NOVA, CENTRE PER A LA INNOVACIÓ SOCIAL

ANNUAL REPORT FOR FINANCIAL YEAR 2016

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1. Work done by the Nova, Centre per a la Innovació Social Association

1.- The Nova, Centre per a la Innovació Social association (known hereafter as NOVA) was incorporated on 15th October 1999.

Its registered office is in Plaça Catalunya, 9, 5è 2a in Barcelona. It is registered in the Directorate General for Law and Legal Entities of the Department of Justice of the Regional Government of Catalonia with registration number 23039 (tax no. (N.I.F.) G62083357).

2.- NOVA is governed by its own articles, by Act 4/2008, of 24th April, on book three of Catalonia Civil Code, on legal entities; Organic Act 1/2002 of 22nd March, regulating the right of association and its articles.

3.- NOVA expressly rules out any profit-making purpose and its main objectives are in short as follows:

a) Promoting social innovation for change, collecting, generating and disclosing socially innovative proposals for offering alternatives to problems and social systems which need to be reconsidered.

b) Promoting non-violence and a culture of peace as a strategy for the transformation of conflicts and reduction of the structural causes that give rise to them.

c) Promoting respect for human rights and global justice as a method of empowerment for people and creation of bonds of solidarity among the most underprivileged peoples and communities.

d) Promoting tolerance and respect among cultures through the creation of bridges of solidarity, dialogue, processes of reconciliation and transitional justice.

e) Promoting equality among men and women through an approach to gender in cooperation based on the empowerment and participation of women in the spheres and processes of decision-making, and in the design and implementation of strategies, campaigns and initiatives for eliminating the structures of patriarchal domination.

f) Promoting mechanisms of protection and strategies of support for champions of human rights in order to guarantee the continuity of their work and to improve impact in defending human rights.

g) Promoting the study of, research into and dissemination of the structural causes that perpetuate a culture of war, feed the military-industrial system and justify violent responses to the challenges of the twenty-first century.

h) Promoting mechanisms addressed to offering humanitarian action for the people in greatest need and complying with the humanitarian principles of impartiality, neutrality, humanity and operational independence.

i) The resources obtained by NOVACT in the 2016 financial year have been allocated to the implementation of its founding purposes.

4.- NOVA'S financial year covers the period from 1st January to 31st December.

2. Basis for presentation of its annual accounts.

1. True image:

   The annual accounts have been drawn up based on NOVA'S accounting records and are presented in accordance with current legislation and with the rules and principles established in the Accounting Plan for Foundations and Associations subject to the legislation of the Regional Government of Catalonia, approved by Decree 259/2008 of 23rd December, of the Department of Justice of the Regional Government of Catalonia, with the aim of displaying the true image of the assets, the financial situation and the results of its operations, and the changes in net worth (shareholders' equity).

   No accounting principle or valuation criterion with any significant effect on the annual accounts has ceased to be applied.

2. Comparison of information:

   The annual accounts are presented for comparative purposes, accompanying each of the entries of the balance sheet, of the profit and loss account, of the statement of changes in net worth and of the report, as well as the figures for the 2016 financial year and those corresponding to the previous financial year, which were part of the annual accounts of the 2015 financial year approved by the General Meeting.

3. Grouping of headings:

   No items are grouped in different headings.

4. Items included in different headings:

   No items are included under different headings.

5. Changes in accounting criteria and error correction:

   There have been no changes in the accounting criteria applied and no errors have been corrected.

3. Application of profit/loss.

The surpluses from financial year 2016 are applied as shown below:

Distribution basis	
Surplus for the year	5,236.19
Application to	
Carryover	
Surpluses from previous years	5,236.19
Surpluses pending application in statutory activities	
Total	5,236.19

4. Recording and valuation rules.

The most important recording and valuation rules applied in drawing up these annual accounts were as follows:

1.- Tangible fixed assets:

Tangible fixed assets are valued at the acquisition price minus the accumulated depreciation and where applicable, deducting any estimated losses which could stem from comparing the net book value of each item with its recoverable amount.

