11 of the same Legislative Decree. Therefore, the Association will take the name "Associazione di Terra Sancta ETS" or "Associazione pro Terra Sancta ETS" or "ATS pro Terra Sancta ETS". On the same day, the Association's assembly proceeded with the admission of new members in compliance with the new statutory provisions contained in article 7.

III. BALANCE SHEET ITEMS

INTANGIBLE ASSETS

The premises of the operational headquarters in Milan, sited in Piazza S. Angelo 2, are granted on loan for free use by the San Carlo Borromeo Province of Lombardy of the Friars Minors (two-years' contract signed on October 1st 2014, and regularly registered, tacitly renewed).

The long-terms charges incurred for the renovation and the purchase of new furniture and fittings at the operational headquarters in Milan, have been fully amortised.

FINANCIAL ASSETS

The account balance has not changed compared to the previous year and it includes a symbolic participation of Banca Etica, where the Association holds current accounts, purchased for an amount of € 1,725.

RECEIVABLES WITHIN THE NEXT FINANCIAL YEAR

Short-term receivables amount to € 4,028 and refer to:

- € 1,159 to Italian tax authorities for the bonus advance referred to in Legislative Decree no. 21/2020 and € 2,700 for advertising tax credit;
- € 169 for credit notes to be received.

NON-IMMOBILIZED FINANCIAL ASSETS

Non-immobilized financial assets amount to € 500,000 and refer to the liquidity present on the Mediolanum Bank account with the aim of supporting the operating activities.

This financial current account has maintained an interest rate of 0.5% for 2020 and, given the performance of financial markets; it has proven to be more advantageous than fixed term deposits and low-risk investments.

CASH AND CASH EQUIVALENTS

The account balance is so composed:

Bank deposits	€ 1,556,538
Post office deposits	€ 452,724
	€ 2,009,262

Cash equivalents in Milan	€ 256
Total Cash & cash equivalent	€ 2,009,518

The availability of banks are resources that will be used in subsequent financial years for the projects of the Association in the following areas of intervention: Preservation and Development, Education and Support and Emergency Relief.

ACCRUED INCOMES AND PREPAID EXPENSES

Accrued incomes and prepaid expenses amount as of December 31st 2020 to € 219,989.

Accrued incomes, equal to € 110,240, mainly refer to:

- € 90,200 from the contribution of Misereor Foundation not yet collected in 2020 for expenses incurred in 2019 for the projects "Emergency in Syria";
- € 20,000 from the contribution of Cordaid Foundation cashed-in on the 17th of February 2021 for expenses incurred in 2020 for the projects "Emergency in Syria - Damascus";

The accrued incomes, equal to € 109,749, refer to:

- € 100.000 as contribution, transferred in December 2020, to the Bethania project implemented in 2021
- € 9.749 covering administrative costs of 2021.

NET EQUITY

The net equity equals to € 2,218,505 and it is composed by the operating income, the endowment capital and the reserves of the previous years.

The endowment capital amounts to € 43,919 and has not changed compared to the previous year. The reserves of previous years amount to € 1,906,029 and the operating income for the current year is € 268,557.

SEVERANCE PAY

The severance pay amounts to € 68,756 and its coherent to the allowance accumulated by December 31st of 2020. The provision, which amounted to € 51.702 as of December 31st 2019, has increased by the TFR portion accrued during the year and by the revaluation of the TFR as at December 31st 2020.

PAYABLES WITHIN THE NEXT FINANCIAL YEAR

Payables within the next financial year include:

- Payables to banks: € 981 for payments made by credit card as of December 31st, 2020;
- Payables to suppliers: € 177,133 at December 31st, 2020;
- Tax payables of € 11,068 of which: € 8,644 for IRPEF (Italian personal income tax) and substitute tax on the revaluation of severance pay; € 2,434 for IRPEF withholding taxes for self-employed workers;
- Payables to employees: € 24,905 that refer to the 14th month salary payment, unused vacation days and related social costs;
- Payables to Social Security Institution for € 14,541 of which € 13,277 for INPS, € 69 for INAIL and € 839 for other institutions.

