

CONTROL BODY AND AUDIT REPORT



GOOD SHEPHERD INTERNATIONAL FOUNDATION ONLUS

Tax Code 975120905786

Report of the Control Body on the Financial Statements as at December 31, 2022

To the attention of the Board of Directors of the "GOOD SHEPHERD
INTERNATIONAL FOUNDATION Onlus"

Dear Members of the Board of Directors,

The Financial Statements for the year ended December 31, 2021 of the "Good Shepherd International Foundation ONLUS" prepared for your approval have been prepared in compliance with and observance of the provisions of the law, the Foundation's By-Laws, and in accordance with the accounting standards for nonprofit entities and the Guidelines for the preparation of financial statements of nonprofit entities approved by the former "Agency for the Third Sector"; they consist of the Balance Sheets, the Management Report, the Supplementary Notes to the Financial Statements, accompanied by the statements regarding the items and changes compared to the previous year. The Financial Statements show an accrued surplus of euro 63,400 already net of taxes and total assets of euro 2,710,468.

In addition to that, the Social Report was prepared because the dimensions of the foundation exceed the limits imposed by law.

In carrying out the entrusted mandate, the undersigned Control Body referred to the rules of the By-Laws, the behavioral norms laid down in the document "*The independent control within non-profit entities and the professional contribution of the Certified Public Accountant and Accounting Expert*" and in the ODCEC (Association of Certified Public Accountants and Bookkeepers) document "*The Control Bodies in ETS entities and the Legal Audit - Art. 31 of Legislative Decree 117/201*", recommended by the CNDCEC (National Council of Certified Public Accountants and Bookkeepers), as well as to the provisions of Art. 25

Legislative Decree no. 460/1997. Reference was also made to the provisions of Art. 2403 of the Italian Civil Code and Art. 14 of Legislative Decree no. 39/2010, adapting these provisions to a control that has as its subject matter a nonprofit entity and not a company. The Control Body has taken into account the entity's adherence to the regulations introduced by the Code of the Third Sector, pursuant to Legislative Decree no. 117/2017, in line with the rules applicable during the transitional phase of proper functioning of the recently established RUNTS. As repeatedly brought to the attention of the Board of Directors during the fiscal year 2022, a further amendment to the entity's bylaws will have to be made, given that the one adopted by extraordinary resolution of April 10, 2019 has been *de facto* suspended until now, on a transitional basis, until the implementation of the RUNTS, which is now reportedly operational since March 2023.

As described in the Mission Report, the Foundation, being enrolled in the Single Registry of Non-Profit Organizations, pursuant to Article 101, c. 4 of Legislative Decree 117/2017, qualifies as an ETS even though it has not yet fulfilled the registration in one of the sections of the Registry and is subject to the obligations provided for in the field of "Accounting Records and Financial Statements" under Article 13 of the aforementioned Legislative Decree (Ministry of Labor and Social Policy, Note No. 19740 of December 29, 2021 and Note 55941 of April 5, 2022).

The Financial Statements for the year 2022 is the second financial year for which the current Control Body, which took office on May 18, 2021, expresses its opinion. The statutory audit was carried out by Dott. Antonello De Gennaro, Statutory Auditor, who had previously been appointed to perform both functions, i.e., that of the Control Body and at the same time also that of the Statutory Auditor. The split of these activities, as you may recall, took place during the fiscal year 2021, in accordance with the provisions of Article 17 of the B-laws, keeping Dott. De Gennaro in charge only of the auditing activity.

During this fiscal year, the Control Body has not changed its composition and the three regular members have continued to be Mr. Pierre

Fortin, Chairman, Dr. Francesco Mengucci and Dr. Osvaldo Duilio Rossi, ordinary members.

During the year 2022, the Control Body has consistently held its organizational and fact-finding meetings - these activities have been consistently and properly recorded - in order to facilitate an easier exchange of information between the Control Body and the Board of Directors, given that the presence of the Control Body at the meetings of the Board of Directors is only optional. However, the Control Body appreciated the involvement by the Board of Directors through the invitations received to attend each meeting, specifying the agendas of each.

