



**(Translation from the Italian original which remains the  
definitive version)**

**Associazione Italiana per la Ricerca sul Cancro**

**Financial statements  
as at and for the year ended  
31 December 2010  
(with report of the auditors thereon)**



**KPMG S.p.A.**  
**Revisione e organizzazione contabile**  
Via Vittor Pisani, 25  
20124 MILANO MI

Telefono +39 02 6763.1  
Telefax +39 02 67632445  
e-mail it-fmauditaly@kpmg.it

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## **Report of the auditors**

To the members of  
Associazione Italiana per la Ricerca sul Cancro

- 1 We have audited the financial statements of Associazione Italiana per la Ricerca sul Cancro as at and for the year ended 31 December 2010. The association's management board is responsible for drawing up these financial statements in accordance with the accounting principles applicable to non-profit organisations, as disclosed in the notes to the financial statements. Our responsibility is to express an opinion on these financial statements based on our audit. The company engaged us to perform such audit on a voluntary basis. Consequently, this report is not issued pursuant to any legal requirement.
- 2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management board. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 29 April 2010, which was not issued pursuant to any specific legal requirement, for our opinion on the prior year financial statements, which included the corresponding figures presented for comparative purposes.

- 3 In our opinion, the financial statements of Associazione Italiana per la Ricerca sul Cancro as at and for the year ended 31 December 2010 comply with the accounting principles applicable to non-profit organisations, as disclosed in the notes to the financial statements. Therefore, they present fairly, in all material respects, the financial position and activities of the organisation as at and for the year ended 31 December 2010.

Milan, 22 April 2011

KPMG S.p.A.

(signed on the original)

Giulio Capiaghi  
Director

# Associazione Italiana per la Ricerca sul Cancro

(Translation from the Italian original which remains the definitive version)

## Report on Activities at 31 December 2010

### 1 - GOVERNANCE BODIES

#### MANAGEMENT BOARD

Chairman:	Piero Sierra
Honorary Chairman:	Jacopo Vittorelli
Deputy Chairmen:	Allegra Agnelli, Chairman of the Piedmont - Valle d'Aosta committee Bona Borromeo, Chairwoman of the Lombardy committee Giuseppe Della Porta
Directors:	Alessandro Azzi Giulio Baseggio Giuseppe Caprotti Giorgio Cicogna Vittorio Coin, Chairman of the Veneto committee Mario Davighi, Chairman of the Umbria committee Daniela De Angelis Danieli, Chairwoman of the Sardinia committee Maria Francesca De Cecco, Chairwoman of the Abruzzo-Molise committee Fabrizio Du Chêne De Vère Federico Falck Gian Giacomo Faverio Gloria Frezza di San Felice, Chairwoman of the Campania committee Gaetano Gifuni, Chairman of the Latium committee Donatella Girombelli, Chairwoman of the Marche committee Fernanda Giulini Andrea Kerbaker Sergio Gelmi di Caporiacco, Chairman of the Friuli – VG committee Benedetto Lorito Anna Mazzini, Chairwoman of the Tuscany committee Alberto Milla Michele Mirabella, Chairman of the Puglia committee Olga Mondello Franza Corrado Passera Rosa Pedio Diamante, Chairwoman of the Basilicata committee Lucio Pinto Benedetta Possati, Chairwoman of the Emilia Romagna committee Dieter Rampl Sergio Salomoni Arabella Salviati, Chairwoman of the Sicily committee Rosella Serra, Chairwoman of the Calabria committee Roberto Tronchetti Provera Victor Uckmar, Chairman of the Liguria committee Umberto Veronesi
Scientific Director:	Maria Ines Colnaghi
General Manager	Niccolò Contucci
Board Secretary:	Lorenzo Pesenti

# Associazione Italiana per la Ricerca sul Cancro

## BOARD OF AUDITORS

Giuliano Colavito  
Paola Ramenzoni  
Giovanni Rovetta  
Alessandro Martinelli, Alternate  
Maurizio Barbieri, Alternate

## TECHNICAL-SCIENTIFIC COMMITTEE

Maria Ines Colnaghi, Scientific Director  
Enrico Avvedimento  
Cosima Baldari  
Anna Maria Biroccio  
Stefano Cascinu  
Fortunato Ciardiello  
Amedeo Columbano  
Maria Grazia Daidone  
Dejana Elisabetta  
Maurizio D'Incalci  
Silvia Franceschi  
Paolo Ghia  
Francesco Grignani  
Pier Luigi Lollini  
Alessandro Moretta  
Piero Musiani  
Giacchino Natoli  
Giuseppe Scala  
Gino Schilirò  
Marco Tartaglia  
Luca Tamagnone  
Marco Tarone  
Angelo Vacca  
Antonella Viola  
Paola Zanovello

## SCIENTIFIC ADVISORY COMMISSION

Federico Caligaris-Cappio  
Luigi Chieco-Bianchi  
Paolo Comoglio  
Pier Paolo Di Fiore  
Alfredo Fusco  
Alberto Mantovani  
Pier Giuseppe Pelicci  
Marco Pierotti  
Angela Santoni

## FINANCE COMMITTEE

Giulio Baseggio  
Alberto Milla  
Renato Ceccarini, Secretary

# Associazione Italiana per la Ricerca sul Cancro

## 2 - REPORT ON ACTIVITIES

### SUMMARY

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#### Chairman's letter

Dear members,

In this report we will explain how, in 2010, AIRC pursued its mission of **continuously, through fund raising, sustaining progress in cancer research and sharing correct information on the results achieved, prevention and potential treatments**. In June, we will present our social report, which thoroughly details all the activities performed to achieve this goal.

As always, the work of AIRC's members, volunteers and supporters has again been crucial in our path forward. The entire Management Board, along with all the association's researchers extend heartfelt thanks to everyone who, with their donations, time and work, has helped AIRC throughout the year:

- the **members** who have seen cancer as a major enemy to combat and research as the weapon for it. Their decision to fight cancer is sealed when they become members. AIRC's members are its true assets and the foundation of its financial commitment.
- the **many volunteers** who freely give their time and labour to carry out myriad duties, from taking to the streets for events to working in the central and local offices;
- **hundreds of thousands of Italian taxpayers** who, since 2006, have decided to support cancer research by donating 5/1000 of their tax burden on prior year income to AIRC. This widespread choice confirms that the fight against cancer is a priority and that Italians trust the work of AIRC;
- the **Chairpersons and Directors of the regional committees**, for their invaluable contribution in conceiving and promoting the initiatives that have made the association ever more visible and active throughout the country; the managers and personnel of all central and local offices who have often worked long hours and under difficult conditions;
- the **members of the scientific technical committee, the scientific advisory committee** and all the scientists involved in analysing and evaluating research projects presented to the association. It is through their commitment that AIRC has earned a reputation for the reliability and scientific value that constitute its most important asset;
- the **many companies and entities** in various big business and finance sectors that have demonstrated their commitment to the association UniCredit Group, Intesa Sanpaolo, Sisal, major mobile telephone operators, and the landline operator Telecom and Starwood Hotels & Resorts.

# Associazione Italiana per la Ricerca sul Cancro

**Thanks to their support, in 2010, we were able to allocate €77.0 million to better cancer research and €2.2 million to scientific information.**

Lastly, before moving on to a discussion of 2010 activities, I would like to highlight that the variances between the 2010, 2009 and 2008 financial statements are due to the irregular and unpredictable trend in 5/1000 donation inflows, which creates significant fluctuations in the surplus of the year and other captions of the statement of activities. This occurs because funds are allocated during the November board meeting only when the research project selection process has been concluded. If the 5/1000 donations are collected after that date and before year end, the use of the donations will be approved in the subsequent year and, accordingly, there will be a surplus in the year in which the 5/1000 donations were collected, and there will be a shortfall in the subsequent year covered by the prior year surplus. Another reason for the fact that the collection of the 5/1000 donations does not occur in the same year as the approval to use the same donations can be because of the decision to kick off a new research programme after a special call for papers, which require time to prepare an idea and enable researchers to write a paper on the project, which will be peer reviewed as described below. In this respect, on 28 February 2011, AIRC issued a special call for proposals in order to allocate residual funds from 5/1000 donations collected in 2010. After the first edition in 2009, which led to the kick-off of no fewer than ten programmes to find new tools for the cure based on molecular oncology discoveries, now focus is on prevention, early diagnosis and prognosis. The two programmes complement each other and deal with the issue of cancer from all sides, with broad projects that will best integrate Italian oncology research.

## 1. 2010 report on activities

The association publishes the statement of financial position and memorandum and contingency accounts as at 31 December of the years in which it collected 5/1000 donations, i.e., from 2008 to 2010.

The table shown an uneven trend in unrestricted assets to be allocated for association purposes, highly influenced by 5/1000 donation inflows.

The most important figure relates to the growth in long-term research projects to be approved in future years, which in 2010 rose 194% on 2008 and 42.7% on 2009.

STATEMENT OF FINANCIAL POSITION AND MEMORANDUM AND CONTINGENCY ACCOUNTS (millions of Euro)	31.12.2010	31.12.2009	31.12.2008
<b>Unrestricted net assets to be allocated for association purposes</b>	<b>68.5</b>	<b>5.5</b>	<b>25,2</b>
<b>Memorandum and contingency accounts:</b>			
<b>5/1000 donations to be collected</b>	<b>60.4</b>	<b>107.4</b>	<b>-</b>
<b>Research projects approved by the scientific bodies for which allocations are yet to be approved by the association bodies</b>	<b>145.4</b>	<b>102.2</b>	<b>49.2</b>

# Associazione Italiana per la Ricerca sul Cancro

In order to evaluate the sustainability over time of the approvals of the year for new long-term research projects, we have introduced a new caption in the memorandum and contingency accounts: "Research projects approved by the scientific bodies for which allocations are yet to be approved by the association bodies" and the amount of 5/1000 donations to be collected.

