

Financial Report 2020

**European
Cultural
Foundation**

Financial Report

ECF is a hybrid organisation. It has both its own funds and undertakes fundraising as well.

We raise funds from governmental institutions, non-profit organisations and commercial organisations. Currently ECF does not actively pursue fundraising with the general public.

One of our financial aims is to cover our overhead costs with the income generated through the investment of our own funds. This enables us to dedicate all other funds, as far as possible, to our purposes, which contains ECF's five core activities:

- Share Europe
- Experience Europe
- Imagine Europe
- Public Policy
- Communications

Result and developments 2020

As response to the Corona Crisis and unpredictable but surely far reaching implications ECF decided to revise its 2020 budget and work plan in order to focus all our efforts on nurturing a European Culture of Solidarity. All originally planned programmatic and operational activities and resources were revisited against this focus and were up scaled, changed or put on hold. As a result of a substantial lower volume of external funds - compared to the original 2020 budget - and mainly due to the deferral of activities and funds to 2021, the new, revised budget had to be decreased from €6,623,000 to €5,670,500.

Yet, the total result of 2020 was a surplus of €3,259,619. This includes an extraordinary income of €3,210,918, representing the liquidation balances of both ECF Voorzieningsfondsen. The result excluding this extraordinary income represents €48,702.

Based on the budgeted total income of €5,670,500, the 2020 budget predicted neither a surplus nor a deficit. The actual income received in 2020 was €5,913,724*. The profit of is for a major part the result of the positive return of €613,279 on ECF's securities portfolio during 2020 on one hand and a lower amount of income from the Lotteries compared to the budget 2020 on the other hand. The total expenditure at year-end 2020 was €5,865,022, which represented 103% of the 2020 budget expenditures.

**This income excludes the amount of extraordinary income representing the liquidation balances of the ECF Voorzieningsfondsen.*

Extraordinary income

At 30 September 2020 the process of liquidating the ECF Voorzieningsfondsen was finalized (see also page 28). The balances, representing a total value of €3,210,918, were transferred to the accounts of the ECF. The amount was added to the ECF Appropriated Reserve and was recorded as the foundation's general endowment that is created with the prime purpose to strengthen the financial rigor of ECF in uncertain times but may be used for special initiatives. The entire sum was recorded

as extraordinary income in the books at quarter 3 2020. The asset component was added to the securities portfolio.

Income

Income in 2020 consisted of Lottery funding through the Prins Bernhard Cultuurfonds (PBCF), fundraising (including income from governments and foundations) and return on securities. ECF's total income in 2020 was €5,913,724* compared to €6,707,063 in 2019. The total income in 2020 was €243,224 above the total budgeted income (€5,670,500), which is due to a higher amount of fundraised income (+€93,000) from non-profit organisations received in 2020, a lower amount of income received from the Lotteries (-€95,000) compared to the budget 2020, and a higher result than budgeted (+€238,000) on ECF's securities portfolio.

Third-party income

The total third-party income for 2020 was €4,980,752 compared to €4,951,632 in 2019. This amount includes income from the Prins Bernhard Cultuurfonds and other organisations. It excludes income from governments and securities.

Income from the Prins Bernhard Cultuurfonds for 2020 was €4,535,300 compared to €4,657,165 in 2019. Though a downtrend was taken into account, the decrease of Lottery funds limited to 2.0% in 2020 compared to the budgeted amount of €4,630,000.

Income from remaining third parties was €93,000 higher than originally budgeted. While some original contributions related to our Programme activities did not materialise or were deferred due to Corona, several other external funds (Allianz, CRT, CRC, Mercator and OSF) were raised for the Culture of Solidarity Fund. This represented a total commitment of €275,000, which increased the income of profit/non-profit sources to €445,000 for year-end 2020.

The remaining third-party contributions were received from various foundations. All contributions were related to specific project activities. For 2020, income from the remaining third parties was €445,451 compared to €294,467 in 2019. Other major donors were Compagnia di San Paolo and Open Society Foundation Europe (€55,000).

Government income

Income from various governments in 2020 was €318,816 compared to €261,399 in 2019. The budgeted amount for 2020 was €313,000.

Income from securities and interest

In 2020, the total profit on securities and interest was €613,279, compared to a profit of €1,494,600 in 2019. At year-end 2020, approximately 53% of ECF's portfolio represented investments in fixed income investments and 47% in equity investments.

This is in line with ECF's 'Statement of Investment Principles', which is a Supervisory Board-approved investment strategy that allows for a maximum of 52.5% of ECF's reserves to be invested in fixed income investments and 47.5% in equity investments. The investment strategy is reviewed every 3 years.

Due to the extraordinary contribution to ECF's income, as a result of the liquidation of the ECF Voorzieningsfondsen, the portfolio was increased by €3.210.918 at 30 October 2020. At 31 December 2020 the portfolio represented a value of €16.023.715.

**This income excludes the amount of extraordinary income representing the liquidation balances of the ECF Voorzieningsfondsen.*

Since 2011, ECF has outsourced its asset management activities to a third party asset manager. See page 5 for more details. As of 2017, the reported income from securities and interest is net of fees charged by ECF's asset manager, Wealth Management Partners. These fees represented €44,823 in 2020 compared to €45,214 in 2019.

How ECF's income is used

In 2020 ECF dedicated 93% of its income to its core activities:

- Share Europe
- Experience Europe
- Imagine Europe
- Public Policy
- Communications

ECF's reserve

ECF's reserve is used as a buffer in case of financial emergency as well as to ensure financial stability. The goal is to cover all overhead costs with income generated from investing the reserve.

Any surplus as a result of lower expenditure than income is temporarily added to ECF's reserve and is then used for purpose-related activities in the following year(s). More information about the reserve can be found on pages 5, 15 and 30.

Overhead expenses

Expenses are incurred for fundraising, governance, management and administration in order to execute ECF's objectives. ECF aims to cover all overhead expenses from returns on its invested reserve (income from securities). This allows ECF to use all other income for purpose-related activities.

Detailed overview of overhead expenses

Overhead in 2020 included Finance, Fund Development and Governance expenses. From 2020 all expenditure under Operations are redistributed to Programmes or recharged to Stichting Praemium Erasmianum. Further it is important to notice Communications is reported as part of the *Committed to Purpose* expenditure as per 2020.

The total overhead expenditure in 2020 was €360,986 compared to €419,753 in 2019. Overhead expenses comprised 6.15% of the total expenditure in 2020.

