

## **UNITED FUND FOR BELGIUM**

### **ADDITIONAL EXHIBITS TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED DECEMBER 31, 2023**

#### **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 people in need” 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 early 2024 until 31 December 2029.

#### **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. Figures for 2022 and 2023 cover the full year. This should be taken into account when interpreting the comparative tables in the following pages.

#### **4. FUNDS RAISED**

UFB raises funds through four channels:

1. The collection of donations from corporations, their employees (“in-house campaigns”) and individuals. These donations amounted to k€ 574 for the 2023 campaign. This compares to k€ 748 in 2022. The 2022 donations included k€ 137 collected through a special campaign to support associations helping Ukrainian refugees who arrived in Belgium. Therefore, on a like-for-like basis, donations decreased from k€ 611 in 2022 to k€ 574 in 2023.

2. The profit from sales of seasonal products (around Easter and Christmas) and the organisation of fundraising events. Profit from sales increased from k€ 32 in 2022 to k€ 39 in 2023. The proceeds from fundraising events were only k€ 16 in 2023, coming mainly from the annual golf tournament. In 2022, the income from fundraising events amounted to k€ 72, mainly thanks to the gala dinner organised to celebrate the 50<sup>th</sup> anniversary of the creation of UFB. Consequently, the total income from sales and events decreased from k€ 104 in 2022 to k€ 57 in 2023. Finding new income sources remains a challenge, especially in years when the bi-annual gala dinner is not organised.
3. The contributions from Board members and other individuals to the Martin Kallen Fund and donations to cover of operating expenses. These amounted to k€ 76 in 2023 compared to k€ 40 in 2022, as a number of corporate donors made specific donations to cover operating expenses.
4. Fees for managing corporate projects. This is a new source of income in 2023. UFB has been approached by a large corporation to manage a social fund intended to help employees in dire financial situation. UFB acts as a trusted third party to allocate the donations based on criteria defined by the company. These fees amounted to k€ 31 in 2023. This could become a recurring source of revenue, albeit at a lower level as the 2023 income included a one-time set-up fee.

United Fund also received a k€ 26 bequest during the year, bringing the total amount raised to k€ 764. This is the lowest amount raised over the last five years. It illustrates the challenges of raising funds in a changing environment. The Board has initiated a strategic review to identify the changes required to ensure that UFB can continue to fulfil its mission in the long term.

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

<b>Funds raised (EUR)</b>	<b>Apr-Dec 2021</b>	<b>2022</b>	<b>2023</b>
Corporations	313 130	558 953	508 023
Sos Floods Campaign	212 875		
Ukraine Campaign		137 648	
"Energy" Campaign			440
In-House campaigns	76 605	33 927	38 494
Individuals	15 845	17 748	26 658
<b>Total donations</b>	<b>618 455</b>	<b>748 275</b>	<b>573 615</b>
Year-end sales - Dandoy + Galler	18 609	16 039	26 373
Easter Eggs - Galler	0	15 320	13 004
Christmas cards	1 000	1 000	0
Take Care Candles	156		
Vins Pirard	1 378		
<b>Total profit from item sales</b>	<b>21 143</b>	<b>32 359</b>	<b>39 377</b>
Gala Dinner	0	63 776	(1 818)
20 KM Brussels/e-race	10 040	(2 377)	384
Golf tournament	13 979	10 705	13 734
Virtual Gala dinner	2 263	564	
Summer afterwork drink			3 285
Others	1 270	(1 100)	0
<b>Total profit from events</b>	<b>27 552</b>	<b>71 568</b>	<b>15 585</b>
Voluntary days	0	0	2 000
<b>Total profit from sales &amp; events</b>	<b>48 695</b>	<b>103 927</b>	<b>56 962</b>
Contribution to Martin Kallen Fund	22 300	2 000	1 000
Donations to cover operational expenses	24 000	34 805	71 870
Membership fees	3 300	3 500	3 500
<b>Total contributions</b>	<b>49 600</b>	<b>40 305</b>	<b>76 370</b>
Project Management fees			31 142
<b>Subtotal</b>	<b>716 750</b>	<b>892 507</b>	<b>738 088</b>
Bequest	0	37 200	26 356
<b>Total funds raised</b>	<b>716 750</b>	<b>929 707</b>	<b>764 444</b>

## 5. INCOME STATEMENT

The result for the current fiscal year is a K€ 63 loss, compared to a K€ 141 loss in 2022.

The table below summarises the income statement for the last three campaigns:

<u>Income Statement (EUR)</u>	<u>Apr-Dec 2021</u>	<u>2022</u>	<u>2023</u>
<b>Total funds raised</b>	<b>716 750</b>	<b>929 707</b>	<b>764 444</b>
<b>Donations to associations</b>	<b>(518 008)</b>	<b>(781 293)</b>	<b>(597 241)</b>
<b>Operating Expenses</b>	<b>(240 372)</b>	<b>(275 716)</b>	<b>(297 809)</b>
<b>Financial Profit/(Loss)</b>	<b>91 680</b>	<b>(13 809)</b>	<b>67 894</b>
<b>Profit/(Loss) of the year</b>	<b>50 050</b>	<b>(141 110)</b>	<b>(62 712)</b>

The 2023 loss is explained by two factors. First, we continue to absorb the backlog of donations accumulated in 2020 and 2021. We distributed in the course of 2023 k€ 23 more than the donations raised during the year. On 31 December 2023, we still had k€ 104 prior year donations to allocate.