This valuation consists of measuring the financial balance of the ratio of research commenced with the annual approvals of new long-term projects to unrestricted net assets allocated for association purposes and 5/1000 donations to be collected.

In 2010, this balance is guaranteed by unrestricted net assets of €68.5 million and 5/1000 donations in 2009 tax returns, which the association expects to collect in 2011, amounting to €60.4 million. The total of these two captions amounts to €128.9 million, plus the 5/1000 donations in the 2010 tax returns, in relation to which the association does not yet know the amount or number of contributing taxpayers. At present, we are not aware of any drops in the number of taxpayers opting to allocate their 5/1000 donation to AIRC. Donations in the 2011 tax returns (2010 income) could certainly be curtailed in terms of payments to below the actual tax returns due to the imposition of thresholds introduced by recent legislative measures.

The following table details the Management Board's approvals for oncology research during the year.

<i>(millions of Euro)</i>	ALLOCATION OF FUNDS				Total approvals in 2010
	Ordinary funding	5/1000 relating to 2007	5/1000 relating to 2008	Total 5/1000	
PROJECTS AND SCHOLARSHIPS APPROVED IN 2010					
Research projects (No. 454)	18.0	15.6	9.5	25.1	43.1
5/1000 clinical molecular oncology programme	-	9.5	12.5	22.0	22.0
Start-ups (No. 10)	1.5	-	-	-	1.5
My first AIRC grants (No. 47)	2.3	-	-	-	2.3
Regional and special projects	4.6	-	-	-	4.6
Other projects	0.2	-	-	-	0.2
Scholarships	3.3	-	-	-	3.3
<b>Total</b>	<b>29.9</b>	25.1	22.0	47.1	77.0

The following table shows the long-term development of projects approved in 2010 and previous years, to which the Management Board may allocate funds in 2011-2014 after having carried out all the scientific and administrative procedures to ensure that the conditions for which the project was approved in the first year are still in place at the time of subsequent renewals.

# Associazione Italiana per la Ricerca sul Cancro

(millions of Euro)	Number of projects	Year of approval	Year in which the Management Board will approve the allocation of funds				
			2011	2012	2013	2014	2010 total
Three-year research projects (investigator grants)	119	2009	9.3	-			9.3
	193	2010	20.3	20.3	-	-	40.6
Three-year "My first AIRC grant" projects to support young researchers	17	2009	0.9	-	-	-	0.9
	18	2010	0.9	0.9	-	-	1.8
Five-year start-up projects to support young researchers	10	2006-10	1.2	0.9	0.6	0.3	3.0
Regional and special projects		2006-10	0.7	0.7	0.1	0.2	1.7
5/1000 clinical molecular oncology programme	10	2009-10	25.1	25.1	25.1	12.5	87.8
<b>Total</b>			<b>58.4</b>	<b>47.9</b>	<b>25.8</b>	<b>13.0</b>	<b>145.1</b>

AIRC's allocation strategy considering the fluctuating inflows of 5/1000 donations is to privilege long-term multi-centre research programmes running for up to five years, such as the Clinical Molecular Oncology programme. This programme is recognised in the memorandum and contingency accounts as follows: €87,762 thousand, including €25,095 thousand for each year from 2011 to 2013, and €12,477 thousand forecast for 2014.

Each year, new young researchers present an initial three- or five-year project to AIRC. If they pass an evaluation by AIRC's scientific bodies, they will begin a new project cycle, just as researchers who have completed a project can present a new project which will be subject to the same peer review procedure for new projects by new researchers. This requires the continuous commitment of supporters and taxpayers who believe in the importance of research and AIRC's activities.

The following table shows the trend of 5/1000 donation collections in the past three years:

(millions of Euro)

Tax return	Amount contributed	Year of collection			Total collections	Donations to be collected
		2008	2009	2010		
2006	32.3	32.3	-	-	32.3	-
2007	51.7	-	4.7	47.0	51.7	-
2008	60.4	-	-	60.4	(*) 60.4	-
2009	60.5	-	-		-	60.5
	<b>204.9</b>	<b>32.3</b>	<b>4.7</b>	<b>107.4</b>	<b>144.4</b>	<b>60.5</b>

(\*) Including €38.3 million collected on 21 December 2010.



# Associazione Italiana per la Ricerca sul Cancro

The following table shows the trend of 5/1000 donation allocations approved by the Management Board in the past three years:

*(millions of Euro)*

Collection		Year of approval			Total approved amount	To be approved
Year	Amount	2008	2009	2010		
2008	<b>32.3</b>	<b>9</b>	<b>23.3</b>	-	<b>32.3</b>	-
2009	<b>4.7</b>	-	<b>4.7</b>	-	<b>4.7</b>	-
2010	<b>(*) 107.4</b>	-	-	<b>47.1</b>	<b>47.1</b>	<b>60.3</b>
	<b>144.4</b>	<b>9</b>	<b>28.0</b>	<b>47.1</b>	<b>84.1</b>	<b>60.2</b>

(\*) Including €38.3 million collected on 21 December 2010.

The association publishes the statement of activities for the years in which it collected 5/1000 donations, i.e., from 2008 to 2010.

The table shows the uneven trend of 5/1000 donations, which generate uneven surpluses (shortfalls) in the past three years.

The collection of the 5/1000 donation is detailed in the section on fund raising.

<b>Reclassified statement of activities</b> <i>(millions of Euro)</i>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Ordinary fund raising	58.0	55.7	58.2
5/1000 donations	107.4	4.7	32.3
<b>Total fund raising</b>	<b>165.4</b>	<b>60.4</b>	<b>90.5</b>
Fund raising expenses	(16.3)	(15.9)	(16.3)
Personnel expenses	(4.8)	(4.5)	(4.2)
Support expenses	(1.6)	(1.6)	(1.6)
Other revenues	0.1	1.3	1.7
<b>Total funds generated in the year</b>	<b>142.8</b>	<b>39.7</b>	<b>70.1</b>
Allocations resolved by association bodies for research projects, scholarships and other projects	<b>(77.0)</b>	<b>(57.3)</b>	<b>(43.9)</b>
Scientific information and other association expenses	<b>(2.8)</b>	<b>(2.1)</b>	<b>(1.7)</b>
<b>Surplus (shortfall) of the year</b>	<b>63.0</b>	<b>(19.7)</b>	<b>24.5</b>

The main events in the past three years that affected the amounts in the table above are allocations approved by the association bodies for projects and scholarships, amounting to €43.9 million in 2008 and €77.0 million in 2010, up 75% on 2008 and 34% on 2009.

Fund raising revenues rose from €90.5 million in 2008 to €164.3 million in 2010, up 82%. This increase is due to the 2010 collection of 5/1000 donations in tax returns relating to 2007 and 2008.

Non considering the 5/1000 donation, fund raising rose €2.3 million, or 4.1%

Specific fund raising expenses are in line with the previous year at €16.3 million.

Personnel expenses amount to €4.8 million in 2010, up 12% on 2008. This increase reflects the greater number of resources needed to manage the growth in funding.

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General support expenses are unchanged at €1.6 million for the three years.

The association's investment policy for temporary liquidity, as decided by the Finance Committee, privileges government securities issued by major European countries and corporate securities issued by European companies with high solvency and low risk ratings and short residual lives.

The economic crisis in certain weaker European countries and rising inflation triggered an interest rate hike in the fourth quarter of 2010, with a reduction in the market value of securities. This is why in late November, AIRC's Finance Committee decided to disinvest its financial requirements (approximately €40 million) for disbursements approved in 2010. This decision enabled the association to safeguard these assets from adverse market changes.

These decisions explain the increase in liquid funds at 31 December 2010 compared to the previous year end and the drop in financial revenues.

Financial revenues for 2010 were also negatively impacted by the adjustment of the cost of certain securities to year-end market value in accordance with the accounting policies.

Scientific information and other association expenses amount to €2.8 million, including expenses for the publication of Notiziario – Fondamentale, expenses to management and update the association's website and expenses to manage and select research projects. This caption was influenced by the increase in postage rates as from 1 April 2010, which increased the total cost of sending Notiziario-Fondamentale. Reference should be made to the notes for additional details.

## 1.1 Fund raising activities

The main fund raising measures and campaigns taken during the year compared to 2009 are described below.

<b>FUND RAISING ACTIVITIES (millions of Euro)</b>	<b>2010</b>	<b>2009</b>
Membership fees and donations	26.2	26.4
Arance della Salute®	4.1	3.8
Azalea della Ricerca®	10.1	9.4
Giornata Nazionale®	5.8	5.5
Holiday Greetings	1.5	1.6
Regional committees' activities	4.9	4.6
Other initiatives	1.3	1.2
Chattels and properties received by succession and donation	0.9	0.3
One-time grants	3.2	2.9
<i>Sub-total</i>	<i>58.0</i>	<i>55.7</i>
5/1000 donations	107.4	4.7
<b>TOTAL FUND RAISING</b>	<b>165.4</b>	<b>60.4</b>

Fund raising, not considering 5/1000 donations, is back to 2008 levels (€58.2 million) after the drop in 2009.