ACCRUED INCOMES AND PREPAID EXPENSES

Prepaid expenses as at December 31st, 2020 amount to € 219.371 and refers to:

- € 79.422 contributions from AICS for "AID 10958 – hospitable Bethania" project implemented in January and February 2021;

- € 139.949 of contributions from privates cashed-in in December 2020 for campaigns related to "generic" cost centre destined to the implementation of Bethania project in 2021.

FINANCIAL STATEMENT

SOURCES

Sources include:

- direct contributions divided according to donor type;
- contributions from Italian government (5xmille program);
- revenue from the support of socio-cultural activities managed by local communities;
- enhancement of material and volunteers.

Revenues amount to € 8,948,869 as of December 31st 2020, compared to € 8,719,525 as of December 31st 2019, highlighting a 2,6% increase.

During 2020, in order to deal with Covid-19 pandemic, the Italian State supplied non-profits with 2 years' worth of contributions from the "cinque per mille" program, for a total amount of € 378.445 composed by € 186.0008 related to the income of the financial year 2018 and € 192.437 related to the "cinque per mille" income of the financial year 2019. It is worth to highlight that there is a positive trend in the increasing of "cinque per mille" contributions to PTS which means that there is a greater affections from our supporters to the mission of the Association.

The contributions from legacies refer to three testamentary legacies of faithful donors.

Funds from Italy collected in 2020 represent the 65% of the total. This result is due to the increase of our commitment in fundraising activities. The remaining 35% of funds coming from foreign donors is due to collaborations with local partners, private foundations and to a renewed digital fundraising campaign.

ALLOCATIONS

Here are the uses for typical activities divided into each area for each project:

ASSOCIAZIONE DI TERRA SANTA		ALLOCATION PROJECT IMPLEMENTATION		
		2020		
1	PRESERVATION AND DEVELOPMENT			
1	Preservation and Development of Holy Sites Projects	430,742	13.3%	
2	Jerusalem, Terra Sancta Museum	591,628	18.3%	
3	"Our house" in Jerusalem and Bethlehem	869,929	26.9%	
4	Syria, preservation and development	649,493	20.1%	
5	Sabastya, preservation and development	91,967	2.8%	
6	Nazareth, Mary's places	35,000	1.1%	
7	Books, Bridges of Peace and Libraries in Jerusalem	12,482	0.4%	
8	Terra Santa Organ Festival	14,153	0.4%	
9	Bethany, preservation and development	395,221	12.2%	
10	Jordan, Monte Nebo and more.	64,357	2.0%	
11	Enhancement of material and volunteers	73,880	2.3%	
		3,228,852	100.0%	37.2%
2	EDUCATION AND SUPPORT			
1	Projects of Education and support	253,276	16.6%	
2	Charitable works in Jerusalem	105,675	6.9%	
3	Jerusalem, Magnificat Institute	55,000	3.6%	
4	Education and support in Palestine	81,643	5.4%	
5	Bethlehem: support to parish	40,000	2.6%	
6	Bethlehem: support to schools	76,537	5.0%	
7	Bethlehem medical assistance and trainings	129,776	8.5%	
8		93,785	6.2%	
9	Education and support in Syria	564,357	37.1%	
10	Support for poor families, Cairo Egypt	35,310	2.3%	
11	Training and support in Jordan	30,726	2.0%	
12	Enhancement of material and volunteers	56,373	3.7%	
		1,522,460	100.0%	17.5%
3	EMERGENCY IN THE MIDDLE EAST			
1	Emergency Centre, Aleppo	958,578	45.6%	
2	Emergency Centre, Damascus	214,932	10.2%	
3	Emergency Centre, Kanye and Yacubie	243,900	11.6%	
4	Emergency Centre, Latakia	171,400	8.2%	
5	Assistance to refugees in Greece-Rhodes	60,000	2.9%	
6	Emergency relief support, Lebanon	183,910	8.8%	
7	Support to Christian community in Gaza	33,855	1.6%	
8	Bethlehem & Jerusalem, Covid emrgency	234,651	11.2%	
		2,101,226	100.0%	24.2%
4	SOCIAL ENTERPRENURIAL ACTIVITIES			
1	Visits pro Terra Santa	5,357	1.5%	
2	Gadgets and artistic products	224,402	62.7%	
3	Guest houses in Bethlehem and Sabastya	128,118	35.8%	
		357,877	100.0%	4.1%
5	PROJECT PROMOTION			
1	Institutional and Private Fundraising	733,350	79.2%	
2	Communication costs	192,702	20.8%	
		926,052	100.0%	10.7%
	Allocations for Ordinary Activity	8,136,467		
6	LABOUR COSTS			
1	Staff and full-time collaborators costs	420,865		4.8%
7	GENERAL COSTS			
1	General and administrative costs	83,885	68.2%	
2	Legal, fiscal and administrative consultancy	36,604	29.8%	
3	Amortisations	2,491	2.0%	
		122,980	100.0%	1.4%
	T o t a l	8,680,312		100%

