

## UNITED FUND FOR BELGIUM

### ADDITIONAL EXHIBITS TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED MARCH 31, 2021

#### **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 145<sup>33</sup>, §1, 1<sup>st</sup> paragraph, 1°, 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 2020-2021 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 donations increased from k€ 537 in 2019-20 to k€ 703 for the campaign ended on 31 March 2021. This is mainly due to a sharp increase in corporate donations, from k€ 489 to k€ 598 (+22%). In addition, UFB collected donations amounting to k€ 42 to support a special campaign to help associations in the context of the coronavirus pandemic.
2. The generation of profit from the sales of seasonal products (mainly around Christmas and Easter) and fundraising events. This source of revenue was, and continues to be, seriously affected by the sanitary situation. Revenue from the sale of products held relatively well despite the generalisation of remote working, reducing from k€ 48 in the previous campaign to k€ 40 for the 2020-21 exercise. Revenue from fund raising events dropped by 82% (k€ 16 vs k€ 90) compared to the previous campaign. Revenue from virtual events were marginal and did not compensate for the inability to organize events in person. In addition, companies were not able to organize “voluntary days”, which brought k€ 8 revenues in 2019-20. Overall, revenue from sales and events decreased from k€ 146 in 2019-20 to k€ 56 for the campaign ended on 31 March 2021.
3. The personal contributions from Board members and other individuals to the Martin Kallen Fund and the coverage of operating expenses amounted to k€ 82, close to last year’s level (k€ 87).

Despite the exceptional circumstances which prevented active campaigning and fund raising, UFB raised a total of k€845, close to 10% more than in the previous campaign, This is essentially due to the generosity of the existing donor base.

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

<b>Funds raised (EUR)</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Corporations</b>	<b>539 860</b>	<b>489 167</b>	<b>598 073</b>
<b>Corona Campaign</b>			<b>42 165</b>
<b>In-House campaigns</b>	<b>34 517</b>	<b>30 606</b>	<b>50 328</b>
<b>Individuals</b>	<b>13 256</b>	<b>17 583</b>	<b>12 399</b>
<b>Total donations</b>	<b>587 633</b>	<b>537 355</b>	<b>702 965</b>
<b>Year-end sales - Dandoy + Galler</b>	<b>12 557</b>	<b>23 175</b>	<b>24 278</b>
<b>Easter Eggs - Galler</b>	<b>11 885</b>	<b>12 404</b>	<b>11 611</b>
<b>Christmas cards</b>	<b>13 532</b>	<b>12 021</b>	<b>4 492</b>
<b>Total profit from item sales</b>	<b>37 973</b>	<b>47 599</b>	<b>40 381</b>
<b>Gala Dinner</b>	<b>5 950</b>	<b>22 249</b>	<b>1 135</b>
<b>20 KM Brussels/e-race</b>	<b>16 640</b>	<b>12 412</b>	<b>6 325</b>
<b>Golf tournament</b>	<b>12 041</b>	<b>19 968</b>	<b>7 098</b>
<b>Old Timers Rally</b>		<b>17 717</b>	
<b>Virtual Gala dinner</b>			<b>1 226</b>
<b>Up Town Design Dinner</b>		<b>17 920</b>	<b>(100)</b>
<b>Total profit from events</b>	<b>34 631</b>	<b>90 265</b>	<b>15 684</b>
<b>Voluntary days</b>	<b>4 500</b>	<b>8 012</b>	<b>0</b>
<b>Others</b>	<b>240</b>		
<b>Total profit from sales &amp; events</b>	<b>77 344</b>	<b>145 876</b>	<b>56 065</b>
<b>Contribution to Martin Kallen Fund</b>	<b>51 100</b>	<b>22 000</b>	<b>22 500</b>
<b>Donations to cover operational expenses</b>	<b>82 250</b>	<b>64 600</b>	<b>59 670</b>
<b>Membership fees</b>	<b>1 700</b>	<b>1 950</b>	<b>3 550</b>
<b>Total contributions</b>	<b>135 050</b>	<b>88 550</b>	<b>85 720</b>
<b>Subtotal</b>	<b>800 027</b>	<b>771 781</b>	<b>844 750</b>
<b>Bequest</b>	<b>211 450</b>	<b>(116)</b>	<b>0</b>
<b>Total funds raised</b>	<b>1 011 477</b>	<b>771 665</b>	<b>844 750</b>

#### 4. PROFIT ALLOCATION

The result for the current fiscal year is a K€ 35 losses, compared to a K€ 1.7 profit for the period ended 31 March 2019.

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

<b>Income Statement (EUR)</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2019-20</b>
<b>Total funds raised</b>	<b>1 011 477</b>	<b>771 665</b>	<b>844 750</b>
<b>Donations to associations</b>	<b>(641 355)</b>	<b>(477 313)</b>	<b>(710 283)</b>
<b>Operating Expenses</b>	<b>(193 875)</b>	<b>(234 832)</b>	<b>(270 114)</b>
<b>Financial Profit/(Loss)</b>	<b>3 422</b>	<b>(57 783)</b>	<b>100 673</b>
<b>Profit/(Loss) of the year</b>	<b>179 669</b>	<b>1 737</b>	<b>(34 974)</b>

Donations to associations increased significantly compared to the previous campaign, from k€ 477 to k€ 710 (+48%), the second highest level of the last five years. Despite the difficult circumstances, UFB has been able to maintain its policy to distribute to associations 100% of direct donations received, thanks to the surplus of previous years and the good performance of the investment funds. The amount set aside at the end of 2019-20 (k€ 67) has only been partially used. The remaining balance (k€ 60) will be allocated to future projects.