	Actual 2019	Budget 2020	Actual 2019
Overhead expenses	360,986	438,496	419,753
Total expenses	5,865,022	5,670,500	5,431,509
Overhead as % of total expenses	6.15%	7.73%	7.73%

Allocation of overhead expenses to objectives

In order to allocate overhead expenses to its objectives, ECF uses time writing as an allocation key. Time spent on activities is tracked and allocated using a software and time-writing system.

Fund Development

The net costs for Fund Development in 2020 were €99,165 compared to €153,746 in 2019. As a percentage of the total fundraised income in 2020, this amounts to 12.98% compared to 27.66% in 2019. An amount of €110,570, which represents ECF's contribution to the Prins Bernhard Cultuurfonds Fund Development costs, is *not* included in the overall fundraising costs.

	Actual 2020	Budget 2020	Actual 2019
Costs fundraising ECF	79,249	136,456	144,424
Costs fundraising third parties	19,915	35,000	9,322
Costs fundraising excl. PBCF charge	99,165	171,456	153,746

Costs fundraising contribution PBCF	110,570	95,000	94,258
Costs fundraising incl. PBCF charge	209,735	266,456	248,004

Fundraised income *includes* income from other foundations and governments but *excludes* income from the PBCF and securities. As per a longstanding agreement, ECF contributed €110,570 to PBCF's fundraising costs in 2020, compared to €94,258 in 2019. In 2020, higher costs were billed to ECF by PBCF for Lottery support. The table below shows fundraised income against fundraising costs.

	Actual 2020	Budget 2020	Actual 2019
Fundraised income current year	764,267	665,500	555,866
Fundraising costs <i>excl. costs PBCF</i>	99,165	171,456	153,746
% Fundraised income <i>excl. income PBCF</i>	12.98%	25.76%	27.66%

In 2014, ECF received the CBF Quality Mark (Central Bureau for Fundraising – Centraal Bureau Fondsenwerving) certifying that the organisation's fundraising activities are considered trustworthy. The CBF states that income can only be recognised as fundraised once. This means that if a donor, who in ECF's case is PBCF, reports its own funds as fundraised and then passes those funds on to another organisation, the latter organisation may not also report those funds as fundraised. As a result, the total amount of fundraised income does not include income from the PBCF. Therefore, according to the CBF's definition, income gained through fundraising in 2020 was €764,267 compared to €555,866 in 2019.

Securities costs

The costs associated with managing the assets that ECF reported for 2020 were €44,823 compared to €45,214 in 2019. This amount is in line with the management fee of 2019. As of 2019, these costs were deducted from ECF's income from securities and interest. See also page 2, 5, 15 and 30.

Liquidity

Current assets, deposits and cash increased in 2020 compared to 2019. The balance of liquid funds represented €1,846,748 at year-end 2020. At year-end 2019 this balance was €817,669.

Current assets and current liabilities

Current assets, deposits and cash increased in 2020 compared to 2019. The balance of liquid funds represented €1,846,748 at year-end 2020. At year-end 2019 this balance was €817,669. The increase was primarily due to a contribution of €562,425 prepaid in December 2020 by the European Commission as support for the i-Portunus project.

	31 Dec 2020	31 Dec 2019
Current assets, deposits, cash	3,752,370	3,195,762
Current liabilities	2,807,592	2,053,202
Liquidity ratio	1.34	1.56

The composition of liquid assets has developed as follows:

	31 Dec 2020	31 Dec 2019
Current assets	1,905,622	2,378,093
Liquid funds	1,846,748	817,669
Total current assets and liquid funds	<u>3,752,370</u>	<u>3,195,762</u>
Liquid funds in %	49%	26%

Reserve

ECF's reserve is available for use, if needed, and is used as a buffer in case of financial emergency as well as to ensure financial stability. The reserve ensures the continuity of ECF, allowing the organisation to continue operating for a limited period of time in the event of an unexpected drop in income and serves as a safeguard against income fluctuations. Through investment in low-risk securities, the reserve also functions as a source of income.

At year-end 2020, ECF's total reserves amounted to €17,064,824 compared to €13,805,205 at 31 December 2019. This major increase was a result of the contribution of extraordinary income related to the liquidation of the ECF Voorzieningsfondsen.

Composition of ECF's securities portfolio and liquid funds:

	31 Dec 2020		31 Dec 2019	
Equity investments	7,557,561	42.29%	5,927,743	44.31%
Fixed income investments	8,466,154	47.38%	6,632,719	49.58%
Liquid funds: saving accounts	85,395	0.48%	129,068	0.97%
Liquid funds: other accounts	1,761,352	9.85%	688,601	5.14%
Total	17,870,462	100%	13,378,132	100%

The composition of ECF's portfolio is in line with ECF's 'Statement of Investment Principles', which was updated and has been approved by the Supervisory Board on 28 September 2018. ECF assumes an investment mix of 52.5% fixed income investments and 47.5% equity investments. In that connection, the Treasurer is permitted to maintain a bandwidth of 20% between both investment categories, i.e. fixed income may vary between 50% and 70% of the portfolio whereas equities may vary between 50% and 30% of the portfolio.

The investment policy standards maintained for environment, society and corporate governance (ESG) are compliant with standards indicated by United Nations Global Compact (UNGC), Goede Doelen Nederland (GDN) and take into account ESG-analyses provided by Dow Jones, EIRIS, MSCI and RobecoSAM.

At year-end 2020, 42.29% of the portfolio represents investments in equity investments and 57.71% in fixed income investments and liquid funds.

Management of ECF's securities portfolio

Since 2011, ECF has outsourced the day-to-day management of its securities portfolio to Wealth Management Partners N.V. (WMP). Regular meetings between ECF's Treasurer, ECF's Manager Finance and WMP are held throughout the year. The investment of securities is based on the conservative investment strategy as outlined in the Supervisory Board-approved 'Statement of Investment Principles'.

Appointment of auditors

The ECF annual accounts have been audited by Dubois & Co since 2013. Prior to 2013 PricewaterhouseCoopers (PwC) was appointed to undertake this role. The auditor is appointed by, and reports to, the ECF Supervisory Board, through the Audit Committee.