PROJECT IMPLEMENTATION ALLOCATION

Total projects implementation amounted to a € 8,136,467, as at December 31st 2020, compared to € 8,132,804 as at December 31st 2019.

During 2020, we have implemented projects in the following areas of activities:

- Preservation and development

In this area, during 2020, support for the preservation of Holy Places and the rehabilitation of buildings in Jerusalem and Bethlehem has been particularly implemented.

- Education and Support Area

During 2020, due to activities being suspended because of Covid-19, educational interventions and projects have been decreased in comparison to 2019.

- Emergency Relief

2020 allocations for emergency refer to:

- o Support of the Emergency Centres in Syria where the War has been ongoing for over 10 years;
- o Supports for Lebanon where the needs of the population have increased due to the economic crisis and the explosion of Beirut Harbour bomb of August 2020;
- o Support to Covid-19 Emergency relief actions in Palestine, Bethlehem area in particular;
- o Support to the community of the Gaza strip.

- Social-entrepreneurial Activities Promotion.

During 2020 the Guest Houses activities have almost completely stop because of the Covid-19 Emergency. Regardless, artisanal products sell in Palestine workshops is still on.

ALLOCATIONS FOR ORDINARY ACTIVITY OF PROJECT PROMOTION

This caption decreased from € 964.553 to € 926.052 in 2020 (- 4%) and it includes:

- Fundraising activity costs, equal to € 733,350, include acquisition cost of records, creativity, printing and shipping costs;

- communication costs, equal to € 192,702, related to articles and inserts in magazines and to digital communication activities on websites and social networks;

LABOUR COSTS

Costs of staff have increased from € 402.378 to € 420.865 due to the increase of the number of employees from 10 to 11 –compared to 2019- and of wages.

The above-mentioned costs also include the relevant social costs and severance indemnities.

The costs of full-time collaborators refer to professionals who work to support institutional activities.

GENERAL COSTS

Overhead costs amounting to € 122,980 include:

- bank charges, operating office expenses, telephone expenses, technology and administrative services for € 83,885;
- legal, fiscal and administrative costs amounting to € 36,604. These costs are related to accounting services, legal obligations and salary processing.

It should be noted that during the year 2020 no transactions were carried out with parties in potential conflict of interest, whose significance/size may give rise to doubts regarding the safeguarding of the Association.

OPERATING SURPLUS

At the end of year 2020, PTS has recorded an operating income of € 268,557, while at the end of 2019 the Association has recorded an operating loss of € 42,201. The operating income will be allocated for projects implementation in the next years.