# Associazione Italiana per la Ricerca sul Cancro

AIRC has always believed in the validity of **direct mailing** activities to involve, inform and reach its members or potential members. Sending letters, according to a precise plan that is continuously improved year after year, has a substantial impact on fund raising, but also enables the association to stay in constant contact with all its members and strengthen their involvement in its mission. The campaigns are fundamentally developed to acquire new members or to request the renewal of membership fees for those members already included in the database. In the year, AIRC raised € 26.2 million, 45% of ordinary fund raising, compared to expenses of €5.4 million, for net inflows of €20.8 million. Although fund raising activities during the year were substantially the same as in the previous year, their development was affected by a significant uncertainty due to a legislative measure that, beginning in April 2010, repealed the soft postage rates granted to non-profit entities. Throughout the year, on our website [www.airc.it](http://www.airc.it), AIRC collected membership fees and donations from 19,081 people, for a total of €2.1 million.

**Le Arance della Salute®** and **L’Azalea della Ricerca®** are two events that have taken off thanks to the commitment of the regional committees throughout the country and the presence of many local delegations in each region. These are now two traditional events for Italians. Both are opportunities to raise funds, inform people and spread awareness. Furthermore, they give the volunteers all over Italy who devote their time and energy to ensure the success of the initiatives the chance to meet and work together.

	When	Number of city squares	Number of orange bags/azaleas	Number of volunteers	Topic	Total funds raised (millions of Euro)
<b>Le Arance della Salute</b>	30 January 2010	2,783	437,369	20,000	The pros and cons of a vegetarian diet	4.1
<b>L’Azalea della Ricerca</b>	9 May 2010	3,556	660,364	25,000	Men and women together for prevention	10.1

**La Giornata per la Ricerca sul Cancro (The Cancer Research Day)** meets three important objectives: inform people on the development of cancer research, promote the association’s image and raise funds through the RAI television networks and partnership initiatives. “Stop cancer in four steps” was the slogan selected for 2010. Young researchers are playing game of chess against cancer on one board, figuring out strategic moves: isolating the tumour from the area around it, attacking leader genes that regulate its formation and growth, studying the cancer’s staminal cells, developing a technological plan that can use any possible tool to find even the smallest cancerous cells in the human body.

On Friday 5 November 2010, the President of the Republic of Italy began the talks during the traditional meeting at the Quirinale. The following day, in 21 cities, meetings with researchers open to the public, and high school and university students in particular, were held.

For the entire week – from 31 October to 7 November - RAI became AIRC’s official voice: television and radio broadcasts, with newspapers and the website, with the communications support (press and PR offices), are involved in providing their contribution to this significant information and awareness campaign.

## 5/1000 donations

In 2010, AIRC 2010 collected 5/1000 donations relating to tax returns filed in 2007 and 2008.

# Associazione Italiana per la Ricerca sul Cancro

Year of tax return	Paying ministry	Amount	Date of payment
2007	Health Ministry	13.8	31 March 2010
2007	Ministry of Education, Universities and Research	33.2	28 July 2010
2008	Ministry of Labour and Social Policy	6.0	4 August 2010
2008	Health Ministry	16.0	21 September 2010
2008	Ministry of Education, Universities and Research	38.4	21 December 2010
	<b>TOTAL</b>	<b>107.4</b>	

The following table shows the trend of 5/1000 donations to AIRC over four years. The donations in 2009 tax returns have not yet been collected and are recognised in the memorandum and contingency accounts.

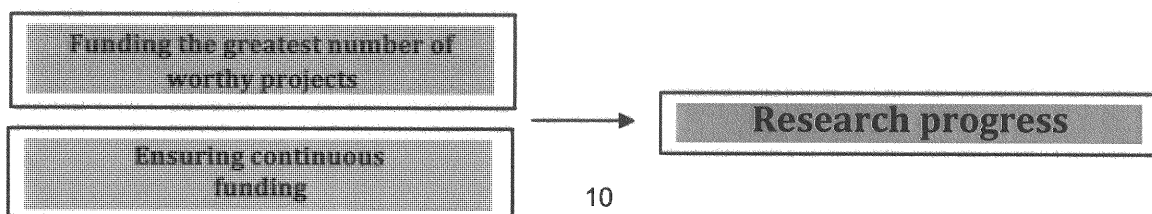
YEAR OF TAX RETURN	Scientific research		Health research		Recognised research associations pursuant to article 10.1 of Leg. decree no. 460/97		TOTAL	
	NO. TAXPAYERS OPTING FOR AIRC	MILLIONS OF EURO	NO. TAXPAYERS OPTING FOR AIRC	MILLIONS OF EURO	NO. TAXPAYERS OPTING FOR AIRC	MILLIONS OF EURO	NO. TAXPAYERS OPTING FOR AIRC	MILLIONS OF EURO
2006	621,242	28.0	-	-	158,300	4.3	779,542	32.3
2007	650,931	33.2	186,226	13.8	156,634	4.7	993,791	51.7
2008	818,978	38.4	251,039	16.0	204,802	6.0	1,274,819	60,4
2009	874,309	38.0	309,931	15.9	229,910	6.6	1,414,150	60.5

The number of taxpayers who opted to donate 5/1000 to AIRC in their 2009 tax returns grew 139,331 on the number recorded in 2008. The amount of the donations is substantially unchanged, due to the lower income declared in 2009 and the increase in the number of people who opted to donate 5/1000 in general compared to the previous year.

Reference should be made to the notes for information on changes and the composition of the main financial statements captions.

## 2. Oncology research funding

Sound research is the result of a merit-based selection process. In order for it to grow, stable and predictable funding must be ensured by examining medium and long-term requirements, so that the long, uphill path to great scientific results is not hindered.



# Associazione Italiana per la Ricerca sul Cancro

Accordingly, we must guarantee continuity, and AIRC has played and continues to play a crucial role in the field of oncology research in Italy. This is thanks to members who have ensured the research receives secure and constant support. The researchers are never abandoned given the widespread nature of our fund raising, through millions of members and small donors who form the foundation of our financial support.

The disclosure of each new discovery is a determinant factor for scientific progress. If a researcher produces sound research, the article describing the results is published in a scientific journal and will be used by other researchers who will cite it in their publications, we estimate that researchers funded by AIRC through the calls for papers issued from 2008 to 2010 published, in 2010, over three thousand projects. This is a vast production and the journals in which these results were published are the most competitive, in which it is most difficult to have a research project or contribution to scientific debate accepted.

Published research confirms the sound allocation of members' contributions. Below is a small sample of the some of the most significant research of 2010:

## **The mechanism used by staminal cells to generate tumour tissue**

The analysis of tumour tissue in patients affected by Glioblastoma Multiforme, the most malignant brain tumour, enabled scientists to discover the mechanism with which tumour staminal cells act. The discovery could have a significant impact on treatment, also for other types of tumours: the identification of drugs that can block the mechanism that the staminal cells use to generate tumour tissue could, in the future, constitute an effective treatment.

*Author: Ruggero De Maria, Istituto superiori di Sanità - Publication: Nature*

## **Smoking habit? It's in your DNA**

Certain people have a genetic predisposition for smoking, due to a genetic variant that increases the risk of later suffering from cancer. This study identified the relevant gene, CHRNA5, and the molecular mechanism responsible for the nicotine habit.

*Author: Tommaso Dragani, Istituto nazionale tumori, Milan - Publication: JOURNAL OF THE NATIONAL CANCER INSTITUTE*

## **Made-to-measure response to leukaemia**

A biological drug, imatinib, has been shown to create a targeted immune response to the cancerous cells of acute lymphoblastic leukaemia. After a treatment cycle with this drug, researchers noted the presence of the group of T-lymphocytes specialised in eliminating leukaemia cells that tested positive for the Philadelphia chromosome.

*Author: Leonardo Potenza, Università degli studi, Modena e Reggio Emilia, Università degli studi e Policlinico San Matteo, Pavia - Publication: BLOOD*

## **The protein that starves myeloma**

The role of the IL-27 protein against multiple myeloma was clarified. The study demonstrates that the growth of multiple myeloma cells is strongly inhibited by this protein, which acts using various mechanisms.

*Author: Irma Airoidi, Istituto Giannina Gaslini, Genoa - Publication: CLINICAL CANCER RESEARCH*

## **How to profile breast staminal cells is discovered**

Breast tumours are not all equal and the key to these differences depends on the staminal cells inside them. Based on the content of cancerous staminal cells, treatment strategies more in line with each patient's cancer can be created.

*Authors: Pier Paolo Di Fiore and Pier Giuseppe Pelicci, Istituto FIRC di oncologia molecolare, Milan - Publication: CELL*

# Associazione Italiana per la Ricerca sul Cancro

## 2.1 A scrupulous and merit-based selection

AIRC's strategy has grown increasingly targeted over the years. Its farsightedness in choosing to support the most important Italian research groups, leading them on innovative paths, has led to excellent results, often ahead of international decisions. At the heart of this success is the selection process based on peer reviews, the method whereby large public and private research bodies around the world evaluate research projects, and the recent clinical molecular oncology programme funded with the 5/1000 donations described below. The same method is applied in the selection of articles worthy of publication by major scientific journals.

This evaluation process lasts nine months and involves roughly 350 international scientific reviewers who, by their very nature, are beyond the scope of any potential conflict of interest and can therefore evaluate the projects with the necessary impartiality and independence. The selection process rewards the most innovative studies, those with the aim of having a significant impact for cancer patients and feasibility guaranteed by the preliminary findings of the proposed study and the group's scientific profile.

The method by which funding is disbursed begins with the publication of an ad hoc call for projects in which researchers can participate. Each proposed project is sent to two foreign reviewers and a member of the scientific technical committee (STC) (three foreign reviewers in the event of My First AIRC grant projects and start-up projects), identified on the basis of the project's specific field. Each of the three reviewers expresses their evaluation in writing, which is one or two pages long, and in a score from one to five:

- 1** approved and funded with top priority;
- 2** approved and funded;
- 3** approved and funded only if there are sufficient funds;
- 4** not approved;
- 5** scientifically inadequate.