Budget 2021

	Budget 2021	Actuals 2020
Income		
Income other non-profit organisations*	4,535,300	4,535,300
Fundraised income – profit/non-profit	873,000	445,451
Fundraised income – governments	923,000	318,816
Other income (Securities and interest)	475,000	613,279
Other income	-	877
Extraordinary Income from VZF Liquidation**		3,210,918
Total income	6,806,300	9,124,642
Expenses		
<u>Programmes</u>		
Share Europe	1,379,677	1,235,403
Experience Europe	1,769,977	654,465
Imagine Europe	2,258,378	2,563,905
	<u>5,408,032</u>	<u>4,453,774</u>
Public Policy	608,590	497,427
Communication	468,735	552,835
<u>Overhead</u>		
Finance (incl. Fund Development)	395,644	355,237
Operations ***	246,000	226,167
Operations (redistribution of costs)	(246,000)	(226,167)
Governance	20,000	5,749
	<u>415,644</u>	<u>360,986</u>
Total expenses	6,901,000	5,865,022
Surplus /(Deficit)	<u>(94,699)</u>	<u>3,259,619</u>
Allocation of result		
(Withdrawal from) / Addition to reserve	<u>(94,699)</u>	<u>3,259,619</u>

** This represents the contribution, through the Prins Bernhard Cultuurfonds, from the BankGiro Loterij and the Nederlandse Loterij Organisatie (Lotto/Staatsloterij).*

*** 'Extraordinary income from VZF Liquidation' refers to income from liquidation ECF Voorzieningsfondsen*

**** From 2020 all costs under Operations are redistributed to Programmes.*

Balance sheet

As per 31 December 2020:

	Ref	2020	2019
Assets			
Tangible fixed assets	1		
Premises		30,739	34,676
Refurbishment		16,017	16,350
Furniture and equipment		49,575	51,156
		<u>96,331</u>	<u>102,182</u>
Financial fixed assets	2		
Fixed Income Investments		8,466,154	6,632,719
Equity Investments		7,557,561	5,927,743
		<u>16,023,714</u>	<u>12,560,462</u>
Currents assets	3		
Accounts receivable		1,905,622	2,378,093
Deposits, cash	4		
Cash and bank balances		1,846,748	817,669
Total		<u>19,872,416</u>	<u>15,858,406</u>
Liabilities			
Reserves	5		
Appropriated reserve		17,064,824	13,805,205
		<u>17,064,824</u>	<u>13,805,205</u>
Current liabilities	6		
Received in advance		-	-
Grants payable		1,001,915	351,319
Other accounts payable		1,805,677	1,701,803
		<u>2,807,592</u>	<u>2,053,202</u>
Total		<u>19,872,416</u>	<u>15,858,406</u>

Statement of income and expenditure

	Ref	Actual 2020	Budget 2020	Actual 2019
Income				
Income third party activities*		4,535,300	4,630,000	4,657,165
Fundraised income – profit/non-profit	7	445,451	352,500	294,467
Fundraised income – governments	8	318,816	313,000	261,399
Securities income	9	613,279	375,000	1,494,600
Other income		877	-	(569)
Total income		5,913,724	5,670,500	6,707,063
Extraordinary income from VZF Liquidation**		3,210,918	-	-
Total income incl. VZF Liquidation balance		9,124,641	5,670,500	6,707,063
Programmes	10			
Share Europe		1,235,403	1,371,587	1,974,789
Experience Europe		654,465	961,033	1,292,057
Imagine Europe***		2,563,905	1,700,226	823,655
		4,453,774	4,032,846	4,090,500
Public Policy		497,427	749,626	616,137
Communications	11	552,835	449,532	305,116
Total committed to purpose		5,504,036	5,232,004	5,011,754
Overhead				
Fund Development	12	209,735	266,456	248,004
Finance	13	145,502	154,539	114,926
Operations****	14	-	-	37,314
Governance	15	5,749	17,500	19,509
		360,986	438,495	419,753
Total expenses		5,865,022	5,670,500	5,431,507
Surplus /(deficit)		48,702	0	(1,275,556)
Extraordinary income from VZF Liquidation**		3,210,918		
Surplus /(deficit)		3,259,619	0	(1,275,556)
<i>Allocation of result (Withdrawal from)/Addition to reserve</i>		3,259,619	0	(1,275,556)

** This represents the contribution, through the Prins Bernhard Cultuurfonds, from the BankGiro Loterij and the Nederlandse Loterij Organisatie (Lotto/Staatsloterij).*

*** 'Extraordinary income from VZF Liquidation' refers to income from liquidation ECF Voorzieningsfondsen.*

**** See for more information on the leverage of The Culture of Solidarity Fund (headed under Imagine Europe), the Activities Report on page 52 of the ECF Annual Report 2020.*

***** From 2020 all costs under Operations are redistributed to Programmes.*

Cash flow overview

	Actual 2020	Actual 2019
Cash flow from operating activities		
Result	48,702	1,275,556
Adjustments for:		
Depreciation tangible fixed assets	31,974	21,707
Movements in accounts receivable	472,471	203,524
Movements in short-term liabilities	754,390	-702,728
Cash flow from operating activities	1,370,537	798,059
 Cash flow from investment activities		
Additions to tangible fixed assets	-26,124	-42,108
Movements in financial fixed assets	-252,334	-6,490,774
Cash flow from investment activities	-278,458	-6,532,882
 Mutation valuation reserve	-	-
 Movements in liquid assets	<u>1,029,078</u>	<u>-5,734,824</u>
 Opening balance liquid assets	817,669	6,552,493
Closing balance liquid assets	1,846,748	817,669
Movements in liquid assets	<u>1,029,078</u>	<u>-5,734,824</u>

Accounting Principles – European Cultural Foundation

General

ECF is an operating and grant-giving foundation. Its core income is received from the Prins Bernhard Cultuurfonds (PBCF). Other income is derived from grants, subsidies, donations and ECF's securities portfolio.

Grants are awarded to third parties on the basis of projects submitted through grant applications, either through open calls or by invitation. Programmes are run by ECF alone or in partnership with other organisations in line with ECF's strategic plan 2020 - 2025 and the annual work plan.

Reporting period

The financial statements contained in this report are based on the reporting period of one year, where the financial year equals the calendar year.

Foundations for valuation and determining the result

Unless specified, both the assets and liabilities are valued nominally. Income and expenses are attributed to the year to which they are related.

Tangible fixed assets

Tangible fixed assets are valued at cost price less the accumulated depreciation. Depreciations commence from the moment the investment is put into use. Investments of less than €500 are fully expensed in the year of purchase.

Depreciation is calculated on a cost basis against the following rates per annum:

- Premises: 2%-7%
- Refurbishment: 10%-20%
- Furniture: 10%-20%
- Equipment: 20%-33%

Financial fixed assets

Shares and bonds are stated at market value at year-end. Realised and unrealised gains and losses are accounted for in the statement of income and expenditure.

Amounts in foreign currencies are converted into euro at year-end rates. Transactions in foreign currencies are recorded using the exchange rates on the transaction date. Gains and losses on transactions are included in the statement of income and expenditure.

