

UNITED FUND FOR BELGIUM

ADDITIONAL EXHIBITS TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

1. GENERAL

United Fund for Belgium (UFB) is a Not-for-Profit Organization (ASBL/VZW) which supports organisations in Belgium fostering social integration.

The tax authorities have granted UFB the status of association “providing assistance to needy people” under Article 145³³, §1, 1st paragraph, 1^o, e, of the Belgian income tax code. Contributions to UFB are therefore tax deductible by the donor. This agreement has been renewed in the course of 2018 for six years, until the end of 2023.

2. ACCOUNTING POLICIES

In accordance with the Royal Decree of December 19, 2003, UFB complies with all the legal requirements applicable to “large not-for-profit organizations” in terms of accounting and filing of financial statements. In particular, UFB prepares its financial statements on an accrual basis.

Further explanations on UFB prevailing accounting policies are provided in the annexes to annual financial statements.

3. FUNDS RAISED

During the 2019-2020 campaign, as in previous years, UFB has raised funds through three channels:

1. The collection of donations from corporations, their employees (“in-house campaigns”) and individuals. These amounted to k€ 537 in 2019-20, compared to k€ 588 for the previous campaign. This decrease is mainly due to lower corporate donations.
2. The generation of profit from the organization of seasonal sales (specifically, “speculoos” for Santa Claus, dematerialised Christmas cards and chocolates for Easter) and fundraising events. The profit generated by these activities is significantly higher this year compared to the 2018-19 campaign (k€ 146 vs k€ 77). This is mainly due to the fact that more events were organised during the 2019-20 campaign: an old timers car rallye, a dinner and auction during the Brussels Uptown Design Festival and the UFB biennial Gala Dinner. Although the latter had to be cancelled due to the Coronavirus epidemic, the vast majority of the participants converted their payments into a donation. The amount raised was nevertheless below expectations as the traditional auction could not be held. The revenue from the organisation of “voluntary days” for companies wanting to promote staff engagement in social activities increased from k€ 4.5 to k€ 8.
3. The personal contributions from Board members and other individuals to the Martin Kallen Fund and the coverage of operating expenses amounted to k€ 87.

The total raised from these three sources amounts to k€ 772, slightly below the previous campaign. During the 2018-19 campaign, UFB received a k€ 211 exceptional revenue resulting from a bequest from a generous donor.

The table below provides a detailed comparison of the funds raised over the last three campaigns:

Funds raised (EUR)	2017-18	2018-19	2019-20
Corporations	523 793	539 860	489 167
In-House campaigns	21 726	34 517	30 606
Individuals	15 064	13 256	17 583
Total donations	560 583	587 633	537 355
Dandoy - St Nicholas	18 790	12 557	23 175
Galler - Easter Eggs	9 013	11 885	12 404
Christmas cards	5 674	13 532	12 021
Total profit from item sales	33 477	37 973	47 599
Gala Dinner	72 069	5 950	22 249
Old Timers Rallye			17 717
Up Town Design Dinner			17 920
20 KM Brussels	37 450	16 640	12 412
Golf	15 025	12 041	19 968
Bike for Africa	28 943		
Total profit from events	153 487	34 631	90 265
Voluntary days		4 500	8 012
Others	131	240	
Total profit from sales & events	187 095	77 344	145 876
Contribution to Martin Kallen Fund	1 000	51 100	22 000
Donations to cover operational expenses	107 750	82 250	64 600
Membership fees	2 100	1 700	1 950
Total contributions	110 850	135 050	88 550
Subtotal	858 528	800 027	771 781
Bequest		211 450	(116)
Total funds raised	858 528	1 011 477	771 665

4. PROFIT ALLOCATION

The result for the current fiscal year is a small K€ 1.7 profit, compared to a K€ 180 profit for the period ended 31 March 2019. The latter was entirely due to the exceptional income from the bequest.

The table below shows a summary of the income statement for the last three campaigns:

Income Statement (EUR)	2017-18	2018-19	2019-20
Total funds raised	858 528	1 011 477	771 665
Donations to associations	(701 975)	(641 355)	(477 313)
Operating Expenses	(163 716)	(193 875)	(234 832)
Financial Profit/(Loss)	53 630	3 422	(57 783)
Profit/(Loss) of the year	46 467	179 669	1 737

Donations to associations decreased significantly compared to the previous campaign. In previous years, the amount donated exceeded the amount collected. Thanks to generous contributions to the operating expenses and to a K€ 75 annual contribution from the Martin Kallen Fund (MKF) to operating expenses, part of the profit from fund raising events could be distributed to charities. For the period 2019-20, given the impact of the stock market evolution on the MKF, the Board has decided not to withdraw funds from the MKF and to limit the donations given to the amount collected. However, due to a combination of factors that affected operations during Q1 2020 (staff shortage, operational issues and the Coronavirus crisis), the amount donated remained below the amount collected.