PERFORMANCE MANAGEMENT

The Association pro Terra Sancta is an NGO (article n. 28 L. 49/1987), as per Ministerial Decree n. 2006/337/001504/0 of April the 12, 2006, and is enlisted as an NPO (article n. 26, clause 2-3, L. 125/2014 and article n. 17 of the Ministerial Decree n. 113/2015) decree n. 2016/337/00140/4 of the 4th of April 2016. In 2019 we provided to update our Statute as per the Third Sector Code in order to be enlisted in the National Record of the Third Sector. We are active in developing and economically transitioning areas where emergency relieve

is needed, particularly in the Middle East and in the following countries: Syria, Lebanon, Palestine, Israel, Jourdan, Egypt and Greece.

We pursue civic, solidarity and social goals by carrying out the following activities (see article 5 of the Legislative Decree n. 117/2017):

- a) cooperation and development;
- b) charity;
- c) defence and enhancement of the Cultural Heritage;
- d) defending and rising awareness about Human, Civil, Social and Political Rights;
- e) education and professional formation;
- f) organization and management of touristic activities with a social, cultural and religious interest;
- g) organization and management of cultural activities;
- h) fair trade, social impacting and ethical finance, micro-credit programs;
- i) long-distance sponsorships.

Pro Terra Sancta Association mission is to foster bonds between the Holy Land and the World.

STAKEHOLDERS

Our stakeholders are our 31,308 benefactors, 30,396 of those being individuals, 889 groups and Associations, 19 Private and 4 Public Institutions.

Our Major Donors – Public and Private Institutions wise- are Cei, Missionszentrale der Franziskaner, FAI, Misereor, AICS, UE.

Some data on our secondary stakeholders:

- 59 staff members employed in Italy and In foreign countries;
- 37 Italian suppliers involved in the our marketing campaigns;
- 45 local-based suppliers involved in the development and implementation of our projects;
- 55 local-based partners involved in the development and implementation of our projects.

Beneficiaries directly involved in our activities and projects are 62,950, 7,350 of those being in Israel and Palestine and 1,500 in Lebanon.

FUNDRAISING

Fundraising is carried out in multiple languages with the main intent of potentially reaching global donors. Bonds with Italian donors are the strongest ones whilst those with European and Anglo-Saxon donors are numerous.

Fundraising is directed to both Public and Private Institutions through calling for tenders and to privates forwarding regular and digital communication (foreign donors are addressed only digitally). Acquisition of new donors is carried out through the rental of postal records, magazine direct marketing and through lead generation digital campaigns.

Funds coming from calls are used for the activities described in the application phase and are accountability and documentation as required by the Donor or the financing Institute.

Private-donors funds are collected through spontaneous donations or in response to direct communications and are redirected based on the destination specified in the donation description. If the donation description is not specified, the donated sum will be allocated on the base of the goals planned and budgeted yearly by the Board of Directors. Activities realized thanks to the funds raised as above described, are publicized online on our institutional website and/or in the direct communications to donors.

Our communication campaigns, beside the objective of supporting the projects, are directed to informing our supporters and keeping them in touch with the Holy Land, core of our Mission: a huge amount of attention is given to content creation, as it is the main way of enhancing the knowledge of the Holy Land and its landmarks (plus valuable religious themes) and of reporting on activities and projects in progress.

During 2020 the main topics related to fundraising were: Syria, Holy places (with a focus on Nazareth in May), Emergency Relief in Lebanon, Holy Land schools, Covid-19 emergency in Bethlehem, Dar al Majus project.

Fundraising activities have increased the received donations from € 8,719,525 in 2019 to € 8,948,869 in 2020. In particular, privates' donations have increased of 34% highlighting a greater affection of donors to our mission.

ACTIVITIES AND OBJECTIVES

Our Mission is to foster bonds between the Holy Land and the world.