The increase in operating expenses results from the decision to strengthen the team and from the second phase of the digitalisation of UFB operations. In spite of the limitations on active campaigning due the sanitary conditions, the benefits of this decision start materialising in higher contributions.

The financial profit includes k€ 25 dividend and interest income and k€ 75 reversal of unrealised capital losses recorded in previous years. As investments are accounted for at the lowest of market or acquisition value, unrealised gains amounting to k€ 293 over the period from 1 April 2020 to 31 March 2021 are not reflected in the income statement.

#### 5. COMMITMENTS 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 2020-2021 campaign is k€ 731, providing funding to 114 different projects, including 24 projects supported as part of the “coronavirus” campaign. This compares to k€ 482 and 81 projects for the previous campaign.

As of 31 March 2021, the outstanding commitments approved by the Board of Directors amounted to k€ 719, as shown in the following table:

**Commitments (EUR)**

Campaign	Total approved donations for the campaign	Still to be paid as of 31 March 2020	Amount paid during the 2020-21 campaign	Variations and reversals	Outstanding donation commitments as of 31 March 2021
2017-18	701 975	32 500	(14 000)	(18 500)	0
2018-19	643 500	254 125	(238 125)		16 000
2019-20	482 061	400 452	(280 946)	(511)	118 995
2020-21	731 331		(145 427)	(2 038)	583 866
<b>Total</b>		<b>687 077</b>	<b>(678 498)</b>	<b>(21 049)</b>	<b>718 861</b>

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, as well as two projects of the 2017-18 that were either cancelled or funded through other channels.

On 31 March 2021, UFB disposed of sufficient financial reserves to meet all its financial commitments without needing to draw on reserves from the Martin Kallen fund.

**6. EVOLUTION OF FINANCIAL RESERVES**

UFB’s financial reserves are invested 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 on 31 March 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). For the year ended on 31 March 2021, subject to Board approval on 23 June 2021, the Martin Kallen fund will contribute k€ 76 to the coverage of operating expenses.

The UFB fund consists of amounts raised during the annual campaigns which are invested pending their actual distributions to beneficiary organizations.

The table on next page shows the evolution of the financial reserves between 31 March 2020 and 31 March 2021. Over this period, the market value of the Martin Kallen fund increased by k€ 409 (+22%) to k€ 2,291. This is primarily due to the strong performance of the stock exchanges after the fall at the beginning of the pandemic. UFB also received k€ 22.5 donations for the fund during the year.

The UFB fund is primarily invested in cash and bonds and remained stable over the period. It recorded a minor capital gain (k€ 8). Going forward, the Audit & Finance Committee has decided to reduce the proportion of cash in this fund.

### Evolution of financial reserves

All amounts in EUR	Martin Kallen Fund	UFB Fund	UFB Operating Cash	Total
<b>Reserves as at 31/03/2020</b>				
Financial instruments at book value	1 278 654	53 816		1 332 470
Unrealised capital gains	290 198			290 198
<b>Financial instruments at market value</b>	<b>1 568 852</b>	<b>53 816</b>		<b>1 622 668</b>
Cash	313 440	242 091	384 805	940 336
<b>Financial assets at market value</b>	<b>1 882 292</b>	<b>295 907</b>	<b>384 805</b>	<b>2 563 004</b>
<b>2019-20 Movements</b>				
Dividend and interest income*	23 836	1 968		25 804
Realised capital gains/(losses)	(37 315)			(37 315)
Unrealised capital gains/(losses)	401 369	6 306		407 675
Donations to Martin Kallen Fund	22 500			22 500
Transfer from MKF to cover operating costs				0
Cashflow from operations			(40 651)	(40 651)
Others (incl. foreign exchange differences)	(1 819)			(1 819)
<b>Total</b>	<b>408 570</b>	<b>8 274</b>	<b>(40 651)</b>	<b>376 193</b>
<b>Reserves as at 31/03/2021</b>				
Financial instruments at book value	1 444 385	57 142		1 501 527
Unrealised capital gains	581 202	2 980		584 182
<b>Financial instruments at market value</b>	<b>2 025 587</b>	<b>60 122</b>		<b>2 085 709</b>
Cash	265 275	244 058	344 154	853 488
<b>Financial assets at market value</b>	<b>2 290 862</b>	<b>304 180</b>	<b>344 154</b>	<b>2 939 197</b>
* Net of custodial fees & WHT				

### Portfolio Composition as at 31/03/2020

	Martin Kallen Fund	UFB Fund	Total
Bonds	218 927	51 180	270 107
Convertibles & Warrants	129 822		129 822
Shares	1 526 689		1 526 689
Real Estate certificates	55 683	8 942	64 625
Hedge funds	94 466		94 466
<b>Subtotal Financial instruments</b>	<b>2 025 587</b>	<b>60 122</b>	<b>2 085 709</b>
Cash	265 275	244 058	509 334
<b>Total</b>	<b>2 290 862</b>	<b>304 180</b>	<b>2 595 043</b>

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.