Lastly, projects are discussed in various study sections by the STC, which, on the basis of the three reviewers' votes, prepares a final merit-based list.

## 2.2 5/1000: an extraordinary opportunity

In addition to ordinary funding, given the possibility under the Finance Act, since 2006, hundreds of thousands of Italian taxpayers have decided to support cancer research by donating 5/1000 of their tax burden on prior year income to AIRC. This widespread choice confirms that the fight against cancer is a priority and that Italians trust the work of AIRC.

This donation is an extraordinary opportunity and the upcoming 2011 tax returns will mark its fifth year.

**These revenues have enabled AIRC to expand its strategic scope, with a two-fold objective:**

- **extend AIRC's commitment over time and increase the number of worthy projects funded;**
- **sustain a five-year clinical molecular oncology programme with the aim of transforming research findings into tangible benefits for cancer patients.**

Each year, hundreds of researchers participate in our calls for three-year projects, My First AIRC Grant and Start-up. Although annual fund raising is excellent thanks to our members and supporters, it does not suffice to support all worthy research: **a portion of the funds from the 5/1000 donations has integrated ordinary funds and we have thus been able to enhance the excellence of our research and support**

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**the best projects with the necessary funding so that entire research project can be completed in the short term.**

The increase in funds due to 5/1000 donations has also enabled AIRC to increase the number of fresh faces among its recipients. In other words, if in the past, the ideas of the youngest researchers, who are less competitive due to their age, had an approval rate of less than 20%, in 2009 this rate rose to 25% and in 2010 to 32%. This is an important achievement, because it means that young Italian researchers, many of whom have grown professionally thanks to the support of AIRC, with scholarships for training at prestigious Italian and international facilities, have innovative ideas and the ability to develop independent projects.

## *2.3 All our projects*

A description of the various types of funded projects is provided below.

### **2.3.a National research projects – number of projects: 487**

AIRC's main area of focus is to fund research projects, which normally last three years. In 2010, they increased 13% on the previous year. The qualifying aspects of AIRC's support for research projects are mainly project quality, the number of projects and the speed with which the projects are funded.

### **2.3.b Clinical molecular oncology programme – number of programmes: 10**

The five-year clinical molecular oncology programme (entirely funded by revenues from 5/1000 donations) has the aim of transforming research findings into tangible benefits for cancer patients. The programme has given priority to proposals providing for the participation of scientific doctors working full-time in the project, in the laboratory and at the hospital. This programme is unprecedented in Italy. It involves nearly 1000 doctors and researchers and 48 institutions throughout the country, with a total investment of €120 million, €32.2 million of which was already approved in 2010 and 2009. It will lead to not only clinical findings that might change patients' lives, but also a new generation of clinical molecular oncology: doctors will know to offer cancer patients more advanced treatment thanks to their direct participation in the best laboratory research.

### **2.3.c Supporting young researchers**

AIRC has always invested in the young through scholarships and calls for proposals to grow a new generation of scientists in Italy.

The tools that the association provides are:

**Start-ups:** five-year duration. These projects are for researchers under 35 years of age who have demonstrated scientific excellence in their time abroad, know how to successfully meet objectives and can insightfully manage their research. Start-up funding covers the entire cost of a research project for five years, including the salaries of a couple of assistants and, if necessary that of the researcher. There are currently 10 start-ups, two of which were approved in 2010.

**My first AIRC grants:** these are for researchers under the age of 40 and they run for three years. They must be the first "autonomous" funding for a young, promising scientist in order to demonstrate their ability to manage a research group in Italy.

The money covers research costs, including the salary of a young researcher, but the senior researcher's salary must be covered by the host institution.

Currently, 46 projects are underway, including 18 that were approved in 2010.

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**23 Scholarships:** they may be for Italy or abroad and enable the youngest scientists to learn the basics of research to begin the profession.

**18 Scholarships co-funded with the EU:** in 2010, for the first time, AIRC offered 18 scholarships for young researchers, co-funded by the EU. The funds were obtained as part of an important project for the growth and mobility of young scientists. In particular, in addition to AIRC's usual scholarships, 18 international scholarships were granted for Italians who want to go abroad, for foreign researchers who want to come to Italy or for Italian researchers who are abroad and would like to return to Italy.

Obtaining co-funding from the EU is anything but easy. Indeed, one must have particular characteristics, such as a bioethics plan. Each researcher who participates in the call must have a research project already outlined and, more importantly, it must have already been approved by the ethical committee of the host institution, in order to meet the high EU standards. Participating in European calls constituted a large effort for AIRC, including from an organisational standpoint, but it was worth the effort. It means that now AIRC will be able to offer the highest quality and reliability guarantees when it comes to project evaluation.

## 2.3.e Other projects

Through its membership fees and active participation at conventions, AIRC is included in the international networks for all the most important names in oncology research.

## 3. Scientific information to members

Sharing scientific results, spreading awareness about prevention and promotion fund raising events require the use of various tools in order to keep the interest of supporters high and ensure that everyone receives correct information. This is why AIRC uses a number of channels. In particular, the **Notiziario-Fondamentale** - the periodical owned by AIRC and FIRC, now one of Italy's most reputable oncology publications - the **website** - where visitors can support research, find news on the latest important oncology discoveries, read scientific articles and studies, learn how donations have been used, access calls for papers to request funding and sign up for the newsletter - and the call centre are all ways in which the association looks to develop a solid communication system with its supporters, and more. At the same time, AIRC's widespread presence in national and regional newspapers during initiatives ensures broad disclosure of research progress.

In 2010, five standard issues of Notiziario-Fondamentale were published, along with three special editions marking the national events: Le Arance della Salute®, L'Azalea della Ricerca® and La Settimana della Buona Spesa.

The cost of writing and distributing scientific information borne by AIRC amounted to €1.8 million, in addition to the €0.6 million covered by FIRC, as co-owner of the publication. As from 1 April 2010, a legislative measure repealed the soft postage rates granted to non-profit entities by the government. This entailed an increase of €0.7 million in postage for the five issues of Notiziario-Fondamentale.

Milan, 14 April 2011

The Chairman  
Piero Sierra  
(signed on the original)



**Statement of financial position**

<b>ASSETS</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
<b>B) FIXED ASSETS</b>		
II <i>Tangible fixed assets</i>		
1) Civil properties acquired through succession and donation	778,646	888,221
2) Properties used for activities	156,300	156,300
2) Depreciation of properties used for activities	(9,378)	(4,689)
	146,922	151,611
Total fixed assets	925,568	1,039,832
<b>C) CURRENT ASSETS</b>		
II <i>Sundry receivables</i>	6,819,201	4,486,712
III <i>Securities and investment funds</i>	43,738,758	29,265,329
IV <i>Liquid funds</i>	87,175,186	9,025,633
Total current assets	137,733,145	42,777,674
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	1,720,416	1,500,372
<b>TOTAL ASSETS</b>	<b>140,379,129</b>	<b>45,317,878</b>
<b>LIABILITIES</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
<b>A) NET ASSETS</b>		
II <i>Restricted net assets</i>		
1) Restricted net assets following decision of association bodies	68,239,631	36,214,759
III <i>Unrestricted net assets</i>		
1) Surplus/(shortfall) of the year	62,950,706	(19,693,188)
2) Surplus of prior years	5,497,331	25,190,519
Total unrestricted net assets to be allocated for association purposes	68,448,037	5,497,331
<b>TOTAL NET ASSETS</b>	<b>136,687,668</b>	<b>41,712,090</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>	-	23,241
<b>C) EMPLOYEES' LEAVING ENTITLEMENT</b>	826,150	833,400
<b>D) PAYABLES DUE WITHIN ONE YEAR</b>		
4) Payables to suppliers	2,032,600	1,876,568
5) Tax payables	173,964	242,423
6) Social security charges payable	225,373	201,178
7) Other payables	433,374	428,978
<b>TOTAL PAYABLES</b>	<b>2,865,311</b>	<b>2,749,147</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	-	-
<b>TOTAL LIABILITIES</b>	<b>140,379,129</b>	<b>45,317,878</b>
<b>F) MEMORANDUM AND CONTINGENCY ACCOUNTS</b>		
Research projects approved by scientific bodies, for which allocations yet to be approved by association bodies	145,066,644	102,186,000
5/1000 donations to be collected:		
2009 (2008 income)	60,453,943	-
2008 (2007 income)	-	60,323,904
2007 (2006 income)	-	47,054,230
Available chattels pending sale	26,200	210,436