Recognition of income

ECF's main source of income is from the Prins Bernhard Cultuurfonds. This is recognised in a statement from the Prins Bernhard Cultuurfonds, which indicates the amount of funds ECF has received from the BankGiro Loterij and the Nederlandse Loterij Organisatie (Lotto/Staatsloterij). According to a longstanding agreement between the two foundations, 25% of the non-designated income received from the Lotteries is passed on to ECF by the Prins Bernhard Cultuurfonds.

Recognition of expenses

In general, expenses are charged to cost centres based on actual expenses per project. Operational expenses are recognised as soon as they can be estimated and are legally enforceable by third parties because of contracts or communicated commitments. A large proportion of staff and administration costs are allocated to ECF's activities using time writing as the allocation key.

Fundraising costs consist of salary costs and consultancy costs and include, as agreed between the Prins Bernhard Cultuurfonds and ECF, the allocation of 25% of the fundraising costs incurred by the Prins Bernhard Cultuurfonds.

90% spending rule

ECF is committed to spending (expenses minus fundraising income) at least 90% of its total Lottery income on its purposes. Based on the average Lottery income of the previous three years, ECF complied with this in 2020.

Reporting guidelines

The financial statements are prepared in accordance with Guideline 650 ('Richtlijnen Voor De Jaarverslaggeving' – 'Guidelines for Annual Reporting'), which provides accounting principles widely accepted in the Netherlands for fundraising institutions. In this method of reporting, expenses are allocated to objectives, to costs for Fund Development and to costs for Operations.

Notes to the Balance Sheet (Refs 1-6)

Tangible Fixed Assets (Ref 1)	Furniture & equipment			Total
	Premises	Refurbishment		
Historical cost				
Balance at 31 Dec 2019	179,069	349,530	683,028	1,211,627
Additions in 2020	-	4,570	21,554	26,124
Balance at 31 Dec 2020	179,069	354,100	704,582	1,237,751
Depreciation				
Balance at 31 Dec 2019	144,393	333,181	631,872	1,109,445
Depreciation in 2020	3,936	4,903	23,136	31,974
Balance at 31 Dec 2020	148,329	338,083	655,007	1,141,420
Book value at 31 Dec 2019	<u>34,676</u>	<u>16,350</u>	<u>51,156</u>	<u>102,181</u>
Book value at 31 Dec 2020	<u>30,739</u>	<u>16,017</u>	<u>49,575</u>	<u>96,331</u>

Note: A silent reserve of €3,053,000 is to be categorized under 'Premises'. This represents an assessed market value of ECF's building at Jan van Goyenkade 5, Amsterdam, according to issued 'WOZ-beschikking' of 1 January 2020. ECF reports this amount in this way is due to the fact the ECF records its premises at the initial purchase price and not at the current (higher) market value. Further it must be taken into account that the premises are part of a dual proprietorship between the ECF (75%) and Stichting Praemium Erasmianum (25%).

Financial Fixed Assets (Ref 2)

	Fixed Income Investments	Equity Investments	Total
Balance at 31 Dec 2019	<u>6,632,719</u>	<u>5,927,743</u>	<u>12,560,462</u>
Acquisitions	3,525,834	3,540,770	7,066,604
Sales	-1,777,324	-2,390,641	-4,167,964
Revaluations realised	-40,974	9,675	-31,299
Revaluations unrealised	125,898	470,013	595,911
Balance at 31 Dec 2020	<u>8,466,154</u>	<u>7,557,561</u>	<u>16,023,714</u>

Note: The total balance of €16,023,714 of the Financial Fixed Assets is included in ECF's portfolio overview below. The total balance of liquid funds of €1,846,748 reported separately as 'cash and bank balances' on the balance sheet (see page 9), has also been included. This resulted in a total portfolio sum of €17,870,462.

	As per 31 Dec 2020		As per 31 Dec 2019	
Fixed income investments	47.38%	8,466,154	49,58%	6,632,719
Equity investments	42,29%	7,557,561	44,31%	5,927,743
Real estate	-	-	-	-
Liquid funds saving accounts	0.01%	1,760	0.02%	2,533
Liquid funds other	10,32%	1,844,988	6,09%	8,15,137
	100.0%	<u>17,870,462</u>	100.0%	<u>13,378,132</u>

Note: The change in the value of equity investments and fixed income investments, which are classified as held-for-trading securities, are booked directly in the profit and loss account as per the Dutch Regulations for Financial Accounting.

The overall result of ECF's securities portfolio, including interest income, throughout 2020 is a profit of €613,279.

	Assets	Result	Result %
ECF 2020 securities	16,023,714	614,519	3.84%
ECF 2020 interest (saving accounts)	85,395	(1,240)	
ECF 2020 portfolio total	<u>16,109,109</u>	<u>613,279</u>	3.81%
ECF 2019 securities	12,560,462	1,494,414	11,90%
ECF 2019 interest (saving accounts)	129,068	187	
ECF 2019 portfolio total	<u>12,689,530</u>	<u>1,494,600</u>	11,78%

Note: The portfolio was increased by €3.210.918 at 30 October 2020. The actual result on the portfolio is reported as 4.2%

Current Assets (Ref 3)

	31 Dec 20	31 Dec 19
Prins Bernard Cultuurfonds	797,577	717,472
Commitments by funders*	782,101	656,805
Deferred expenses*	242,235	563,762
Prepaid expenses	26,517	28,401
Prepaid expenses pension	24,376	17,698
Other accounts receivable	6,196	7,211
Others	26,620	386,744
	<u>1,905,622</u>	<u>2,378,093</u>

Commitments by funders 31 Dec 2019	656,805
New commitments 2020	4,801,187
Released 2020	-4,675,891
Commitments by funders balance 31 Dec 2020	782,101

The current assets have a duration of less than one year.

** See Annex A for a specification of 'Commitments by funders' and for 'Deferred expenses'.*

Deposits and cash (Ref 4)

Cash and bank balances are at the disposal of ECF.

Reserves (Ref 5)

	General reserve	Revaluation reserve	Total
Balance as per 31 Dec 2019	<u>13,805,204</u>	-	<u>13,805,204</u>
Additions	3,259,620	-	3,259,620
Withdrawals	-	-	-
Balance as per 31 Dec 2020	<u>17,064,824</u>	-	<u>17,064,824</u>

Current liabilities (Ref 6)

Grants payable

According to ECF's procedures, projects supported by an ECF grant should be finalised within two years of the grant award date. In specific cases, this term may be extended with the approval of ECF's Director.