At the close of the year, NOVA values the impairment in the value of the different assets, estimating the recoverable value of these assets, which is whichever is higher of their reasonable value and their value in use. If the recoverable value is under the net book value the proper value correction for value impairment will be made, charged to the profit and loss account. Any previously booked reversals of impairment losses, should the case arise, are recognised in the profit and loss account for the year in which the impairment is written off or reduced.

Any costs of renewal, extension or improvement representing an increase in capacity, productivity or any lengthening of the useful life of the goods are capitalised as a greater cost of the assets in question. The expenses for conservation and maintenance are charged to the profit and loss account for the financial year in which these arise.

The depreciation of items of tangible fixed assets is made on the cost value using the straight-line method, applying the following depreciation percentages:

- Furniture 5%
- Information processing equipment 12.5%
- Other amenities 10%

Any new items incorporated are depreciated from the time when these come into operation.

2.- Leases:

Leases are classified as financial whenever their conditions lead to their being considered as substantially transferring any risk and benefits inherent to the ownership of the asset covered by the contract to the lessee. Any other leases are classified as operating leases.

As of 31st December 2016 NOVA only has operating leases. Payments to third parties for operating leases are charged to the profit and loss account at the time when these are accrued on a straight-line basis during the lease period.

3.- Loans and receivables:

These are initially valued at their reasonable value which, if there is no evidence otherwise, will be the transaction price. Later on they will be valued at their depreciated price, accounting for the interest accruing in the profit and loss account by applying the effective interest rate method.

In spite of the foregoing, any credits for commercial operations with maturities up to one year which do not have a contractual interest rate, as well as other balances receivable whose amounts are expected to be received in the short term, are valued at face value, in both the initial valuation and the later assessment, when the effect of not updating the cash flows is not significant.

The following financial assets are included in this category:

- Accounts receivable from activity operations corresponding to debit balances from activities.
- Accounts receivable from other operations. This includes balances with other debtors, personnel, etc.
- Short and long-term deposits. These are valued at their face value, since the effect of not updating cash flows is not significant.

At the close of the year the required impairment value corrections are made if there is any objective evidence for this.

Impairment is considered to exist when there are reasonable doubts as to the recoverability in the amounts and maturities of sums. As a general rule, the impairment value correction is made in the books by a charge to the profit and loss account for the financial year in which the impairment was recognised. Any reversals of previously registered impairment losses, should these arise, are recognised in the profit and loss account in which the impairment is eliminated or reduced.

Activity debtors and other accounts receivable are subject to value correction, should the case arise, after having been individually analysed.

4. Corporate tax:

NOVA opted for the special tax system for non-profit-making organisations and incentives for patronage approved by Act 49/2009, on 10th June 2014 by the presentation of the relevant tax register declaration. This system is consequently fully applicable in tax period 2016.

Insofar as the Association rules out the profit motive in its business, it enjoys exemption from Corporate Tax in respect of the income stemming from the activities covered by its founding purposes.

5. Value Added Tax (VAT) and other tax

Non-deductible input VAT forms part of the purchase price of current and non-current assets, as well as of services which are involved in the operations taxed. The rules on non-deductible input VAT are applicable to any other indirect tax paid in acquiring goods or services, which are not directly recoverable from the State Treasury.

Output VAT does not form part of income stemming from operations covered by this tax or from the net sum obtained in the sale or disposal by other channels in the case of retirement of the non-current asset. The rules on output VAT are applicable to any other indirect tax charged on operations performed by the Organisation and which are recoverable through the State Treasury.

6. Income and expenditure:

   Income and expenditure are allocated in accordance with the accrual criterion, that is, when the real flow of goods and services that these represent takes place, regardless of the time when the monetary or financial flow stemming from this arises. More specifically, at the close of the financial year, the accrual of income from grants is scheduled in accordance with the expenses incurred in each project during the financial year.

   Income is valued at the reasonable value of the consideration received or still to be received for the goods issued and the services rendered in the ordinary framework of its activity, after deducting discounts and tax.

   Income from interest is recognised in accordance with its accrual, and does not significantly differ through applying the effective interest rate method.

7. Grants, donations and legacies.

   Any non-repayable grants, donations and legacies are booked as a general rule as income directly assigned to net worth and recognised in the profit and loss account as income on a systematic and rational basis correlated with any expenses stemming from the grant, donation or legacy.