## 2010 STATEMENT OF ACTIVITIES

		REVENUES	EXPENSES	NET	REVENUES	EXPENSES	NET
		2010			2009		
1	ASSOCIATION FUND RAISING						
1.1	Membership fees and donations	26,159,361	(5,428,947)	20,730,414	26,438,081	(5,446,466)	20,991,615
1.2	Arance della Salute®	4,070,236	(1,772,032)	2,298,204	3,775,093	(1,809,887)	1,965,206
1.3	Azalea della Ricerca®	10,136,234	(4,713,902)	5,422,332	9,407,447	(4,591,946)	4,815,501
1.4	Giornata Nazionale®	5,804,720	(703,742)	5,100,978	5,573,168	(701,050)	4,872,118
1.5	Holiday Greetings	1,504,124	(483,429)	1,020,695	1,582,517	(472,738)	1,109,779
1.6	Regional committees' activities	4,907,754	(917,091)	3,990,663	4,561,556	(1,008,567)	3,552,989
1.7	Other initiatives	1,285,521	(353,319)	932,202	1,242,678	(295,852)	946,826
1.8	Chattels and properties received through succession and donation	858,356	(11,646)	846,710	286,286	(27,720)	258,566
1.9	One-time grants	3,242,159	-	3,242,159	2,858,931	-	2,858,931
1.10	Communications and awareness spreading		(1,928,124)	(1,928,124)		(1,599,133)	(1,599,133)
	<i>Sub-total</i>	57,968,465	(16,312,232)	41,656,233	55,725,757	(15,953,359)	39,772,398
1.11	5/1000 donations	107,378,132	-	107,378,132	4,694,924	-	4,694,924
	<b>TOTAL</b>	<b>165,346,597</b>	<b>(16,312,232)</b>	<b>149,034,365</b>	<b>60,420,681</b>	<b>(15,953,359)</b>	<b>44,467,322</b>
2	GENERAL SUPPORT EXPENSES						
2.1	Personnel expenses		(4,790,253)	(4,790,253)		(4,509,917)	(4,509,917)
2.2	Member management expenses		(155,112)	(155,112)		(191,642)	(191,642)
2.3	Overheads		(679,772)	(679,772)		(685,360)	(685,360)
2.4	Purchase of durable goods		(352,986)	(352,986)		(280,708)	(280,708)
2.5	Regional committee management expenses		(381,158)	(381,158)		(387,847)	(387,847)
	<b>TOTAL</b>		<b>(6,359,281)</b>	<b>(6,359,281)</b>		<b>(6,055,474)</b>	<b>(6,055,474)</b>
3	FINANCIAL INCOME	26,733	-	26,733	1,033,446	-	1,033,446
4	EXTRAORDINARY INCOME AND EXPENSES						
4.1	Restriction changes following waivers of scholarships and reallocations	54,337	-	54,337	251,417	-	251,417
4.2	Other extraordinary income and expenses	37,488	(7,287)	30,201	918	(15,955)	(15,037)
	<b>TOTAL</b>	<b>91,825</b>	<b>(7,287)</b>	<b>84,538</b>	<b>252,335</b>	<b>(15,955)</b>	<b>236,380</b>
5	<b>TOTAL FUNDS AVAILABLE IN THE YEAR</b>	<b>165,465,155</b>	<b>(22,678,800)</b>	<b>142,786,355</b>	<b>61,706,462</b>	<b>(22,024,788)</b>	<b>39,681,674</b>
6	ASSOCIATION ACTIVITIES TO DEVELOP CANCER RESEARCH AND SCIENTIFIC REPORTING						
6.1	Allocations approved by association bodies for research projects, scholarships and other projects		(77,026,201)	(77,026,201)		(57,333,264)	(57,333,264)
6.2	"Notiziario-Fondamentale" scientific information and website		(2,216,540)	(2,216,540)		(1,446,964)	(1,446,964)
6.3	Other expenses for association activities		(592,908)	(592,908)		(594,634)	(594,634)
	<b>TOTAL</b>		<b>(79,835,649)</b>	<b>(79,835,649)</b>		<b>(59,374,862)</b>	<b>(59,374,862)</b>
	<b>SURPLUS/(SHORTFALL) OF THE YEAR</b>	<b>165,465,155</b>	<b>(102,514,449)</b>	<b>62,950,706</b>	<b>61,706,462</b>	<b>(81,399,650)</b>	<b>(19,693,188)</b>

Milan, 14 April 2011

The Chairman  
Piero Sierra

## 2009 AND 2010 STATEMENT OF CHANGES IN NET ASSETS

2009 CHANGES	Net assets allocated for research projects	Net assets allocated for research projects using 5/1000 funds	Net assets allocated for the purchase of equipment	Net assets allocated for scholarships	Total restricted net assets following decision of association bodies	Unrestricted net assets to be allocated for association purposes	Total net assets
Balance at 1 January 2009	23,744,500		39,934	2,185,816	25,970,250	25,190,519	51,160,769
Allocations approved by the Management Board	33,780,115	23,023,149	-	530,000	57,333,264	-	57,333,264
Restriction changes	-		-	(251,417)	(251,417)	-	(251,417)
Actual disbursements	(45,636,500)	-	-	(1,200,838)	(46,837,338)	-	(46,837,338)
Shortfall	-		-	-	-	(19,693,188)	(19,693,188)
Balance at 31 December 2009	11,888,115	23,023,149	39,934	1,263,561	36,214,759	5,497,331	41,712,090

2010 CHANGES	Net assets allocated for research projects	Net assets allocated for research projects using 5/1000 funds	Net assets allocated for the purchase of equipment	Net assets allocated for scholarships	Total restricted net assets following decision of association bodies	Unrestricted net assets to be allocated for association purposes	Total net assets
Balance at 1 January 2010	11,888,115	23,023,149	39,934	1,263,561	36,214,759	5,497,331	41,712,090
Allocations approved by the Management Board	26,682,771	47,062,164	1,266	3,280,000	77,026,201	-	77,026,201
Restriction changes	-	-	-	(54,337)	(54,337)	-	(54,337)
Actual disbursements	(19,798,487)	(24,229,000)	-	(919,505)	(44,946,992)	-	(44,946,992)
Surplus	-	-	-	-	-	62,950,706	62,950,706
Balance at 31 December 2010	18,772,399	45,856,313	41,200	3,569,719	68,239,631	68,448,037	136,687,668

# Associazione Italiana per la Ricerca sul Cancro

## NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

### 1 Profile

Associazione Italiana per la Ricerca sul Cancro (AIRC) was founded in 1965 in Milan, for the purposes described in the report on activities. The association's registered office is in via Filippo Corridoni 7, Milan, and it has 17 regional committees throughout Italy, which are not legally autonomous.

On 18 October 2004, it was registered with the Milan Prefecture's register of legal entities.

AIRC's governance bodies include the members, the Management Board, the Chairman, the Board of Auditors, the Scientific Technical Committee and the Scientific Consultation Committee. Under the association's by-laws, members of the governance bodies may not receive any fees for holding their position.

As it is fully not-for-profit pursuant to its by-laws, the association raises funds through membership fees from its members and other donations, as well as the donation of 5/1000 of IRPEF (income tax) which taxpayers allocate in their tax returns.

The association is exempt from mortgage and property taxes and benefits from a soft IRES (corporate income tax) rate.

The membership fees do not give rise to any tax benefit.

The association meets the legal requirements for the deduction of cash or in kind donations from people and entities subject to IRES (corporate income tax) up to one of the following limits: 10% of taxable income or €70 thousand, in accordance with article 14 of Decree law no. 35/2005 converted into Law no. 80 of 14 May 2005 and Prime Minister's decrees of 8/5/2007 and 25/2/2009. Furthermore, article 1.353 of Law no. 266/2005 enables companies and entities subject to IRES to fully deduct from profit any funds transferred as donations or gifts.

The association has voluntarily opted to have its financial statements audited since 1982, including these financial statements.

### 2 Accounting policies

The financial statements comprise the statement of financial position, statement of activities and statement of changes in net assets which show the use of resources in accordance with the various restrictions in place.

The association's financial statements are substantially consistent with the guidelines recommended by the Agenzia per le ONLUS (Agency for non-profit organisations) and the Non-profit company commission under the Italian Accounting Profession. The accounting policies adopted to prepare the financial statements as at and for the year ended 31 December 2010 are unchanged with respect to the previous year and are described below.

# Associazione Italiana per la Ricerca sul Cancro

## **2.1 *Civil properties acquired through succession and donation***

Properties acquired through succession are recognised at the prudent amount indicated in the appraisal in the year in which the association accepted them. They are not depreciated, as they are civil properties generally held for sale.

The carrying amounts of civil properties are impaired when necessary. If, in subsequent years, the reasons for the impairment no longer apply, their amount is reinstated.

## **2.2 *Properties used for activities***

These assets are measured at purchase cost, including any related expenses, or the prudent amount indicated in the appraisal if they were donated. This amount is depreciated systematically at an annual rate of 3%.

## **2.3 *Securities and investment funds***

Securities are measured at the lower of acquisition cost, including related expenses, and market value at the reporting date, except for investment funds, which are adjusted to market value. The amount of unrealised financial income on securities measured at market value at the reporting date is disclosed in the notes to the financial statements. The market value of securities and investment funds under asset management corresponds with that indicated in the statement of activities. The market value of securities and investment funds in administrated accounts is calculated based on official list prices published in major financial newspapers on 31 December of each year.

## **2.4 *Receivables and payables***

Receivables are stated at their estimated realisable value. Payables are stated at their nominal amount.

## **2.5 *Equipment, furniture and fittings***

Purchase cost is expensed in full in the year when incurred.

## **2.6 *Liquid funds***

Liquid funds are stated at their nominal amount.

## **2.7 *Prepayments and accrued income***

These are calculated on an accruals basis and relate exclusively to income and expenses pertaining to two or more years.

## Associazione Italiana per la Ricerca sul Cancro

In particular, prepayments include costs incurred in advance, in relation to association events and initiatives that will be held or will give rise to fund raising in the subsequent year.

### **2.8 Provisions for risks and charges**

This caption relates to risks and charges of a specific nature, the existence of which is certain or probable, but for which the amount or due date cannot be known at the reporting date.

### **2.9 Revenues from association fund raising activities**

#### *Membership fees*

Membership fees are allocated to the year in which they are collected.

#### *Fund raising revenues*

Fund raising revenues received directly by the association are allocated to the year in which they are collected, while revenues collected through third parties (e.g., telephone companies, etc.) are recognised on an accruals basis in the year in which the end donor contributed to the specific fund raising campaign, as certified by the third party collector. With respect to the latter, in the event of non-collection within one year, a receivable from the third party collector is recognised within the limits of the revenues that can be objectively determined at the reporting date.