The grants payable as per the balance sheet consist of:

	31 Dec 20	31 Dec 19	
Grants awarded in 2016	-	5,000	
Grants awarded in 2017	10,000	19,000	
Grants awarded in 2018	16,419	34,699	
Grants awarded in 2019	106,559	292,620	
Grants awarded in 2020	868,937	-	
	<u>1,001,915</u>	<u>351,319</u>	<u>1,805,677</u>

Other current liabilities

	31 Dec 20	31 Dec 19
Taxes and social premiums	113,474	115,621
Other personnel costs	96,238	77,739
Contractual obligations *	239,852	611,446
Contributions to spend*	1,051,267	633,138
Accounts payable	257,791	231,804
Others	47,055	32,135
	<u>1,805,677</u>	<u>1,701,883</u>

Contractual obligations balance 31/12/2019	611,446
New contracts 2020	68,672
Released 2020	-440,266
Contractual obligations balance 31/12/2020	239,852

**See Annex A for specifications of Contractual Obligations and Contributions to spend.*

The ground lease term ('erfpachttermijn') of the ECF building at the Jan van Goyenkade 5, Amsterdam, which expires at 31 of August 2042, is to be categorized as an off balance sheet obligation. The annual obligation of the ECF represents € 8,645.

Notes to the Statement of Income & Expenditure (Refs 7-15)

ECF has a longstanding partnership with the Prins Bernhard Cultuurfonds through which it receives a quarterly financial contribution from the BankGiro Loterij and the Nederlandse Loterij Organisatie (Lotto/Staatsloterij). In 2020, the contribution from the Prins Bernhard Cultuurfonds was €4,535,300, representing 85.6%* of ECF's income. Compared to the actual income received from Prins Bernhard Cultuurfonds in 2019 (€4,657,165), there was a decrease of €121,865 (or 2.62%) in 2020.

**The percentage of 85.6% of ECF's income represents the percentage of ECF income 2020 excluding the result on securities and other income.*

Fundraised income – Profit/non-profit (Ref 7)

	Actual 2020	Budget 2020	Actual 2019
Compagnia di San Paolo (STEP Grants)	115,000	100,000	35,000
Stichting Culturele Haadsted 2018 (Tandem Friesland)	-	-	20,000
Fondazione Cariplo (Tandem Europe)	-	-	25,000
Robert Bosch Stiftung (Tandem Development/Tandem Europe)	-	-	96,298
Contribution Cultural Safe Spaces Turkey	-	85,000	-
Fondazione Cariplo / tbi (Tandem Regions)	-	50,000	-
Allianz (Cos Fund)	50,000	-	-
CRT (CoS Fund)	50,000	-	-
CRC (CoS Fund)	50,000	-	-
SNF (CoS Fund)	100,000	-	-
OSF (CoS Fund)	25,282	-	-
Stavros Niarchos Foundation (Tandem Europe)	-	-	50,000
Open Society Foundation Europe (Tandem Western Balkans)	55,169	67,500	68,169
CRT (European Pavilion)	-	50,000	-
Total fundraising income	<u>445,451</u>	<u>352,500</u>	<u>294,467</u>

Fundraised income – Governments (Ref 8)

	Actual 2020	Budget 2020	Actual 2019
Erasmus+ Key Action 3 (MediActivism)	158,856	167,358	135,132
European Commission (Cultural Creative Places and Cities)	82,000	82,000	27,945
Municipalities of Europe (Tandem ECoC)	-	-	28,384
Goethe Institute (Cultural Diplomacy Platform)	-7,565	-	12,346
European Commission (Culture for Solidarity)	73,524	63,642	57,592
EU/FPI (Cultural Relations Platform)	12,000	-	-
Total government income	<u>318,816</u>	<u>313,000</u>	<u>261,399</u>

Income from securities and interest (Ref 9)

	Actual 2020	Actual 2019
Interest from bank accounts	(3,111)	187
Realised revaluations fixed income investments	(40,974)	24,948
Unrealised revaluations fixed income investments*	125,898	98,873
	<hr/> 84,924	<hr/> 123,821
Dividends	96,601	112,294
Realised revaluations equity investments	9,675	630,612
Unrealised revaluations equity investments*	470,013	672,900
	<hr/> 576,289	<hr/> 1,415,806
	661,213	1,539,814
Management fees securities	(44,823)	(45,214)
Total income securities and interest	613,279	1,494,600

**The total unrealised results (profit) on the revaluation of fixed income investments (€125,898) and of equity investments (€470,013) are recorded as reported by Wealth Management Partners N.V., ECF's fund manager.*

Committed to Purpose (Ref 10)

	Actuals 2020	Budget 2020	Actuals 2019
European Public Space	363,169	435,000	974,023
Cities of Change	407,964	460,359	383,268
Development costs 2020	2,602	-	23,017
Indirect costs	461,669	476,228	594,481
Total costs Share Europe	1,235,404	1,371,587	1,974,789
Citizens Experience	80,340	80,000	68,581
Cultural Professional Experience	204,308	260,000	755,872
Development costs 2020	1,608	-	-
Cancelled STEP grants 2018/2019	(4,111)	-	-
Indirect costs	372,321	621,033	467,604
Total costs Experience Europe	654,466	961,033	1,292,057
The Europe Challenge	51,753	50,000	38,290
Stories of Europe	148,767	50,000	73,895
Grants not taken up	(3,918)	-	-
Culture of Solidarity Fund* (CoS Fund/Vision Fund)	1,643,555	1,153,874	289,150
Development costs 2020	-	-	-
Indirect costs	723,748	446,352	422,320
Total costs Imagine Europe	2,563,905	1,700,226	823,655
Public Policy	93,779	200,000	75,552
Indirect costs	403,649	549,626	540,585
Public Policy	497,428	749,626	616,137
Communications	182,245	231,000	83,521
Indirect costs	370,590	218,532	221,596
Communications	552,835	449,532	305,116
Activities Committed to purpose	<u>5,504,038</u>	<u>5,232,004</u>	<u>5,011,754</u>

** See for more information on the leverage of The Culture of Solidarity Fund (headed under Imagine Europe), the Activities Report on page 52 of the ECF Annual Report 2020.*

Communications (Ref 11)

	Actual 2020	Budget 2020	Actual 2019
Corporate communications	64,422	92,000	44,773
Press & PR	7,637	10,000	6,615
Annual Report & Annual Magazine	43,006	34,000	14,884
New website	55,080	40,000	16,871
Corporate video	-	15,000	418
Strategic media partnerships	12,100	40,000	221,596
Indirect costs	370,590	218,532	-
	<u>552,835</u>	<u>449,532</u>	<u>305,116</u>

Fundraising costs (Ref 12)

Fundraising costs include staff costs and consultancy costs as well as costs allocated to ECF by Prins Bernhard Cultuurfonds (PBCF). In the table below the contribution by PBCF to ECF has been included in the total income, which shows that the ratio for 2020 has decreased. This is mainly due a decrease in staff costs distributed to Fund Development.