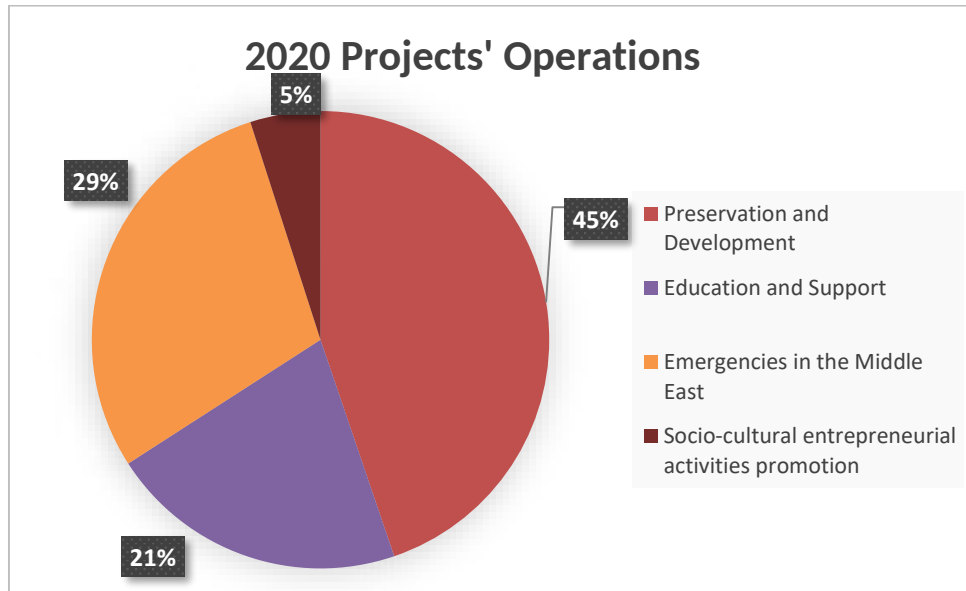
We are active in the Middle East and we support the Franciscan Custody. Our operation areas are Emergencies in the Middle East, Education and Support, Preservation and Development of socio-entrepreneurial activities.

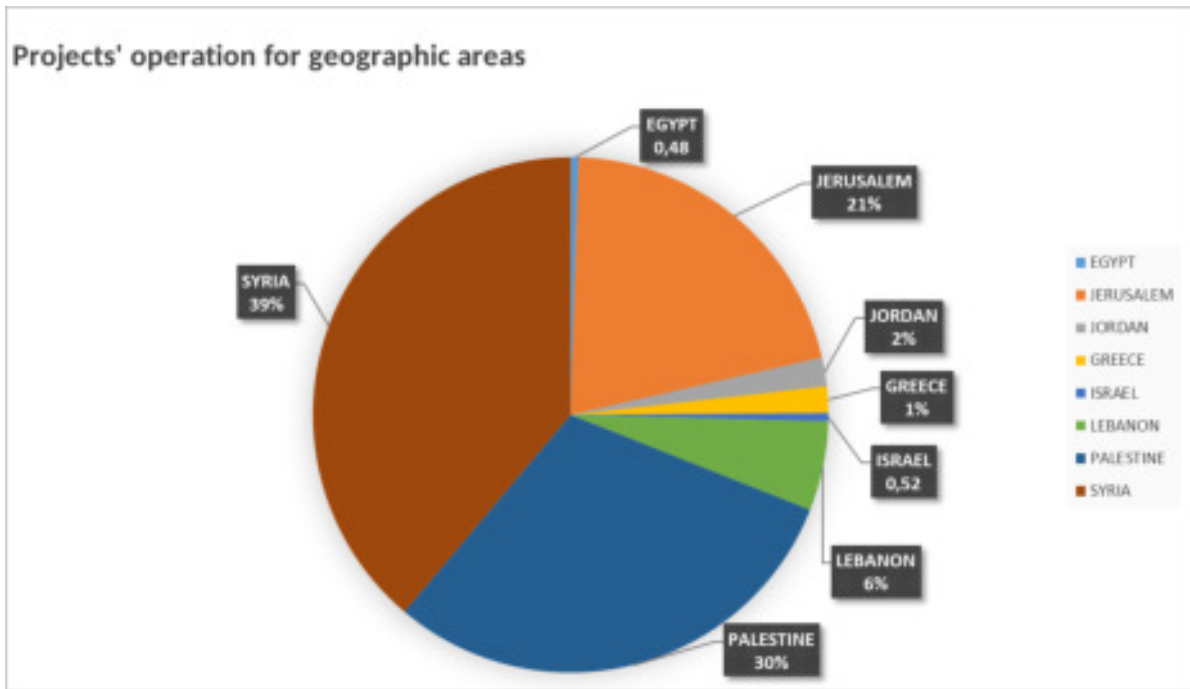
Operation Areas

In the following scheme the places where we are active in with PTS staff are highlighted in orange whilst the operation areas where we are active through partnerships with religious bodies and/or local partners are identified by yellow:

<u>Israel and Palestine</u>	<u>Egypt and Jourdan</u>	<u>Syria</u>	<u>Lebanon</u>	<u>Greece</u>
Jerusalem	Amman	Damascus	Beirut	Rhode
Bethlehem	Mount Nebo	Aleppo	Tripoli	Kos
Bethania	Cairo	Latakia	Tiro and Sidonia	
Jericho	Alexandria	Knaye-Yakoubie	Harissa	
Sebastia	Port Said	Hama		
Gaza	Assiut			
Nazareth				

Our projects cover 45% of the operations in the Conservation and Development area, 26% in the Emergency in the Middle East area, 21% in the Education and Support area and 5% in socio-entrepreneurial activities.





Preservation and Development

We contribute to preserving the historical places of the Holy Land with the aim of raising awareness of their value by all the local communities, including the Jewish and Muslim ones, and by tourists and pilgrims as well. The recovery, conservation and valorisation activities are also an opportunity to train skilled workers and craftsmen, create job opportunities especially for the most vulnerable population groups (young people, women, people with disabilities), and generate income sources through social and cultural activities linked to sustainable tourism and new forms of hospitality. The valorisation of cultural heritage facilitates and creates opportunities of meeting and coexistence among different people living in this land chosen and loved by God. In 2020 our actions focused on the restoration of buildings in Bethlehem and Jerusalem and the reconstruction of houses in Syria to promote social recovery.

Education and Support

The education of new generations is essential to build hope for a future of peace and development in land battered by conflicts; while access to basic medical assistance gives dignity to the poorest and increases life quality. Education and Support projects, carried out also in collaboration with other charitable works in the Holy Land, assist the needy (with particular attention to disabled children and women with difficulties) and train new generations of young people by providing them with access to quality education and vocational training opportunities. Finally, we are committed to provide medical and health assistance to people who cannot afford essential care.

Emergency in the Middle East

Humanitarian emergencies in the Middle East are still dramatically relevant, particularly in the region called “Saint Paul Region” (Lebanon, Syria, Jordan). Emergency Relief projects guarantee the distribution of essential goods to support the population affected by the war and, where possible, the reconstruction of what has been destroyed during the conflict to encourage the rebirth and the development of the civil society. In 2020 two major challenges were added to the emergency linked to Syrian conflict and the dramatic situation of refugees: the Covid-19 pandemic and the explosion in Beirut’s port. Our intervention in this sector has thus grown, providing aid and assistance to the population affected by the health and economic crisis, and supporting local hospitals and charitable works.

Socio-entrepreneurial Activities

We develop and manage guest houses, workshops, local craft activities (such as mosaic creation, and candle or soap production) as well as visits, itineraries, ad hoc sustainable trips, in order to support the development of local communities and preserve their cultural heritage. Our actions aim at supporting both local people through vocational training and job creation and various social and cultural initiatives as well.

Future Perspectives

In 2020, the Covid-19 emergency affected our projects by slowing down the implementation of our activities. Institutional fundraising faced slowdowns as well, but we managed to compensate for them thanks to the generosity of private benefactors who show their bond with our charitable work in the Holy Land. In 2021, despite the persistence of the global pandemic we keep working both in Italy and in Middle Eastern Countries and we hope to

increase our intervention once both collaborators and tourists will be able to move freely across countries again.

Tommaso Saltini

General Director

A handwritten signature in black ink, appearing to read 'Tommaso Saltini', written in a cursive style.