

UNITED FUND FOR BELGIUM
ADDITIONAL EXHIBITS TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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. ALIGNMENT OF THE ACCOUNTING YEAR WITH THE CALENDAR YEAR

Until March 2021, UFB reported its results based on an accounting year from April 1 to March 31. In 2021, the accounting period has been aligned with the calendar year in order to improve compliance with tax regulations and to be consistent with the budget year of most of our corporate donors. Therefore, the financial statements for the period ended on 31 December 2021 covered the nine-months period from April 1, 2021 to December 31, 2021. The present financial statements cover the full 2022 year. This should be taken into account when interpreting the comparative tables in the following pages.

4. FUNDS RAISED

UFB raises funds through three channels:

1. The collection of donations from corporations, their employees (“in-house campaigns”) and individuals. These donations amounted to k€ 611 for the 2022 campaign. In addition, UFB collected k€ 137 through a special campaign to support associations helping Ukrainian refugees arriving in Belgium. Therefore, the total donations collected during the year amounted to k€ 748. This is the highest amount collected over the last five campaigns.

2. The generation of profit from sales of seasonal products (around Easter and Christmas) and the organisation of fundraising events. In 2022, we raised k€ 104 through these channels, mainly thanks to the Gala Dinner organised to celebrate the 50th anniversary of the creation of UFB. However, despite the lifting of the restrictions linked to the coronavirus pandemic, the level of income raised through events remains well below the pre-pandemic level. This is a trend observed across the entire charity sector in Belgium. This trend creates a challenge going forward and we will investigate with the support of the Board ways to diversify our fund-raising sources.
3. The personal contributions from Board members and other individuals to the Martin Kallen Fund and to the coverage of operating expenses, which amounted to k€ 37, compared to k€ 46 in 2022. These contributions have been decreasing steadily over the last five years.

Overall, the total funds raised in 2022 amounted k€ 893. This is still the best result of the last five years, but by a lower margin due to the decreasing trend of other sources of income than donations.

United Fund also received a k€ 37 bequest during the year, bringing the total amount raised to k€ 930.

The table on next page provides a detailed comparison of the funds raised over the last three campaigns.

Funds raised (EUR)	2020-21	Mar-Dec 2021	2022
Corporations	598 073	313 130	558 953
Corona campaign	42 165		
Sos Floods campaign		212 875	
#Ukraine campaign			137 648
In-House campaigns	50 328	76 605	33 927
Individuals	12 399	15 845	17 747
Total donations	702 965	618 455	748 275
Year-end sales - Dandoy + Galler	24 278	18 609	16 039
Easter Eggs - Galler	11 611	0	15 320
Christmas cards	4 492	1 000	1 000
Take Care Candles		156	
Vins Pirard		1 378	
Total profit from item sales	40 381	21 143	32 359
Gala Dinner	1 135	0	63 776
20 KM Brussels/e-race	6 325	10 040	(2 377)
Golf tournament	7 098	13 979	10 705
Gastronomic dinner @ home	1 226	2 263	564
Brussels Choral Society Concert		1 996	
Others	(100)	1 270	(1 100)
Total profit from events	15 684	27 552	71 568
Total profit from sales & events	56 065	48 695	103 927
Contribution to Martin Kallen Fund	22 500	22 300	2 000
Donations to cover operational expenses	59 670	24 000	34 805
Membership fees	3 550	3 300	3 500
Total contributions	85 720	49 600	40 305
Subtotal	844 750	716 750	892 507
Bequest	0	0	37 200
Total funds raised	844 750	716 750	929 707

5. INCOME STATEMENT

The result for the current fiscal year is a K€ 141 loss, compared to a K€ 50 profit for the period March to December 2021.

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

<u>Income Statement (EUR)</u>	2020-21	Mar-Dec 2021	2022
Total funds raised	844 750	716 750	929 707
Donations to associations	(710 283)	(518 008)	(781 293)
Operating Expenses	(270 114)	(240 372)	(275 716)
Financial Profit/(Loss)	100 673	91 680	(13 808)
Profit/(Loss) of the year	(34 974)	50 050	(141 110)

The 2022 loss results from three factors:

1. Thanks to the active work of the Allocation Committee, we have distributed more to associations than the donations raised in 2022, absorbing part of the backlog accumulated in 2020 and 2021. As we could not provision for future allocations during these year, the excess over the 2022 donations is reflected in the current year accounts as a cost (k€ 33).
2. As manpower costs represent more than 80% of United Fund's costs, operating expenses continue to grow. As mentioned above, revenue from sales and events and specific donations to cover operating expenses are decreasing. Therefore, operating expenses were not fully covered in 2022.
3. The adverse evolution of the financial markets has negatively affected the performance of our investment portfolio. The income from dividends and interests (k€ 30) has been more than offset by unrealised losses on securities held in the portfolio.