	Actual 2020	Budget 2020	Actual 2019
Total income <i>incl.</i> PBCF	5,913,724	5,670,500	6,707,063
Fundraising costs <i>incl. costs PBCF</i>	209,735	266,456	248,004
% Fundraising income costs	3.55%	4.70%	3.70%

If income received from the PBCF is excluded from ECF's total fundraising income, it results in the table below.

	Actual 2020	Budget 2020	Actual 2019
Total fundraising income	764,267	665,500	555,866
Fundraising costs <i>incl. costs PBCF</i>	209,735	266,456	248,004
Fundraising costs <i>excl. costs PBCF</i>	99,165	171,456	153,746
% Fundraising income <i>excl. PBCF</i>	12.98%	25.76%	27.66%

Included in the €209,735 of *fundraising costs incl. costs PBCF* are costs allocated to ECF from PBCF. These costs represented €110,570, and are PBCF's costs related to charges incurred by the Lotteries. This leaves €99,165 in fundraising costs and a fundraising ratio of 12.98%.

Finance (Ref 13)

	Actual 2020	Budget 2020	Actual 2019
Finance & Administration	53,269	51,203	44,712
Indirect costs	92,233	103,336	70,214
	<u>145,502</u>	<u>154,539</u>	<u>114,926</u>

Operations (Ref 14)

	Actual 2020	Budget 2020	Actual 2019
Computerisation	106,759	86,000	79,134
Depreciation	31,974	35,000	21,707
Premises, utilities, other expenses	109,928	128,750	130,092
Representation	5,543	5,000	19,879
Recharged costs Stichting Praemium Erasmianum	-28,037	-28,000	-28,096
Distribution of costs	-226,167	-226,750	-250,831
Indirect costs	-	-	65,410
	<u>0</u>	<u>0</u>	<u>37,314</u>

Governance (Ref 15)*

	Actual 2020	Budget 2020	Actual 2019
Board related operational expenses	5,749	17,500	19,509
	<u>5,749</u>	<u>17,500</u>	<u>19,509</u>

Staff costs*

	Actual 2019	Budget 2020	Actual 2019
Salaries	1,558,594	1,599,640	1,557,151
Social charges	253,107	263,970	263,364
Pension costs	264,515	273,722	262,837
Travel allowance	21,233	37,108	23,006
Other staff costs (including training)	133,349	135,374	138,686
	<u>2,230,798</u>	<u>2,309,814</u>	<u>2,245,043</u>
Interim staff	46,494	15,000	45,609
Total	<u>2,277,292</u>	<u>2,324,814</u>	<u>2,290,653</u>

**Overall staff costs were 2.04% lower in 2020 than budgeted. This is due to a revaluation of activities and human resources with the goal to better balance staff costs and operational costs.*

Employees

Taking into account the percentage of part-time employees at 31 December 2020 (76.7%), Full Time Equivalents (FTEs) for 2020 was 25.2. In 2019, the amount of FTEs was 25.8.

Compensation for Director

ECF is managed by one Director. In 2020, the compensation for this role was €117,600. Goede Doelen Nederland (GDN), the umbrella organisation for fundraising charities in the Netherlands, has laid out guidelines for determining the remuneration of charity directors ('Regeling belonging directeuren van Goede Doelen' or 'Compensation Guidelines for Directors of Not-For-Profits'). For 2020, ECF applies the BSD rating (*Basis Score voor Directie-functies normering*) of 450 points as categorized under function group H.

In 2020, the ECF's Director's relevant annual income was €117,600, which is within the maximum of €124,142 as specified under function group H.

Name: A. Wilkens
Position: Director
Contract: Indefinite
Full time/37.5 hours
Period: 1 Jan-31 Dec 2020

		From 15 November		
Compensation:	Annual Income	2020	2019	2018
	Gross salary	101,089	96,275	13,432
	Holiday allowance	8,087	7,702	992
	Year-end bonus	8,424	8,023	-
	Variable components	-	-	-
	Total	117,600	112,000	14,424
	Social charges	6,221	6,952	1,366
	Other taxable compensation	26,083	24,707	2,681
	Pension	16,349	16,039	1,972
	Other regular compensation	-	-	-
	Severance pay	-	-	-
	Total remuneration 2020	166,254	159,698	20,444
	Remuneration excluding Social charges	160,032	152,746	19,078

Allocation of income	Income source					Totals	
	Contribution PBCF	Fundraising from profit/non-profit	Fundraising from governments	Interest/securities	Other income		
Share Europe	806,023	115,000	314,380	-	-	1,235,403	
Experience Europe	594,860	55,169	4,435	-	-	654,465	
Imagine Europe	2,288,623	275,282	-	-	-	2,563,905	
Public Policy	497,427	-	-	-	-	497,427	
Communications	313,843	-	-	238,992	-	552,835	
Finance	34,523	-	-	319,836	877	355,237	
Operations	-	-	-	-	-	-	
Governance	-	-	-	5,749	-	5,749	
Reserve	-	-	-	48.702	3,210,918	3,259,619	
Totals	4,535,300	445,451	318,816	613,279	3,211,795	9,124,641	total income
						5,865,022	total expenditure

Cost Allocation

	Share Europe	Experience Europe	Imagine Europe	Public Policy	Communi - cations	Costs Fundraising	Finance & Administration	Governance	Opera - tions	Total costs 2020
Direct costs										
Grants 2020	406,880	125,900	1,761,871	-	-	-	-	-	-	2,294,651
Grants not taken up	-	-	-3,918	-	-	-	-	-	-	-3,918
Partnerships and outsourced activities	330,168	152,660	80,793	72,565	53,050	-	-	-	-	689,236
Other activity costs	36,687	3,584	1,410	21,214	-	-	-	-	-	62,895
Communication costs	-	-	-	-	129,195	-	-	-	-	129,195
Indirect costs										
Personnel costs	419,961	338,684	658,364	367,182	337,110	72,090	83,900	-	-	2,277,290
Governance	-	-	-	-	-	-	-	5,749	-	5,749
Facilities	-	-	-	-	-	-	-	226,167	-	226,167
Facilities costs distributed	-	-	-	-	-	-	-	(226,167)	-	(226,167)
Other general costs	41,708	33,636	65,385	36,466	33,480	137,645	61,602	-	-	409,922
Total	<u>1,235,403</u>	<u>654,465</u>	<u>2,563,905</u>	<u>497,427</u>	<u>552,835</u>	<u>209,735</u>	<u>145,502</u>	<u>5,749</u>	<u>=</u>	<u>5,865,022</u>

In 2020, a total amount of €3,918 that had been reserved for grants payable was released and was deducted from the direct costs as 'Grants not taken up'. This amount consists of outstanding instalments related to multiple projects that were not completed in the required timeframe.