#### *Acquisition of bequests and donations*

Bequests of properties are recognised, after the association accepts them, at the prudent amount indicated in the appraisal, while bequests of chattels are recognised as revenues in the statement of activities for the year to which they pertain. The estimated value of chattels available and pending sale is recognised in the memorandum and contingency accounts.

#### *Grants from government bodies*

Grants from government bodies received to cover costs incurred for specific fund raising campaigns are allocated to the year in which, once the administrative procedure is completed, the disbursement is formally approved.

#### *5/1000 donations*

5/1000 donations are allocated to the year in which they are collected, as, only after the actual receipt of the amount, can the association bodies restrict them for association purposes, with the related allocation and subsequent disbursement for the individual projects. Until they are collected, these donations, if published by the Tax Authorities, are recognised in the memorandum and contingency accounts.

### **2.10 General support expenses and association fund raising and scientific information expenses**

General support expenses and association fund raising and scientific information expenses are allocated on an accruals basis. They include any VAT due that is borne by the association.

# Associazione Italiana per la Ricerca sul Cancro

## **2.11 *Financial revenues and expenses***

Financial revenues and expenses are recognised in the statement of activities on an accruals basis.

## **2.12 *Disbursements and allocations approved by the association bodies for cancer research***

Disbursements for research projects and scholarships, whether annual or long-term, which the Management Board approves during the year, are recognised as expenses in the statement of activities. The approved amounts are stated in the statement of changes in net assets as an increase in funds restricted by the association bodies, while disbursements actually paid in the year are taken as a decrease in such restricted funds. Any waivers or changes in restrictions are recognised as extraordinary income and decrease the funds restricted by the association bodies. Accordingly, the balance of restricted funds at the beginning of the year, plus the fund restricted following resolution of the Management Board and less disbursements and restriction changes equal funds restricted by the association bodies at 31 December 2010.

## **2.13 *Research projects approved by the scientific bodies, for which allocations are yet to be approved by association bodies***

Long-term research projects approved by the scientific bodies, for which allocations are yet to be approved by the Management Board are recognised in the memorandum and contingency accounts. The Management Board approves and formally allocates funds to the research institutions that host the researchers, each year confirming the renewals of projects approved by the scientific bodies in previous years, only after verifying that the funds are available, the renewals have been requested by the institutions hosting the researchers and the conditions and requirements when the project was presented are still in place.

# Associazione Italiana per la Ricerca sul Cancro

## 3 Notes to the financial statements captions. Figures are given in thousands of Euro.

### 3.1 ASSETS

#### B FIXED ASSETS

##### B 1 Civil properties acquired through succession and donation

Changes in the year are described below:

	2010	2009
	€'000	€'000
Opening balance	888	1,537
Properties acquired	-	-
Properties sold	<u>(109)</u>	<u>(649)</u>
	<u>779</u>	<u>888</u>

The realisable value of the two properties sold in the year came to €113 thousand, compared to their carrying amount of €109 thousand, generating revenues of €4 thousand recognised in the statement of activities under financial revenues.

##### B 2 Properties used for activities

This caption includes a property donated at the end of 2008, in Parma, in which the Parma branch activities are carried out by the Emilia Romagna regional committee. Its amount is depreciated at an annual rate of 3%.

#### C CURRENT ASSETS

##### C II Sundry receivables

This caption is comprised as follows:

	31.12.2010	31.12.2009
	€'000	€'000
Receivables for text message and telephone donations on the Giornata Nazionale	3,614	3,813
Repurchase agreements	2,035	-
Receivable from the Sicily Region for the grant disbursed to partially cover the purchase cost of oranges (Arance della Salute® 2010)	392	500
Receivables for online donations	287	27
Receivable for the grant for a specific purpose	267	-
Advances to the regional committees (petty cash)	77	66
Advances to suppliers	47	40
Receivable for the grant for the Tuscany committee's event	41	-
IRAP tax receivables	25	-
Other receivables	18	25
Guarantee deposits	<u>16</u>	<u>16</u>
	<u>6,819</u>	<u>4,487</u>



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Receivables for text message and telephone donations relate to the amount that clients of mobile and landline telephone service providers donated during the Giornata Nazionale® campaign organised in November 2010. These receivables were collected in the first few months of 2011.

Repurchase agreements relate to one transaction only with a bank, the full amount of which was collected on 14 January 2011.

The receivable from the Sicily Region of €392 thousand, which was collected in the first few months of 2011, relates to the residual grant of €500 thousand from the Sicily Region to cover the purchase of the oranges.

Receivables for online donations relate to those in December 2010, which were credited in January 2011.

The receivable for the grant for a specific purpose relates to the second annual instalment (three years) for a research project conducted with the Universities of Verona and Padua, co-funded by Fondazione CARIVERONA and AIRC, with €267 thousand and €150 thousand, respectively, per year.

Advances to regional committees include the petty cash fund for the 17 committees.

Advances to suppliers relate to advances for the organisation of a fund raising initiative by the Sicily Committee.

### C III Securities and investment funds

Securities at 31 December 2010 amount to €43,739 thousand (€29,265 thousand at 31 December 2009) and consist of liquid funds temporarily in administered accounts and under asset management with leading banks. The increase is due to the collection of the 5/1000 donations in the year.

They are detailed below:

Type	Carrying amount at 31.12.2010 €'000	Carrying amount at 31.12.2009 €'000
Italian government securities	24,439	19,572
European government securities	2,294	5,619
Italian bonds	2,463	663
European bonds	14,177	2,831
Investment funds	361	580
Shares	<u>5</u>	<u>-</u>
	<u>43,739</u>	<u>29,265</u>

As indicated in paragraph 2.3, investment funds are adjusted to their year-end market value and, following measurement, have been classified as unrealised revenues in the statement of activities for 2010, in the amount of €3 thousand. Other securities are measured at the lower of acquisition cost and market value.

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The following table provides a comparison of the carrying amounts of securities with their market value at the reporting date.

Type	Carrying amount at 31.12.2010 €'000	Market value at 31.12.2010 €'000
Italian government securities	24,439	24,462
European government securities	2,294	2,294
Italian bonds	2,463	2,464
European bonds	14,177	14,185
Investment funds	361	361
Shares	<u>5</u>	<u>15</u>
	<u>43,739</u>	<u>43,781</u>

## C IV Liquid funds

Liquid funds amount to €87,175 thousand (€9,026 thousand at 31 December 2009) and include the €48,819 thousand needed for disbursements approved by the Management Board in November 2010 and €38,356 thousand relating to the collection of the 5/1000 donation paid by the Ministry of Education, Universities and Research on 21 December 2010.

## D PREPAYMENTS AND ACCRUED INCOME

Accrued income amounts to €388 thousand (€348 thousand at 31 December 2009) and includes accrued interest income on securities. The increase in the year is due to the greater balance of securities and investment funds compared to the previous year.

Prepayments include costs incurred in advance, but relate to association events and initiatives that will take place or lead to fund raising in the subsequent year. The year-end balance is comprised as follows:

	31.12.2010 €'000	31.12.2009 €'000
Arance della Salute® 2011	129	68
Notiziario-Fondamentale of January 2011	216	135
Mailing campaigns	792	825
Overheads	<u>195</u>	<u>124</u>
	<u>1,332</u>	<u>1,152</u>

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## 3.2 LIABILITIES

### A NET ASSETS

#### A II Restricted net assets following decision of association bodies

Restricted net assets amount to €68,240 thousand (€36,215 thousand at 31 December 2009). The balance of restricted net assets includes the amounts approved by the Management Board, following proposals by the Scientific Technical Committee (STC), but not yet disbursed. The increase is mainly due to the greater amount allocated to fund research projects selected through peer review and the STC's proposals to the Management Board.

Changes in restricted net assets during 2010 are summarised below.

(thousands of Euro)	Restricted net assets following decision of association bodies		
	Ordinary collections	5/1000 donations	TOTAL
Changes in restricted net assets			
Balance at 1 January 2010	13,192	23,023	36,215
Actual disbursements in 2010	(12,218)	(19,914)	(32,132)
Restriction changes	(54)		(54)
<b>Residual 2009 and prior year approvals</b>	<b>920</b>	<b>3,109</b>	<b>4,029</b>
Allocations approved by the Management Board in 2010	29,964	47,062	77,026
Actual disbursements of 2010	(8,500)	(4,315)	(12,815)
<b>Residual 2010</b>	<b>21,464</b>	<b>42,747</b>	<b>64,211</b>
<b>Total at 31 December 2010</b>	<b>22,384</b>	<b>45,856</b>	<b>68,240</b>

Restriction changes relate to waivers by scholarship recipients.

The following table details the Management Board's approvals in 2010 for projects and scholarships, amounting to €77,026 thousand (in 2009, allocations of €57,333 thousand were approved). The value of approvals grew due to the 5/1000 donations of 2010.

The following table illustrates the origin of funds allocated by the Management Board to fund research projects and scholarships.

## Associazione Italiana per la Ricerca sul Cancro

(thousands of Euro)		ALLOCATION OF FUNDS COLLECTED						
		Ordinary collections	5/1000 donations					
Approvals			Welfare Ministry 2008	Ministry of Education, Universities and Research 2007	Health Ministry 2007	Health Ministry 2008	Total 5/1000	Total approvals
Research projects (211)	18,032						-	18,032
Research projects (76)	26	5,972					5,972	5,998
IG projects (126 projects)			11,291				11,291	11,291
Research projects (51)				4,293			4,293	4,293
Research projects (23)	2				3,518		3,518	3,520
TOTAL RESEARCH PROJECTS (487)	18,060	5,972	11,291	4,293	3,518		25,074	43,134
5/1000 clinical molecular oncology programme (10 research groups)				9,511	12,477		21,988	21,988
Start-ups (10)	1,482							1,482
My first AIRC grants (47)	2,300							2,300
Regional and special projects (2)	4,599							4,599
Other projects	243							243
Cofund Marie Curie Eur. Commission scholarships	2,640							2,640
Scholarships (18)	640							640
Total	29,964	5,972	11,291	13,804	15,995		47,062	77,026

Reference should be made to the report on activities for additional information on the above approvals.