The collaborative relationship with Dr. Cristina Duranti, Director of GSIF, and Dr. Calogero Gugliotta, Treasurer of GSIF, and, when necessary, also with the Legal Auditor Dr. Antonello De Gennaro, has also remained constant and fruitful.

A number of issues were discussed with the above, which are listed below:

1. The desirability of providing as much information as possible about the operating events represented in the Financial Statements, given the standards adopted by the Foundation and shared with the Auditor;
2. The Control Body verified the compliance with the privacy legislation in force, i.e. Regulation No. 679/2016 - so-called GDPR;
3. The issue of the coherence of salaries was thoroughly analyzed so that the Foundation might affirm the correct proportion to individual *skills* and employees with high professional specialization, also suggesting a "Level II" bargaining agreement stipulated with the assistance of trade unions among the most representative in the area;
4. The Control Body verified that the composition of the the Board of Directors had been properly modified and that the position of Chairman of the Board had been changed until the appointment of Mr. Hubert Janssen, the current Chairman of the Foundation;
5. The Control Body again addressed the issue of bringing the Bylaws in line with the now operational standards of Third Sector Entities and subsequent registration with RUNTS;
6. As a result of the previous point, the issue of proxies and powers of attorney needed to enable senior figures to act in the name and on

the behalf of the Foundation was also addressed, ensuring third parties a better identification of the roles and responsibilities of the persons representing the Entity;

7. The work environment and the assessment of compliance with regulations on safety-related risks in the workplace and also compliance with gender equality regulations, i.e., the equal employment of male and female resources, was assessed;
8. The issue of opportunities to equip the Foundation with an organizational and management model *pursuant to* Legislative Decree 231/2001 was also addressed;
9. Finally, emphasis was placed on the monitoring of donations accounted for on an accrual basis based on documentation evidencing "economic promises and commitments for the disbursement of donations to GSIF" and the resulting constraints related to the use of funds not yet collected as of the end of the fiscal year;
10. Considering that the Financial Statements, audited by Dr. De Gennaro which we invite you to read, show a commitment of about 81% of the donations collected for use in humanitarian and development projects and the remaining part (19%) a commitment to the support of the organizational structure, this is a demonstration of prudent management. The Control Body paid attention to the issue of the portion of donations accounted for on an accrual basis only because they were pledged but not yet collected at the end of the fiscal year. This value is recorded in the Financial Statements at a total value of euro 761,441 and still includes donation pledges related to years prior to 2022, with portions dating back to fiscal year 2019 of approximately euro 200,000 and to 2020 for about euro 300,000, referring to donors allocated in Congo and Lebanon. For these sums, the Control Body asked the Administration and the Auditor for a timely verification of what has already been collected at the end of the first quarter of 2023, in order to be able to use these sums in the Foundation's projects within the limits and constraints imposed by the donors, without risk to the Foundation.

Considering also the findings of the work carried out by the statutory auditor contained in its audit report on the Financial Statements, the undersigned Control Body:

- Has gained knowledge of and supervised the activities carried out by the Entity, and by the executive bodies thereof, and supervised the compliance with the law and the By-Laws, and compliance with the principles of proper administration and operation of the Entity;
- Has evaluated and supervised the adequacy of the administrative and accounting system and its reliability to correctly represent management events, and to promptly intercept and intervene on possible errors, through the acquisition of information provided by the heads of functions and from the examination of documentation, also as a result of the internal procedures adopted;
- has verified the lawfulness and traceability of the financial chain on both assets and liabilities, in compliance with anti-money laundering regulations, although the Foundation is only partially subject to the relevant obligations;
- has audited the internal procedures adopted by the GSIF aimed at ensuring the proper operation and safeguarding the integrity of the Foundation's assets, ascertaining, as well, the existence of the prerequisites of continuity although this is not a requirement applicable to ENPs;
- has ascertained, either by direct participation or by relationship with the Board of Directors, that both the meetings of the Board of Directors and the meetings of the Assembly of Founders have been conducted in compliance with the statutory, legislative, and regulatory provisions governing their operation, as a result of which it can be reasonably assured that the actions deliberated and the activities of the directors are in accordance with the law and the By-Laws, and that the same are not manifestly imprudent, risky, or in potential conflict of interest, or otherwise such as to damage or compromise the assets of the Foundation and the rights of third parties;
- has ascertained that the suggestions, remarks and reminders made in the course of the periodic audits were acknowledged by the Managing Body by promptly making the corrections/changes that had been pointed out;
- has verified the correspondence of the Financial Statements to the management facts of which it became aware as a result of the performance of the mandate, having received confirmation from Dott. De Gennaro that the audit carried out by him has acquired all useful and necessary elements to ascertain whether the

Financial Statements/Accounts themselves could be vitiated by significant errors, or whether they are, as a whole, reliable.