Staff costs and General Administration costs are allocated to ECF's different activities based on time writing by employees.

Expenditures percentage	Actuals 2020	<i>Spending ratio</i>	Budget 2020	<i>Spending ratio</i>	Actuals 2019	<i>Spending ratio</i>
Total expenditures ECF	5,865,022		5,670,500		5,431,507	
Total income ECF	5,913,724		5,670,500		6,707,063	
Surplus (deficit)	<u>48,702</u>	<i>99,18%</i>	<u>0</u>	<i>100%</i>	<u>1,275,556</u>	<i>80,98%</i>
Fundraised income and expenditures	Actuals 2020		Budget 2020		Actuals 2019	
Fundraised income previous 3 years avrg	664,781		980,941		810,449	
Fundraising costs incl. charge PBCF	209,735		266,456		248,004	
Fundraising costs excl. charge PBCF	99,165	<i>14,92%</i>	171,456	<i>17,48%</i>	153,746	<i>18,97%</i>
Specification Fundraising costs	Actuals 2020		Budget 2020		Actuals 2019	
Costs fundraising ECF	79,250		136,456		144,244	
Costs fundraising third parties	19,915		35,000		9,323	
Costs fundraising PBCF	110,570		95,000		94,258	
	<u>209,735</u>		<u>266,456</u>		<u>248,004</u>	

**Fundraised income of €764,267 as reported in 2020, represents actual income of 2020.*

Consolidated Financial Statements in 2020

Accounting Principles

The consolidated Financial Statements consist of the financial data of:

- European Cultural Foundation (ECF).
- Stichting Voorzieningsfonds Pensioengerechtigden Binnenland van de Fondation Européenne de la Culture.
- Stichting Voorzieningsfonds Pensioengerechtigden Buitenland van de Fondation Européenne de la Culture.

The objective of the Stichtingen Voorzieningsfondsen (pension provision fund) was to compensate for the decreasing value of pensions for a defined group of ex-employees if the official inflation rate is higher than 3%. Detailed objectives are described in the statutes of the ECF Stichtingen Voorzieningsfondsen.

In 2014, the ECF was alerted that the ECF Voorzieningsfondsen, which are attached to ECF for the purposes of financing the indexation of pensions already in force, are required to comply with the 2007 Pensions Act.

After extensive investigations by ECF's pension advisor, it was decided that the Voorzieningsfondsen would not continue to exist in their present form. In March 2017, the Board formally decided that the funds would be liquidated. The ECF has been in consultation with De Nederlandsche Bank in order to execute the liquidation process in a proper way. Together with Loyens & Loeff a roadmap was designed in which the finalisation of the liquidation was outlined. The process of liquidating the ECF Voorzieningsfondsen was concluded at 30 September 2020. The balances, representing a total value of €3.210.918, were transferred to the accounts of the ECF and were added to the reserve of the ECF. The asset component was added to the securities portfolio.

Since the ECF Voorzieningsfondsen were no longer existent as per 30 September 2020, reporting upon a consolidated basis became obsolete. Yet, for information purposes, we included the consolidated financial statements in this annual report.

Consolidated balance sheet as per 31 Dec 2020

		31 Dec 2020	31 Dec 2019
<u>Assets</u>	Ref		
Tangible fixed assets			
Premises		30,739	34,676
Refurbishment		16,017	16,350
Furniture and equipment		49,575	51,156
		96,331	102,181
Financial fixed assets	16		
Fixed Income Investments		8,466,154	6,632,719
Equity Investments		7,557,561	5,927,743
		16,023,714	12,560,462
Currents assets			
Accounts receivable		1,905,622	1,997,717
Deposits, Cash			
Cash and bank balances		1,846,748	4,409,307
Total		<u>19,872,416</u>	<u>19,069,668</u>
<u>Liabilities</u>			
		31 Dec 2019	31 Dec 2019
Reserves	17		
Appropriated reserve		17,064,824	17,016,466
Revaluation reserve		-	-
		17,064,824	17,016,466
Current liabilities			
Received in advance	-	-	-
Grants payable		1,001,915	351,319
Accounts payable		1,805,677	1,701,883
		<u>2,807,592</u>	<u>2,053,202</u>
Total		<u>19,872,416</u>	<u>19,069,668</u>

Notes to the consolidated balance sheet as per 31 Dec 2020 (Refs 16-17)

Financial Fixed Assets (Ref 16)

	Fixed Income Investments	Equity Investments	Total
Balance at 31 Dec 2019	<u>6,632,719</u>	<u>5,927,743</u>	<u>12,560,462</u>
Acquisitions	3,525,834	3,540,770	7,066,604
Sales	1,777,324	2,390,641	4,167,964
Revaluations realised	-40,974	9,675	-31,299
Revaluations unrealised	125,898	470,013	595,911
Balance at 31 Dec 2020	<u>8,466,154</u>	<u>7,557,561</u>	<u>16,023,714</u>

Reserves (Ref 17)

	General reserve	Revaluation reserve	Total
Balance as per 31 December 2019	13,805,204	-	13,805,204
Additions	3,259,620	-	3,259,620
Withdrawals	-	-	-
Balance as per 31 December 2020	<u>17,064,824</u>	-	<u>17,064,824</u>

Total

13.805.204

3.259.620

-

17.064.824

Consolidated statement of income and expenditure

	Actual 2020	Actual 2019
INCOME		
Income other non-profit organisations*	4,535,300	4,657,165
Fundraising income – profit/non-profit	445,451	294,467
Fundraising income – governments	318,816	261,399
Other income (Securities and interest)	613,279	1,495,451
Other income (Exchange differences)	877	(569)
Total Income	5,913,724	6,707,913
Extraordinary income from VZF Liquidation**	3,210,918	-
Total income including VZF Liquidation balance	9,124,641	6,707,913
EXPENSES		
Committed to purpose		
Share Europe	1,235,403	1,974,789
Experience Europe	654,465	1,292,057
Imagine Europe	2,563,905	823,655
Public Policy	497,427	616,137
Communications	552,835	305,116
Subtotal committed to purpose	5,504,036	5,011,754
Costs Fund Development		
Fundraising costs ECF	99,165	153,746
Cost contributions PBCF	110,570	94,258
	209,735	248,004
Finance (excl. Fund Development)	145,502	114,926
Operations (incl. recharge SPE)	-	60,733
Governance	5,749	19,509
	151,251	195,168
Total expenses	5,865,022	5,454,926
Surplus / (Deficit)	<u>3,259,619</u>	<u>1,252,987</u>
Appropriation of the result	<u>3,259,619</u>	<u>1,252,987</u>
(Withdrawal from) / Addition to reserve		