The Management Board carried out the association's mission by approving the following allocations for research projects: € €77,026 thousand to fund research

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projects, scholarships and other projects; €2,217 thousand for reporting to members in the Notiziario-Fondamentale newsletter and online at [www.airc.it](http://www.airc.it).

The year-end balance of restricted net assets following decision of association bodies yet to be paid may be analysed as follows:

	31.12.2010	31.12.2009
	€'000	€'000
Long-term scholarships	3,393	734
Regional research projects and scholarships:		
- Long-term scholarships on regional projects	177	530
- residual amounts for regional research projects	234	4,675
- research projects approved in 2010	4,149	-
Research projects:		
- residual amounts approved in previous years	50	50
- residual amounts approved in 2009	-	7,163
- residual amounts approved in 2010	14,340	-
- residual amounts approved in 2009 (5/1000 donations)	-	8,328
- residual amounts approved in 2010 (5/1000 donations)	20,759	-
- clinical molecular oncology programme 2009 approvals (5/1000 donations)	3,109	14,695
- clinical molecular oncology programme 2010 approvals (5/1000 donations)	21,988	-
Scientific equipment	<u>41</u>	<u>40</u>
	<u>68,240</u>	<u>36,215</u>

During the first quarter of 2011, the association paid research institutions €42,429 thousand. Accordingly, the residual amount to be paid at the time of preparation of these financial statements is €25,811 thousand, consisting of:

- clinical molecular oncology programme	18,858
- long-term and regional scholarships	3,486
- project approved in previous years	325
- projects approved in 2010	<u>3,142</u>
	<u>25,811</u>

Actual disbursements for the Clinical Molecular Oncology programme of €12,548 thousand are scheduled to begin in June 2001, with an additional €6,310 thousand scheduled for December 2011.

Actual disbursements, detailed below, comprise the outlays including the residual amount of the previous year and part of allocations approved in the year:

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Disbursements (thousands of Euro)	following approvals of		total 2010 disbursements
	2009 and previous years	2010	
Institutions and bodies	11,604	8,194	19,798
Institutions and bodies (5/1000 donations)	19,914	4,315	24,229
Scholarships	614	306	920
<b>Actual disbursements</b>	<b>32,132</b>	<b>12,815</b>	<b>44,947</b>

### A III Unrestricted net assets to be allocated for association purposes

Changes in unrestricted net assets are detailed below:

	31.12.2010	31.12.2009
	€'000	€'000
Prior year surplus	5,497	25,190
Surplus/(shortfall) of the year	<u>62,951</u>	<u>(19,693)</u>
Total unrestricted net assets allocated for association purposes	<u>68,448</u>	<u>5,497</u>

Unrestricted net assets to be allocated for association purposes are affected by the irregular and unpredictable trend in 5/1000 donation inflows, which creates significant fluctuations in the surplus of the year and other captions of the statement of activities. This occurs because funds are allocated during the November board meeting only when the research project selection process has been concluded. If the 5/1000 donations are collected after that date and before year end, the use of the donations will be approved in the subsequent year and, accordingly, there will be a surplus in the year in which the 5/1000 donations were collected, and, conversely, there will be a shortfall in the subsequent year covered by the prior year surplus. Another reason for the fact that the collection of the 5/1000 donations does not occur in the same year as the approval to use the same donations can be because of the decision to kick off a new research programme after a special call for papers, which require time to prepare an idea and enable researchers to write a paper on the project, which will be peer reviewed, as described in the report on activities.

The research projects approved by the scientific bodies, for which allocations are yet to be approved by the association bodies, recognised in the memorandum and contingency accounts, total €145,067 thousand. The unrestricted net assets to be allocated for association purposes, in addition to 2009 5/1000 donations of €60,454 thousand, recognised in the memorandum and contingency accounts as they are yet to be received, will be allocated to fund such projects, once the scientific and administrative procedures have been carried out, to ensure that the conditions for which the project was approved in the first year are still in place in the subsequent years.

AIRC's allocation strategy considering the fluctuating inflows of 5/1000 donations is to privilege long-term multi-centre research programmes running for up to five years, such as the Clinical Molecular Oncology programme. This programme is recognised

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in the memorandum and contingency accounts as follows: €87,762 thousand, including €25,095 thousand for each year from 2011 to 2013, and €12,477 thousand forecast for 2014.

Reference should be made to note F Memorandum and contingency accounts for additional details.

### **B PROVISION FOR RISKS AND CHARGES**

The provision for risks and charges was released in 2010, as the risk related to a pending case that reached the statute of limitation.

### **C EMPLOYEES' LEAVING ENTITLEMENT**

This caption underwent the following changes:

	2010	2009
	€'000	€'000
Opening balance	833	900
Advances and resignations	(30)	(83)
Portion of the year (net of the revaluation tax)	230	212
Portions paid to supplementary pension funds	(35)	(31)
Portions paid to the INPS treasury fund	<u>(172)</u>	<u>(165)</u>
Closing balance	<u>826</u>	<u>833</u>

At 31 December 2010, the association had 80 employees, including 5 managers, 10 junior managers and 65 white collars. During the year, it hired 6 people and 1 person resigned.

### **D PAYABLES DUE WITHIN ONE YEAR**

#### **Payables to suppliers**

Payables to suppliers amount to €2,033 thousand (€1,877 thousand at 31 December 2009).

#### **Tax payables**

Tax payables are comprised as follows:

	31.12.2010	31.12.2009
	€'000	€'000
IRAP	-	14
IRES	28	54
IRPEF	<u>146</u>	<u>174</u>
Total tax payables	<u>174</u>	<u>242</u>

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The decrease in IRAP payables is due to the new method of scholarship disbursement. Since 2010, scholarships are paid to the institution hosting the scholarship holders, rather than directly to the latter.

### Social security charges payable

Social security charges payable amount to €225 thousand (€201 thousand at 31 December 2009). They include the portions of employees' leaving entitlement of December to be transferred to the INPS treasury fund and supplementary pension funds.

### Other payables

Other payables are comprised as follows:

	31.12.2010	31.12.2009
	€'000	€'000
Employees for deferred expenses	280	231
Regional committees for expenses	28	27
Third party bequests	43	43
Asset management company for taxes	-	43
Other liabilities	<u>82</u>	<u>85</u>
Total other payables	<u>433</u>	<u>429</u>

The payable to the regional committees for expenses relates to 2010 expenses that will be paid in 2011.

Third party bequests relate to an inheritance received in previous years.

Other payables include two bequests through successions to be paid to FIRC, amounting to €20 thousand.

## F MEMORANDUM AND CONTINGENCY ACCOUNTS

### Research projects approved by the scientific bodies for which allocations are yet to be approved by the association bodies

This caption includes the amount of long-term projects approved by the scientific bodies during the year or in previous years for which the Management Board has not yet allocated funds. Indeed, the Management Board approves and allocates the related funds each year, after having carried out all the scientific and administrative procedures to ensure that the conditions for which the project was approved in the first year are still in place at the time of subsequent renewals and, in particular, after verifying that the association has the necessary financial resources.

The following table shows the changes over time in the amount of long-term research projects that the scientific bodies approved in the year and in previous years, to which the Management Board will allocate funds in future years. Naturally, each year, new projects are added, beginning a new long-term research cycle. Reference should be made to the report on activities for additional information.



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(millions of Euro)	Project no.	Year of approval	Year in which the Management Board will approve the allocation of funds				2010 total
			2011	2012	2013	2014	
Three-year research projects (investigator grants)	119 193	2009 2010	9,328 20,282	20,282	-	-	9,328 40,564
Three-year "My first AIRC grant" projects to support young researchers	17 18	2009 2010	850 900	900	-	-	850 1,800
Five-year start-up projects to support young researchers	10	2006-10	1,183	890	595	295	2,963
Regional and special projects		2006-10	750	750	150	150	1,800
5/1000 clinical molecular oncology programme	10	2009-10	25,095	25,095	25,095	12,477	87,762
<b>Total</b>			<b>58,388</b>	<b>47,917</b>	<b>25,840</b>	<b>12,922</b>	<b>145,067</b>

In the previous year, projects approved by the scientific bodies yet to be approved by the association bodies amounted to €102,187 thousand. The increase in 2010 is mainly due to the clinical molecular oncology programme, which was approved in 2009 and 2010 and will see funding of €87,762 thousand over four years.

### 5/1000 donations

In the 2006 tax returns relating to 2005 revenues, the government has offered taxpayers the possibility of contributing 5/1000 of their personal income taxes to entities that perform scientific and health research activities.

The following table summarises the 5/1000 donations, detailing collections and/or donations to be collected.

Year tax return was filed	Number of preferences	Donations assigned (€'000)	Year of collection	Donation collected (€'000)	Donation assigned, yet to be collected at 31.12.2010 (€'000)
2006	779,542	32,341	2008	32,341	-
2007	993,791	51,749	2009/2010	51,749	-
2008	1,274,819	60,324	2010	60,324	-
2009 (1)	1,411,150	60,454		-	60,454
<b>TOTAL</b>		<b>204,868</b>		<b>144,414</b>	<b>60,454</b>

(1) Figure taken from the lists of beneficiaries disclosed by the Tax Authorities in February 2011.