   Any grants, donations or legacies which are repayable are booked as liabilities of the company until they become non-repayable. They are considered not to be repayable for this purpose when there is an individual agreement for assignment of the grant, donation or legacy to the company, when the conditions established for granting this are complied with and when there is no reasonable doubt about the reception of the grant, donation or legacy.

   For purposes of allocation to the profit and loss account, the following types of grants, donations and legacies have been distinguished: when these are granted to ensure a minimum rate of return or to offset operating deficits, they are allocated as income for the year in which they have been granted, unless they refer to future years; when they have been granted to finance specific expenses, they are allocated as expenses in the same financial year in which the expenses have accrued; when they have been granted to purchase assets or cancel liabilities, they are allocated as income for the financial year to the extent to which the disposal has taken place or in proportion to the transfer to depreciation that was made; finally, when sums of money have been received with no assignation to any specific purposes, they have been allocated as income for the financial year in which they were recognised.

5. Tangible and intangible fixed assets.

The movements recorded during financial year 2016 in the tangible and intangible fixed assets accounts are as detailed in the following table:

COST	Balance 01.01.16	Incomings / additions	Outgoings/ reductions	Balance 31.12.16
Web page	1,840.22	0.00	0.00	1,840.22
Computer applications	5,647.93	771.08	0.00	6,419.91
Other installations	9,857.88	0.00	0.00	9,857.88
Furnishings	422.41	0.00	0.00	422.41
Information processing equipment	12,213.68	1,546.25	0.00	12,213.68
Total	29,982.12	2,318.23	0.00	32,300.35
ACCUMULATED DEPRECIATION				
Web page	1,840.22	0.00	0.00	1,840.22
I.T. applications	1,095.34	1,133.40	0.00	2,228.74
Other installations	573.92	993.88	0.00	1,567.80
Furnishings	185.34	21.29	0.00	206.63
Information processing equipment	2,326.28	2,905.02	0.00	5,231.30
Total	6,021.10	5,053.59	0.00	11,074.69

The movements recorded in financial year 2015 for the tangible and intangible fixed asset accounts are as detailed in the following table:

COST	Balance 01.01.15	Incomings / additions	Outgoings/ reductions	Balance 31.12.15
Web page	1,840.22	0.00	0.00	1,840.22
Computer applications	14,377.08	5,647.93	14,377.08	5,647.93
Machinery	3,202.12	0.00	3,202.12	0.00
Other installations	0.00	9,857.88	0.00	9,857.88
Furnishings	422.41	0.00	0.00	422.41
Information processing equipment	19,314.06	10,115.34	17,215.72	12,213.68
Other tangible fixed assets	1,875.82	0.00	1,875.82	0.00
Total	41,031.71	25,621.15	36,670.74	29,982.12
ACCUMULATED DEPRECIATION				
Web page	0.00	1,840.22	0.00	1,840.22
I.T. applications	14,377.08	1,095.34	14,377.08	1,095.34
Machinery	3,202.12	0.00	3,202.12	0.00
Other installations	0.00	573.92	0.00	573.92
Furnishings	164.05	21.29	0.00	185.34
Information processing equipment	17,529.83	2,100.48	17,304.03	2,326.28
Other tangible fixed assets	1,875.82	0.00	1,875.82	0.00
Total	37,148.90	5,631.25	36,759.05	6,021.10

There were no impairment value corrections applied as of 31st December 2016. NOVA does not own buildings or land.

6. Real estate investments.

NOVA does not have any real estate investments.

7. Cultural heritage property.

NOVA does not have any cultural heritage property.

8. Leases and other similar operations.

NOVA has not taken out any financial leases nor operations of a similar kind, and has only contracted an operating lease.

The operating account includes expenditure of 7,830.00 euros for the operating lease of the property at Plaça Catalunya, 9, 5º 2ª in Barcelona, which is used for the activity.