** This represents the contribution, through Prins Bernhard Cultuurfonds, from the BankGiro Loterij and the Nederlandse Loterij Organisatie (Lotto/Staatsloterij).*

*** 'Extraordinary income from VZF Liquidation' refers to income from liquidation ECF Voorzieningsfondsen.*

Notes to the consolidated statement of income and expenditure

Compared to the ECF's statement of income and expenses the main differences can be specified as follows:

	Actual 2020 ECF	Actual 2020 Vzf Binl*	Actual 2020 VzF Buitl**	Actual 2020 Total
Interest from bank accounts	-	-	-	-
Revaluation reserve bonds	-	-	-	-
Interest from bonds	-	-	-	-
Realised revaluations bonds	-	-	-	-
Unrealised revaluations bonds	-	-	-	-
	0	0	0	0
Dividends	-	-	-	-
Realised revaluations shares	-	-	-	-
Unrealised revaluations shares	-	-	-	-
Other income	-	-	-	-
	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

	Actual 2020 ECF	Actual 2020 Vzf Binl*	Actual 2020 Vzf Buitl**	Actual 2020 Total
Costs of securities				
Fees asset management/bank charges	-	-	-	-
Other costs				
Other costs (advisory costs, Chamber of Commerce, audit fees)	-	-	-	-
	0	0	0	0

* Vzf Binl = Stichting Voorzieningsfonds Binnenland ECF

**Vzf Buitl = Stichting Voorzieningsfonds Buitenland ECF

Supplementary Information

Appropriation of the result

The result for the year is at the disposal of the Supervisory Board.

Third Party	Commitments by Funders	Deferred expenses
European Commission (Culture for Solidarity)	40.000	
European Commission (i-Portunus)	187.475	
European Commission (MediActivism)	100.000	
Fondazione Cariplo (Tandem Europe)	25.000	
Trans Europe Halles (CCSC)	52.026	
Compagnia di San Paolo (STEP)	15.000	
Compagnia di San Paolo (European Public Space)	50.000	
EU Funds through Goethe Institute (Cultural Relations Platform)	62.600	
Allianz Kulturstiftung (CoS Fund)	50.000	
Fondazione CRT (CoS Fund)	50.000	
Fondazione CRC (CoS Fund)	50.000	
Stiftung Mercator (CoS Fund)	100.000	
Various partners MediActivism		167.029
MitOst (Tandem Western Balkans)		13.000
MitOst (Tandem Development)		30.000
Stichting Prospektor (Media Partnership)		12.100
Prins Bernhard Cultuur Fonds		13.106
Culture Action Europe (Public Policy)		7.000
Assets	782.101	242.235

Third party	Contributions to spend	Contractual obligations
European Commission (i-Portunus)	749.900	
European Commission (MediActivism)	204.244	
EU Funds through Goethe Institute (Cultural Relations Platform)	50.600	
Trans Europe Halles (CCSC)	31.345	
Open Society Institute Zug (Tandem Western Balkans)	13.000	
UWV GAK	1.819	
BNP Paribas Canon	359	
MitOst (Tandem Turkey)		2.500
MitOst (Tandem Shaml)		2.500
MitOst (Tandem Development))		30.000
MitOst (Tandem Europe)		5.660
MitOst (Tandem Western Balkans)		13.000
Various partners MediActivism		167.092
Stichting Prospektor (Media Partnership)		12.100
Culture Action Europe (Public Policy)		7.000
Liabilities	1.051.267	239.852

Annex B

The ECF is committed to spend at least 90% of its total Lottery income on its activities, based on the average Lottery income of the previous 3 years.

Average Lottery income previous 3 years	4,590.059	actual
---	-----------	--------

Minimum to spend (90% limit of Lottery	4,131.053	actual
--	-----------	--------

Net expenditure	5,100.850	actual
-----------------	-----------	--------

969.797	spending ABOVE limit (required)
---------	---------------------------------

The ECF complies with the 90% rule in 2020

Calculations

	4,657.165	Lottery Income 2019
	4,603.681	Lottery income 2018
	4,509.330	Lottery income 2017
(a) Lottery income previous years	4,590.059	Lottery income average

(b) Minimum to spend (90% limit of Lottery income)	4,131.053	90% limit
--	-----------	-----------

	5,865.117	Total expenditures 2020
	-445.451	minus 3rd party income
	-318.816	minus government income
(c) Net expenditure	5,100.850	Net exp 2020

4,131.053

INDEPENDENT AUDITOR'S REPORT

To: the Supervisory Board of European Cultural Foundation based in Amsterdam.

A. Report on the audit of the financial statements 2020 included in the annual report.

Our opinion

We have audited the financial statements 2020 of European Cultural Foundation based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of European Cultural Foundation as at 31 December 2020 and of its result for 2020 in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2020;
2. the statement of income and expenditure for 2020; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of European Cultural Foundation in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report.

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Financial Report;
- Annex A and B.

Oranje Nassaulaan 1
1075 AH Amsterdam
Postbus 53028
1007 RA Amsterdam

Telefoon 020 571 23 45
E-mail info@dubois.nl
www.dubois.nl
KvK nummer 34374865



Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. The Director is responsible for the preparation of the other information, including the Director's Report, in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board.

C. Description of responsibilities regarding the financial statements

Responsibilities of the Director/Supervisory Board for the financial statements

The Director is responsible for the preparation and fair presentation of the financial statements, in accordance with the Guidelines for annual reporting 650 "Fundraising Organisations" of the Dutch Accounting Standards Board is responsible for such internal control as the Director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Director is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, Director should prepare the financial statements using the going concern basis of accounting unless the Director either intends to dissolve the foundation or to cease operations, or has no realistic alternative but to do so.

The Director should disclose events and circumstances that may cast significant doubt on the organization's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for monitoring the financial reporting process of the organization.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director;
- concluding on the appropriateness of Director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a organization to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 23 June 2021

Dubois & Co. Registeraccountants

J.J.H.G. Stengs RA