6. 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 in 2022 is k€ 801. We provided funding to 85 charity projects, including 16 projects supported as part of the "Ukraine" campaign.

As of 31 December 2022, the outstanding commitments approved by the Board of Directors amounted to k€ 887, as shown in the following table:

Commitments (EUR)

Campaign	Total approved donations for the campaign	Still to be paid as of 31 December 2021	Amounts paid in 2022	Variations and reversals	Outstanding donation commitments as of 31 December 2022
2018-19	643 500	16 000	(6 000)		10 000
2019-20	482 061	55 800	(52 767)	(33)	3 000
2020-21	731 331	243 026	(180 003)	(10 147)	52 876
Apr-Dec 2021	518 675	518 675	(324 400)	(9 175)	185 100
2022	801 059		(164 768)	(412)	635 879
Total		833 501	(727 939)	(19 766)	886 855

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 associations have presented invoices attesting of their realisation.

The “variations and reversals” include two projects that were cancelled and minor differences between the amounts granted and the actual disbursements. These amounts will be re-allocated in future campaigns.

On 31 December 2022, UFB had a small shortfall (k€ 35) in financial reserves compared to future commitments. As these are relatively long term obligations (2-3 years), we are confident that the gap can be closed without needing to draw on reserves from the Martin Kallen fund.

7. EVOLUTION OF FINANCIAL RESERVES

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

The “Martin Kallen fund”: 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. The Board has approved a recurring annual contribution of k€ 75 from the Martin Kallen Fund to the coverage of operating expenses. In the Board’s opinion, this amount can be funded from the proceeds of the fund without depleting it.

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 December 2021 and 31 December 2022. In line with the financial markets evolution, the value of the Martin Kallen fund decreased by 15% (k€ 360) during the year. After the transfer of k€ 75 to cover operating expenses, the value of the fund was k€ 2,041 on 31 December 2022.

The UFB fund value was k€ 282 on 31 December, a 9% year-on-year decrease. The drop is lower as this fund has a higher proportion of cash.

Evolution of financial reserves

All amounts in EUR	Martin Kallen Fund	UFB Fund	UFB Operating Cash	Total
Reserves as at 31/12/2021				
Financial instruments at book value	1 609 590	159 484		1 769 074
Unrealised capital gains	753 149	3 704		756 852
Financial instruments at market value	2 362 739	163 187		2 525 926
Cash	113 600	145 782	393 169	652 551
Financial assets at market value	2 476 339	308 969	393 169	3 178 477
2022 Movements				
Dividend and interest income*	26 604	3 022		29 626
Realised capital gains/(losses)	50 127	0		50 127
Unrealised capital gains/(losses)	(435 379)	(29 756)		(465 136)
Donations to Martin Kallen Fund**	2 000		(2 000)	0
Transfer from MKF to cover operating costs	(75 000)		75 000	0
Cashflow from operations			(36 646)	(36 646)
Others (incl. foreign exchange differences)	(3 611)	(417)		(4 029)
Total	(435 260)	(27 152)	36 354	(426 058)
Reserves as at 31/12/2022				
Financial instruments at book value	1 426 600	191 928		1 618 529
Unrealised capital gains	379 915	523		380 437
Financial instruments at market value	1 806 515	192 451		1 998 966
Cash	234 564	89 366	429 019	752 949
Financial assets at market value	2 041 079	281 817	429 019	2 751 915

* Net of custodial fees & WHT

** To be transferred from UFB Account

Portfolio Composition as at 31/12/2022

	Martin Kallen Fund	UFB Fund	Total
Bonds	96 491	108 023	204 514
Convertibles & Warrants	106 823		106 823
Shares	1 425 826	13 126	1 438 952
Real Estate certificates	42 249	15 839	58 088
Others	135 126	55 463	190 589
Subtotal Financial instruments	1 806 515	192 451	1 998 966
Cash	234 564	89 366	323 930
Total	2 041 079	281 817	2 322 896

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.

Note 2: drawdowns from the Martin Kallen fund authorized by the Board to cover operating expenses are only effected when the cash is required for operations, in order to optimise investment management. As of 31 December 2022, k€ 150 from previous year were still available for future transfers.