Second, operating expenses continue to grow, driven by manpower costs, which represent 85% of the total expenses. Hence, operating expenses are not entirely covered by donations and proceeds from sales and events. The financial profit for the year partly offsets this loss. It should also be noted that the financial results for the year does not fully represent the performance of UFB's investment portfolio as securities are accounted for at lower of cost or market value. There were k€ 56 unreported capital gains in 2023.

In order to respect the commitment that 100% of the donations are passed through to associations, the Board has authorised to increase temporarily the contribution of the Martin Kallen Fund to the coverage of operating expenses.

## 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 charities.

The total amount of donations approved in 2023 is k€ 612, supporting 83 projects.

As of 31 December 2023, the outstanding commitments approved by the Board of Directors amounted to k€ 808, as shown in the following table:

Campaign	Total approved donations for the campaign	Still to be paid as of 31 December 2022	Amounts paid in 2023	Variations and reversals	Outstanding donation commitments as of 31 December 2023
2019-20	643 500	10 000		(10 000)	0
2020-21	482 061	3 000	(3 000)		0
2020-21	731 331	52 876	(41 006)		11 870
Apr-Dec 2021	518 675	185 100	(133 484)	(616)	51 000
2022	801 059	635 879	(412 200)	(4 179)	219 500
2023	612 305		(86 737)	(268)	525 300
<b>Total</b>		<b>886 855</b>	<b>(676 427)</b>	<b>(15 063)</b>	<b>807 670</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 associations have presented invoices attesting of their realisation.

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

UFB has sufficient financial reserves to meet these financial commitments.

## 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 2022 and 31 December 2023. Thanks to the good performance of the financial markets, the value of the Martin Kallen Fund increased by 8% (162 k€). After funding of the operating expenses, the value of the fund on 31 December 2023 was k€ 2,042.

The UFB fund increased by only 3% year-on-year as it was more heavily invested in cash and bonds. An amount of k€ 118 was transferred to operating accounts in the course of the year as cash was needed to pay associations and corporate donations tend to be received in the latter part of the year. On 31 December 2023, the value of the fund was k€ 173.

### Evolution of financial reserves

All amounts in EUR	Martin Kallen Fund	UFB Fund	UFB Operating Cash	Total
<b>Reserves as at 31/12/2022</b>				
Financial instruments at book value	1 426 600	191 928		1 618 529
Unrealised capital gains	379 915	523		380 437
<b>Financial instruments at market value</b>	<b>1 806 515</b>	<b>192 451</b>		<b>1 998 966</b>
Cash	232 564	89 366	431 019	752 949
<b>Financial assets at market value</b>	<b>2 039 079</b>	<b>281 817</b>	<b>431 019</b>	<b>2 751 915</b>
<b>2023 Movements</b>				
Dividend and interest income*	20 882	2 244		23 126
Realised capital gains/(losses)	15 386	(2 804)		12 582
Unrealised capital gains/(losses)	127 203	8 169		135 373
Donations to Martin Kallen Fund**	1 000		(1 000)	0
Transfer from MKF to cover operating costs	(159 000)		159 000	0
Transfer to UFB Operating Cash		(118 000)	118 000	0
Cashflow from operations			(174 847)	(174 847)
Others (incl. foreign exchange differences)	(2 657)	1 281	(2 284)	(3 660)
<b>Total</b>	<b>2 815</b>	<b>(109 110)</b>	<b>98 869</b>	<b>(7 426)</b>
<b>Reserves as at 31/12/2023</b>				
Financial instruments at book value	1 504 428	138 534		1 642 962
Unrealised capital gains	479 646	295		479 941
<b>Financial instruments at market value</b>	<b>1 984 074</b>	<b>138 829</b>		<b>2 122 903</b>
Cash	57 820	33 878	529 887	621 585
<b>Financial assets at market value</b>	<b>2 041 894</b>	<b>172 707</b>	<b>529 887</b>	<b>2 744 488</b>

\* Net of custodial fees & WHT

\*\* To be transferred from UFB Account

### Portfolio Composition as at 31/12/2023

	Martin Kallen Fund	UFB Fund	Total
Bonds	160 453	51 176	211 629
Convertibles & Warrants	54 298		54 298
Shares	1 576 652	12 136	1 588 788
Real Estate certificates	48 247	17 293	65 540
Investment funds	143 176	57 929	
Others	1 248	295	1 543
<b>Subtotal Financial instruments</b>	<b>1 984 074</b>	<b>138 829</b>	<b>1 921 798</b>
Cash	57 820	33 878	91 698
<b>Total</b>	<b>2 041 894</b>	<b>172 707</b>	<b>2 013 496</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.

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 2023, k€ 125 from previous year were still available for future transfers.