Therefore, in view of the strong cash position and the profits accumulated in recent years, the Board has decided to allocate the balance of the amount collected to a special COVID-19 campaign that was launched in April. This campaign will provide support to institutions to finance the cost of implementing the necessary sanitary measures to continue their activities.

The increase in operating expenses results from the decision to hire a full time Executive Director and from the investments in the digitalisation of UFB operations. The benefits of these investments will materialise in the coming campaigns.

The financial loss reflects the impact of the Q1 2020 market conditions on the value of UFB investment portfolio. The MKF portfolio lost 5% of its value compared to 31 March 2019.

5. DONATIONS PAID TO CHARITIES

The Allocations Committee composed of volunteers with strong knowledge of their local community evaluates the worthiness of each project and makes recommendations to the Board of Directors for the allocation of donations to selected projects.

The total amount of donations approved for the 2019-2020 campaign is k€ 482, supporting 81 different projects. As of March 31, 2020, the outstanding commitments approved by the Board of Directors amounted to k€ 687, as shown in the following table:

Commitments (EUR)

Campaign	Total approved donations for the campaign	Still to be paid as of 31 March 2019	Amount paid during the 2019-20 campaign	Variations and reversals	Outstanding donation commitments as of 31 March 2020
2016-17	733 000	53 500	(53 500)		0
2017-18	701 975	154 411	(121 931)	20	32 500
2018-19	643 500	614 343	(355 452)	(4 767)	254 124
2019-20	482 061		(81 607)	(2)	400 452
Total		822 255	(612 490)	(4 747)	687 077

The fact that significant amounts from previous campaigns remain open is due to the policy that UFB will only pay the donations when the projects have been completed and the beneficiary association has presented invoices attesting of its realisation.

The “variations and reversals” represent minor differences between the amounts granted and the actual disbursements.

6. EVOLUTION OF FINANCIAL RESERVES

UFB’s financial reserves are placed in “funds”. These funds are managed separately from the operational cash, but do not constitute separate legal entities.

In 1997, Mr Martin Kallen decided to support UFB philanthropic objectives through the creation of an endowment fund, whose financial proceeds should be used to cover at least partly the operating expenses of UFB. For the year ended March 31, 2019, the Martin Kallen fund contributed k€ 75 to the operating expenses coverage. For the year ended March 31, 2020, no contribution has been made by the fund to the operating expenses due to the adverse market conditions and the fact that the operating expenses could be covered by other means (direct donations and profit from sales and events).

The funds raised during the annual campaign are kept in cash or invested in liquid assets, pending their actual distributions to beneficiary organizations. On March 31, 2020 UFB disposed of sufficient financial reserves to meet all its financial commitments to charities without needing to deplete the Martin Kallen fund.

The table on next page shows the evolution of the financial reserves between 31 March 2019 and 31 March 2020. Over this period, the market value of the Martin Kallen fund decreased from k€ 1,956 to k€ 1,882. This primarily results from the negative performance of the markets during the first quarter of 2020 due to the coronavirus crisis. These losses have only been partly offset by the revenue generated by the fund and donations amounting to k€ 22.

The UFB fund is primarily invested in cash and bonds and remained stable over the period.

Evolution of financial reserves

All amounts in EUR	Martin Kallen Fund	UFB Fund	UFB Operating Cash	Total
Reserves as at 31/03/2019				
Financial instruments at book value	1 420 597	65 308		1 485 905
Unrealised capital gains	327 709			327 709
Financial instruments at market value	1 748 306	65 308		1 813 614
Cash	208 094	227 670	537 753	973 516
Financial assets at market value	1 956 400	292 978	537 753	2 787 130
2018-19 Movements				
Dividend and interest income*	26 116	14 421		40 537
Realised capital gains/(losses)	20 778			20 778
Unrealised capital gains/(losses)	(143 002)	(11 492)		(154 494)
Donations to Martin Kallen Fund	22 000			22 000
Revenue from bequest				0
Transfer from MKF to cover operating costs				0
Cashflow from operations			(152 948)	(152 948)
Others (incl. foreign exchange differences)				0
Total	(74 108)	2 929	(152 948)	(224 127)
Reserves as at 31/03/2019				
Financial instruments at book value	1 278 654	53 816		1 332 470
Unrealised capital gains	290 198			290 198
Financial instruments at market value	1 568 852	53 816		1 622 668
Cash	313 440	242 091	384 805	940 336
Financial assets at market value	1 882 292	295 907	384 805	2 563 004
* Net of custodial fees & WHT				

Portfolio Composition as at 31/03/2020

	Martin Kallen Fund	UFB Fund	Total
Bonds	201 780	45 006	246 786
Convertibles & Warrants	94 773		94 773
Shares	1 133 031		1 133 031
Real Estate certificates	49 614	8 810	58 424
Hedge funds	89 654		89 654
Subtotal Financial instruments	1 568 852	53 816	1 622 668
Cash	313 440	242 091	555 531
Total	1 882 292	295 907	2 178 199

Note: as required by Belgian GAAP, unrealized capital gains are not recorded in the income statement and balance sheet. Unrealized losses are recorded in the accounts.