The sum of the deposit paid for this lease is €1,200

9. Financial assets.

The book value for each of the financial asset categories, except for investments in group, multi-group and associated companies, is shown in the following classification table, shown by their nature and function.

a) Long-term financial assets	TYPES							
	Equity instruments		Debt securities		Credits, derivatives and others		TOTAL	
	FY. 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Assets at fair value with changes in the P/L statement							0,00	0,00
Held to maturity investments							0,00	0,00
Loans and other receivables					1.553,00	1.200,00	1.553,00	1.200,00
Available for sale assets							0,00	0,00
Hedging derivatives							0,00	0,00

a) Long-term financial assets	TYPES							
	Equity instruments		Debt securities		Credits, derivatives and others		TOTAL	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Assets at fair value with changes in the P/L statement							0,00	0,00
Held to maturity investments							0,00	0,00
Loans and other receivables					1.191.109,84	679.953,92	1.191.109,84	679.953,92
Available for sale assets							0,00	0,00
Hedging derivatives							0,00	0,00
TOTAL	0,00	0,00	0,00	0,00	1.191.109,84	679.953,92	1.191.109,84	679.953,92

	Balances 1.01.16	**Increases**	**Decreases**	**Balances 31.12.16**
Held to maturity investments	1,200.00	353.00	0.00	1,553.00
Users and debtors for services rendered	22,060.01	65,780.20	44,241.50	43,598.71
Public Administrations	657,954.56	1,876,488.97	1,386,932.22	1,147,511.13
	681,214.57	1,942,622.17	1,431,173.72	1,192,662.84

	Balances 1.01.15	**Increases**	**Decreases**	**Balances 31.12.15**
Held to maturity investments	1,200.00	0.00	0.00	1,200.00
Users and debtors for services rendered	20,762.17	56,495.66	55,197.82	22,060.01
Public Administrations	8,548.91	794,720.14	145,314.49	657,954.56
	30,511.08	851,215.80	6,954.33	681,214.57

The breakdown for the assets of NOVACT, with consideration for their collection period, is as follows:

	Maturity						
Entries	2017	2018	2019	2020	2021	Rest	TOTAL
• Held to maturity investments						1,553.00	1,553.00
• Users and debtors for services rendered	43,598.71						43,598.71
• Public Administrations	1,147,511.13						1,147,511.13
	1,191,109.84					**1,553.00**	**1,192,662.84**

10. Financial liabilities

The book value for each of the categories of financial liabilities is shown in the following classification table, classified by nature and function.

A) Long-term financial liabilities	TYPES							
	Debts with financial institutions		Bonds and other negotiable securities		Derivatives and others		TOTAL	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Liabilities and payables							0,00	0,00
Liabilities at fair value with changes in the P/L statement							0,00	0,00
Other							0,00	0,00
TOTAL	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

B) Long-term financial liabilities	TYPES							
	Debts with financial institutions		Bonds and other negotiable securities		Derivatives and others		TOTAL	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Liabilities and payables	7.688,53	244,95			50.514,93	58.001,14	58.203,46	58.246,09
Liabilities at fair value with changes in the P/L statement							0,00	0,00
Other							0,00	0,00
TOTAL	7.688,53	244,95	0,00	0,00	50.514,93	58.001,14	58.203,46	58.246,09

The liabilities of NOVACT refer entirely to debts from the activity and mature as shown in the following breakdown:

	Maturity						
Entries	2017	2018	2019	2020	2021	Rest	TOTAL
• Debts with credit entities	7,688.53						7,688.53
• Other short-term debts	20,108.76						20,138.76
• Various creditors	9,983.52						9,983.52
• Debts with Administrations	20,422.65						20,422.65
	58,203.46						**58,203.46**

The section “other short-term debts” includes a loan for €20,000 granted by the institution Nonviolent Peaceforce.

11. Net Worth *(shareholders' equity)*

The movements recorded in financial year 2016 are summed up below:

	Balance 1.01.16	Application surplus from 2015	Increases/ Decreases	Loss/profit 2016	Balance 31.12.16
Carryover	-35,214.63	6,696.16			-28,518.47
Prior FY income/loss	0.00				0.00
FY income/loss	6,696.16	-6,696.16		5,236.19	5.236.19
Subsidies/donations	1,315,410.41	0.00	187,614.96	0.00	1,503,025.37
	1,286,891.94	**0.00**	**187,614.96**	**6,696.16**	**1,479,743.09**

The movements recorded in financial year 2015 are summed up below:

	Balance 1.1.15	Application surplus from 2014	Increases/ Decreases	Loss/profit 2016	Balance 31.12.15
Carryover	31,891.68		-67,106.31		-35,214.63
Prior FY income/loss	-19,994.69	108.49	19,886.20		0.00
FY income/loss	108.49	-108.49		6,696.16	6,696.16
Subsidies/donations	0.00	0.00	1,315,410.41	0.00	1,315,410.41
	12,005.48	**7,483.29**	**1,268,190.30**	**6,696.16**	**1,286,891.94**

12. Grants, donations and legacies

The total subsidies received by NOVACT in 2016 amounted to €1,076,112.25. All these subsidies were requested, awarded and assigned to fulfilling the Association's objectives. They are broken down as follows:

INSTITUTION	€
European Commission (EUROPEAID)	280,846.93
Spanish Agency for International Development Cooperation	378,289.49
Barcelona City Council	191,509.89
Catalan Agency for Development Cooperation	121,294.06
Catalan Development Cooperation Fund	16,511.41
United Nations Development	54,630.17
Government of Catalonia	14,000.70
Barcelona Activa	9,999.95
Barcelona Provincial Council	6,933.94
INJUVE	2,095.71
TOTAL	**1,076,112.25**

Subsidies are accounted for as income from the financial year, as the expenses for each project are incurred. The outstanding balance on 31 December 2016, which will be assigned to the profit and loss account in forthcoming financial years, amounts to €1,493,584.67 euros.

13. Tax situation.

NOVACT is up-to-date with the payment of its tax commitments and submits returns for Value Added Tax (VAT) and withholdings on Personal Income Tax (IRPF) every quarter and for Corporate Tax every year.

Pursuant to applicable legislation, taxes and contributions payable to the Social Security may not be considered definitively settled until the returns submitted have been inspected by the tax or employment authorities, or the 4-year term of limitation has elapsed. On 31 December 2016, all the taxes applicable to NOVACT, as well as contributions to the Social Security, corresponding to all financial years that have not elapsed, were open to possible inspection.

The composition of the balances of accounts with the Public Administrations on 31 December 2016 is as follows:

	Balances	
	Debtor	**Creditor**
a) Tax office:		
• Corporation tax	0.00	
• VAT		1,347.29
• Withholdings		8,032.86
b) Social Security:		
• Contributions December 2016		12,389.79
	0.00	**21,769.94**

14. Income and expenditure

1.- Income

NOVACT's income from the activities performed in 2016 amounts to €1,130,265.72 and is distributed as follows:

a)	Income from the provision of services	40,888.87
b)	Changes in stock	36,397.85
c)	Members' fees	1,910.00
d)	Collaborators	200.00
e)	Joint Venture income	4,500.00
f)	Subsidies	1,037,187.12
g)	Donations	6,083.80
h)	Other donations	156.32
i)	Exchange differences	49.09
j)	Extraordinary income	2,796.83
k)	Other financial income	95.84
		1,130,265.72

2.- Expenditure

NOVACT has not incurred expenditure from the administration of the Association's assets or from the operations of the governing body.

The entry "Personnel expenses" includes the following items:

Salaries and wages	300,736.44
Social Security payable by the association	92,969.04
Other Social expenditure	1,423.75
	395,129.23

15. Related party transactions

NOVACT does not carry out related party transactions at any different value to its operations with third parties. All the operations carried out by NOVACT are in its ordinary course of business and are made on market conditions.

It should be pointed out that during the financial year NOVACT rendered services to the company Delibera, Serveis de Participació Interactiva, S.L. coming to the sum of €23,300.64 plus VAT.

Posts on the board of directors are unpaid and there are furthermore no obligations as regards pensions or payment of insurance premiums, in respect of former and current members of the Board.

At closure there were no advances or loans made neither to senior management nor to the members of the Board of Directors, nor were any of these granted in financial year 2016. No obligations were assumed on their account as guarantees either.

16. Other information.

The average number of employees for the year is detailed below:

	2016	2015
Permanent	3.68	3.36
Temporary	9.59	7.93
Total	13.27	11.29

Remuneration for the members of the Board of Directors.

The members of the Board of Directors have received, for the provision of services, the amounts of 2,871.00 euros and 55,350.16 euros in payment for their positions as directors.

Barcelona 21rd June 2017.