We believe, therefore, that the work performed and the information acquired provide a reasonable basis for the expression of our opinion, positive without reservations, on the financial statements of Good Shepherd International Foundation Onlus, which closed with a positive operating result for the year of euro 63,400. This amount strengthens the endowment of the Entity with reference to profit reserves and operating surpluses that are not tied to specific projects and that could be used to increase the endowment fund for greater third party guarantee.

In our opinion, and as far as verified, there appears to be no evidence to suggest that the financial statements - a document composed in total of the Balance Sheet, Management Statement and Mission Report - does not comply with the rules governing its preparation criteria, and that it truly and fairly represents the financial position and results of operations of the Foundation for the year ended December 31, 2022, as well as complies with the financial statement formats and information content prescribed for Third Sector Entities, expressing, therefore, a positive opinion on the same.

As a result of the foregoing, it is proposed that the Board of Directors approves the Financial Statements of the Good Shepherd International Foundation Onlus, closed as of December 31, 2022, and the documents comprising it, as it has been prepared and submitted to you, confirming a favorable opinion, without reservation, for your approval.

Rome, May 25, 2023

OMISSIS: Signatures

GOOD SHEPHERD INTERNAZIONALE FOUNDATION - ONLUS

Via Raffaello Sardiello n. 20 – ROME (RM)

Cod. Irs. 97512090586

Registered in the Register of Legal Entities held by the Prefecture of Rome under no. 628/2009

Registered in the List of O.N.L.U.S. held by the DRE of Rome since 18/05/2009

REPORT OF THE INDEPENDENT STATUTORY AUDITOR PURSUANT TO ART. 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Board of Directors of

Good Shepherd International Foundation ONLUS

Report on the audit of the Financial Statements

Opinion on the Financial Statements

I carried out the audit of the financial statements of the "Good Shepherd International Foundation ONLUS" (hereinafter also "GSIF" or "Entity"), consisting of the balance sheet as at 31.12.2022 and the management report for the year ended on that date and the sections "General part" and "Illustration of the financial statements" included in the "Mission Report". The aforementioned financial statements have been prepared in accordance with the Italian rules governing the criteria for drawing them up.

In my opinion, the financial statements provide a true and fair representation of the financial position of the GSIF Foundation as at 31.12.2022 and of the economic result for the year ended on that date in accordance with the Italian rules governing its drafting criteria.

Elements underlying the opinion

I carried out the audit in accordance with international auditing standards (ISA Italy). My responsibilities under these principles are further described in the paragraph "Responsibilities of the Statutory Auditor for auditing the financial statements" of this report. I am independent of the GSIF Foundation in accordance with the rules and principles on ethics and independence applicable in the Italian legal system to the audit of the financial statements. I believe that I have acquired sufficient and appropriate audit evidence on which to base my opinion.

Other aspects

The financial statements shall present for comparative purposes the corresponding figures for the previous financial year. These data derive from the financial statements as at 31.12.2021 prepared on the basis of the criteria illustrated in the relevant explanatory notes and audited by the undersigned who on 17.06.2022 issued a conformity opinion without modification.

Responsibilities of the Board of Directors and the Control Body for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that provide a true and correct representation in accordance with the Italian rules governing the drafting criteria and, within the terms provided for by law, for that part of the internal



control deemed necessary by the same to allow the preparation of a financial statement that does not contain significant errors due to fraud or unintentional behavior or events.

The Board of Directors is responsible for assessing the Foundation's ability to continue to operate as a functioning entity and, in preparing the financial statements, for the appropriateness of the use of the assumption of going concern, as well as for adequate information on the subject. The Board of Directors uses the assumption of going concern in the preparation of the financial statements unless it has noted the existence of causes of extinction or dissolution and consequent liquidation of the Foundation or conditions for the interruption of the activity or has no realistic alternatives to these choices.