To date, the Tax Authorities have not disclosed the beneficiaries of donations in the 2010 tax returns (relating to 2009 income).

# Associazione Italiana per la Ricerca sul Cancro

## *Available chattels pending sale*

The €26 thousand balance at 31 December 2010 reflects the estimated value of assets pending sale, which are available to the association.

## 4 **Statement of activities**

### **Association fund raising**

#### *Membership fees and donations from mailing campaigns*

Revenues from mailing campaigns total €26,159 thousand, down €279 thousand, or 1%, on the previous year. Expenses of € 5,429 decreased by €17 thousand, or 0.3%. Revenues from this significant channel make up 45.1% of total ordinary funds, while expenses account for 33.2% of total specific fund raising expenses.

#### *Main events (Azalea della Ricerca, Arance della Salute and Giornata Nazionale)*

This year marked the 26th edition of **Azalea della Ricerca**, in 3,556 city squares, with the participation of 25,000 volunteers. The event was carried out using the same approach, generating net revenues of €5,422 thousand (€4,816 thousand in 2009), showing an increase of €606 thousand on the previous year.

**Arance della Salute** also confirmed its success. Net revenues of €2,298 thousand (€ 1,965 thousand in 2009) were generated through the sale of 437,369 bags of Sicilian oranges in 2,783 squares in Italy cities, with a cost that was partly covered by the Sicily Region (€500 thousand).

The fund raising on the **Giornata Nazionale per la Ricerca sul Cancro**, which took place in November, was also highly successful again in 2010, thanks to the efforts of RAI television show hosts and broadcasters, which devoted many broadcasting hours to calls for donations by text messages and landline telephone calls.

The following table details the expenses of the three main events organised by the association. These three initiatives not only raise significant funds, but are also crucial in recruiting new members with a long-term effect on funds and the spread of the association's image and activities throughout Italy.

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Type of expense	Arance della Salute	Azalea della Ricerca	Giornata Nazionale
	€'000	€'000	€'000
Purchase of 437,369 three-kg bags of oranges	956	-	-
Sicily Region grant	(500)	-	-
Purchase of 660,364 azaleas in baskets	-	2,629	-
Logistics and delivery to the city squares	827	1,548	-
Publicity campaign	349	391	391
Mailing campaigns	12	12	-
External services and freelancers	22	14	175
Telephone and technical services	7	8	55
Insurance	15	43	-
Regional committee direct expenses	27	18	23
Travel expenses and sundry shipments	2	1	31
Other organisational expenses	55	50	29
<b>TOTAL EXPENSES</b>	<b>1,772</b>	<b>4,714</b>	<b>704</b>

### *Activities of the regional committees*

The regional committees' activities relate to collecting membership fees and grants directly and organisation events at province level, detailed as follows:

	2010	2009
	€'000	€'000
Membership fees and donations	1,382	963
Revenues from local events	<u>3,526</u>	<u>3,599</u>
	4,908	4,562
Specific expenses for events	<u>(917)</u>	<u>(1,009)</u>
Net revenues from regional committees' activities	<u>3,991</u>	<u>3,553</u>

### *Chattels and properties received through succession and donation*

In 2010, the association received €520 thousand after AIRC was named beneficiary of nine life insurance policies signed by nine people. The bequests amount to € 338 thousand.

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## *Communications and awareness spreading*

This caption totals €1,928 thousand (€1,599 thousand in 2009) and can be detailed as follows:

	2010	2009
	€'000	€'000
Information to former members on the 5/1000 clinical molecular oncology programme	1,781	941
Association advertising and thank yous in the press	67	45
Publication and distribution of annual reports	48	34
Press releases	27	25
Production and broadcasting of advertising spots	<u>5</u>	<u>554</u>
	<u>1,928</u>	<u>1,599</u>

The increase in information to former members on the 5/1000 clinical molecular oncology programme is mainly due to the rise in postage rates pursuant to a legislative measure that repealed soft postage rates for non-profit entities as from 1 April 2010.

Fund raising expenses include non-deductible VAT of €1,659 thousand (€1,870 thousand in 2009).

## *Revenues from 5/1000 donations*

Revenues of €107,378 thousand from 5/1000 donations may be detailed as follows:

Year of tax return	Paying ministry	Amount €'000	Date of payment
2007	Health Ministry	13,839	31 March 2010
2007	Ministry of Education, Universities and Research	33,216	28 July 2010
2008	Ministry of Labour and Social Policy	5,972	4 August 2010
2008	Health Ministry	15,995	21 September 2010
2008	Ministry of Education, Universities and Research	38,356	21 December 2010
	TOTAL	107,378	

## **Association activities to develop cancer research and scientific reporting**

### *Allocations approved by association bodies for research projects, scholarships and other projects*

This caption is discussed in the report on activities in the section on activities of the

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year and in the note to net assets. It includes funds that were restricted in the year by decision of the association bodies.

### *Scientific information (Notiziario-Fondamentale) and the website*

This caption includes costs incurred of €1,802 thousand (€1,103 thousand in 2009), for the five issues of "Notiziario-Fondamentale", plus the three special editions in conjunction with national events, net of the €600 thousand contribution from FIRC, co-owner of the publication. The increase is mainly due to the rise in postage rates pursuant to a legislative measure that repealed soft postage rates for non-profit entities as from 1 April 2010.

The residual €415 thousand (€344 thousand in 2009) relates to costs to update and maintain the [www.airc.it](http://www.airc.it) site using increasingly up-to-date technologies.

Expenses for information activities include non-deductible VAT of €207 thousand (€207 thousand in 2009).

### *Other association expenses*

This caption includes:

	2010	2009
	€'000	€'000
Fees of 300 foreign scientific reviewers	338	282
Evaluation process expenses	157	217
IRAP on scholarships	27	38
Preparation of the mission report	<u>71</u>	<u>58</u>
	<u>593</u>	<u>595</u>

The increase in the fees to foreign scientific reviewers reflects the greater number of research projects reviewed.

The merit-based evaluation process for research projects and scholarships is subject to continuous development and improvement. Expenses relate to the system of project and scholarship presentation and evaluation and mainly the development management software for these processes.

The decrease in IRAP on scholarships is due to the new method of scholarship disbursement directly to the institution hosting the scholarship holders.

Mission report expenses consist of the printing and plant expenses for this important informational tool concerning AIRC's mission.

### **General support expenses**

These comprise the expenses of personnel dedicated to the following:

## Associazione Italiana per la Ricerca sul Cancro

	2010		2009	
Personnel expenses relating to:	€'000	No.	€'000	No.
- fund raising activities	2,589	52	2,403	49
- general support activities	1,433	18	1,402	18
- the association's oncology research and scientific information development activities	<u>768</u>	<u>16</u>	<u>705</u>	<u>13</u>
Total personnel expenses	<u>4,790</u>	<u>86</u>	<u>4,510</u>	<u>80</u>

General support expenses also include:

	2010	2009
	€'000	€'000
Member management expenses	155	191
Overheads	680	685
Purchase of durable goods	353	281
Committee management expenses	<u>381</u>	<u>388</u>
	<u>1,569</u>	<u>1,545</u>
Total general support expenses	<u>6,359</u>	<u>6,055</u>

The amount of personnel expenses includes €133 thousand (€125 thousand in 2009) for IRAP, calculated on personnel remuneration. The number of people includes employees and six freelancers (5 freelancers in 2009).

Expenses for personnel dedicated to fund raising relate to the 17 regional committees, the central committee coordination office, the public relations and press office and the marketing office.

Expenses for general support personnel relate to general management, the general service office, administration, IT and member management.

Expenses for personnel dedicated to conducting the association's oncology research and scientific information development activities relate to the scientific management office and the Fondamentale publishing office.

The purchase of durable goods relates to the purchase of new IT structures and electronic machines in the year.

Regional committee management expenses consist of the day-to-day expenses of the association's 17 regional committees.

General support expenses include non-deductible VAT of €219 thousand (€235 thousand in 2009).

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## Financial income

This caption is comprised of:

	2010 €'000	2009 €'000
Net realised revenues	640	712
Unrealised revenues (market value adjustment of shares and investment funds)	3	7
Impairment losses (adjustment of other securities to the lower of cost and market value)	(632)	(53)
Interest income on bank current accounts	<u>11</u>	<u>35</u>
<i>Total financial revenues</i>	<u>22</u>	<u>701</u>
Civil property lease instalments	1	1
Gain on sale of property	<u>4</u>	<u>331</u>
<i>Total revenues from assets</i>	<u>5</u>	<u>332</u>
	<u>27</u>	<u>1,033</u>

Financial revenues amount to €22 thousand (€701 thousand in 2009). The decrease on the previous year is due to the rise in interest rates on bonds in the fourth quarter and the consequent reduction in their market value at year end, which led to an unrealised loss of €632 thousand (€53 thousand in 2009).

## Extraordinary income and expense

Extraordinary income due to restriction changes relates to waivers of scholarships previously granted by the association's bodies, amounting to €54 thousand (€251 thousand in 2009).

### 5 Protection of personal data

In accordance with Legislative decree no.196 of 30 June 2003 concerning the protection of personal data, the personal data protection document has been updated within the legal deadline of 31 March 2011.

### 6 Tax position

As the association is a non-profit entity and does not carry out commercial activities, it is not taxed, except for IRAP (regional productivity tax) and IRES (corporate income tax) on property revenues and other revenues.

### 7 Significant events after the reporting date

To the best of our knowledge, no significant events occurred between the reporting date and today's date that would change these financial statements.

Milan, 14 April 2011

The Chairman  
Piero Sierra  
(signed on the original)