The Control Body is responsible for supervising, within the terms provided for by law, the process of preparing the financial information of the Foundation.

Responsibilities of the Statutory Auditor for the audit of the financial statements

My objective is to obtain a reasonable assurance that the financial statements as a whole do not contain material error, due to fraud or unintentional behaviour or events, and to issue an audit report that includes my opinion. Reasonable security means a high level of security which, however, does not provide a guarantee that an audit carried out in accordance with International Auditing Standards (ISA Italy) will always detect a significant error, if any. Errors may result from fraud or unintentional behaviour or events and shall be considered significant where it can reasonably be expected that they, individually or as a whole, will be able to influence users' economic decisions made on the basis of the financial statements.

As part of the audit carried out in accordance with international auditing standards (ISA Italy), I exercised professional judgment and maintained professional scepticism throughout the duration of the audit.

In addition:

- I have identified and evaluated the risks of significant errors in the financial statements, due to fraud or unintentional behavior or events; I have defined and carried out audit procedures in response to these risks; I have acquired sufficient and appropriate audit evidence on which to base my judgment. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional behaviour or events, since fraud may involve the existence of collusion, falsification, intentional omissions, misleading representations or forcing internal control;
- I have acquired an understanding of internal control relevant for audit purposes in order to define appropriate audit procedures in the circumstances and not to express a judgment on the effectiveness of the internal control of the Entity;
- I have evaluated the appropriateness of the accounting principles used as well as the reasonableness of the accounting estimates made by the Board of Directors, including the related disclosure;
- come to a conclusion on the appropriateness of the Board of Directors' use of the going concern assumption and, based on the audit evidence acquired, on the possible existence of significant uncertainty regarding events or circumstances that may give rise to significant doubts about the Foundation's ability to continue to operate as a functioning entity. In the event of significant uncertainty, I must either draw attention in the audit report to the relevant financial statements or, if such disclosure is inadequate, reflect this fact in the formulation of my opinion. My conclusions are based on the audit evidence acquired up to the date of this report. However, subsequent events or circumstances may result in the Foundation ceasing



to operate as a functioning entity;

- I have evaluated the presentation, structure and content of the financial statements as a whole, including the disclosures, and whether the financial statements represent the underlying transactions and events in order to provide a correct representation;
- I communicated to the heads of *governance activities*, identified at an appropriate level as required by ISA Italia, among other aspects, the scope and timing planned for the audit and the significant results that emerged, including any significant deficiencies in internal control identified during the audit.

Report on other legal and regulatory provisions

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree 39/10

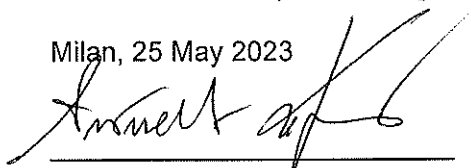
The Board of Directors of "Good Shepherd International Foundation ONLUS" is responsible for the preparation of the section "Illustration of the economic and financial performance of the institution and the methods of pursuing the statutory purposes" included in the GSIF's Mission Report as at 31.12.2022, including its consistency with the related financial statements and its compliance with the law.

I carried out the procedures indicated in the auditing standard (ISA Italia) 720B in order to express an opinion on the consistency of the section "*Illustration of the economic and financial performance of the institution and the methods of pursuing the statutory purposes*" included in the Mission Report with the GSIF financial statements as at 31.12.2022 and on the compliance of the same with the law, as well as to issue a statement on any significant errors.

In my opinion, the section "*Illustration of the economic and financial performance of the institution and the methods of pursuing the statutory purposes*" included in the Mission Report is consistent with the financial statements of "Good Shepherd International Foundation ONLUS" as of 31.12.2022 and is drawn up in accordance with the law.

With reference to the declaration referred to in art. 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of the knowledge and understanding of the Foundation and its context acquired during the auditing activity, I have nothing to report.

Milan, 25 May 2023



Antonello De Gennaro

(Registered in the Italian Register of Statutory Auditors with no. 17997)