

*'Friends of Funds'  
managed by  
the King Baudouin  
Foundation*

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*General guidelines*



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# A 'FRIENDS OF FUND' WITHIN THE KING BAUDOIN FOUNDATION

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## Context

Many individuals, institutions and companies are keen to contribute to a cause that is close to their heart and to express their philanthropy in a personal and constructive way.

'Friends of Funds' set up and managed by the King Baudouin Foundation are intended to facilitate the realization of philanthropic ambitions of all actors in civil society: individuals, groups of individuals, families, organizations or companies. The Foundation can help by:

- facilitating the creation of a Fund;
- sharing the Foundation's experience and expertise and the Foundation's network;
- by offering flexible, tailored solutions ;
- and creating synergies with the Foundation's other Funds and projects;
- helping to set objectives, draw up selection procedures, etc.;
- guaranteeing continuity, sustainability and effectiveness;
- offering beneficial tax treatment in Belgium, Europe, the United States and Canada;
- ensuring that assets are well managed.

## Creation and objective

A 'Friends of Fund' is always created by a minimum of two individuals that are independent from the by them chosen beneficiary organization.

Each Funds<sup>1</sup> has the objective to grant project support to one specific organization. By definition, the Fund takes on the name of the beneficiary organization.

The beneficiary organization has its registered office in Belgium and its activities complies with the public interest and the general mission of the Foundation. The beneficiary organization may be active locally, regionally, (inter)nationally, in Europe of in the rest of the world.

<sup>1</sup>Fund(s): from here on this term references only to the specific philanthropic tool of 'Friends of Funds'

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## General guidelines

The Foundation has many years of experience in the creation and management of Funds. These general guidelines ensure the efficient management of these Funds. They have been approved by the Foundation's Board of Governors. These guidelines apply to all Funds set up within the Foundation and regulate the implementation of all individual agreements.

## Specific conditions

Each Fund may provide special conditions under which its management may allow the general guidelines to be adapted where necessary for its own management needs. Any such adaptation must be specified in the agreement for its creation, or in any subsequent agreement, or by a decision of the Foundation's Board of Governors.

## Extensive autonomy

Funds enjoy extensive autonomy and the greatest freedom to take whatever action they consider appropriate. Each Fund is managed by its own Management Committee, which is responsible for its actions. Within this context, the Management Committee acts on behalf of the Foundation's Board of Governors.

## A reassuring legal framework

A Fund set up within the King Baudouin Foundation does not have the status of a legal entity. The Foundation, of which the Fund forms an integral part, therefore assumes legal responsibility for the Fund's actions and commitments.

<sup>1</sup>Fund(s): from here on this term references only to the specific philanthropic tool of 'Friends of Funds'

# GOVERNANCE: A MANAGEMENT COMMITTEE

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## Composition

For each Fund, an independent Management Committee is set up. This Committee is limited in size to ensure that it functions efficiently. The Committee's composition may vary from one Fund to another, but it will always have at least three members, including:

- the Fund's founder(s) or representative(s). The founder(s) may designate representatives to sit on the Committee on their behalf;
- a representative of the Foundation, appointed by the Board of Governors;
- one third party selected, for example, on the basis of their expertise in an area related to the aims of the Fund. In order to ensure a global management of all 'Friends of Funds', this third party is nominated by the Foundation.

## Appointment of the chairman

To ensure that meetings run as smoothly as possible, a chairman is appointed for each Management Committee. Based on its experience, the Foundation strongly recommends that the chairman should be the third party, chosen on the basis of his or her competencies and expertise.

## Members

The composition of each Management Committee is submitted for approval to the Foundation's Board of Governors. This is because the Management Committee assumes some of the responsibilities of the Board of Governors since Funds are not separate legal entities. The members of each Management Committee are appointed as individuals, not as representatives of associations or groups, and they are not remunerated for their work. An individual may be a member both of the Board of Governors and of a Management Committee. The Foundation's Board of Governors also takes decisions regarding the dismissal of any Management Committee member.



### **Duration of the mandate**

Members of the Management Committee are appointed for a period of four years, except for Funds set up for a limited duration. Members are only eligible for re-election once. The founders of course have the opportunity to sit on the Management Committee for as long as they wish.

### **Termination of a mandate**

In the event that the actions of a member of the Management Committee jeopardize the image, interests or reputation of the Fund or - by extension - the King Baudouin Foundation, the Foundation reserves the right to terminate his or her mandate. This highly exceptional course of action would always be a last resort. In such an instance, the Management Committee may make proposals to the Board of Governors for the nomination of a new member

# HOW THE MANAGEMENT COMMITTEE WORKS

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## Role

As its name suggests, the Management Committee is responsible for managing all aspects of the Fund. It initiates actions and monitors their implementation. It also checks all aspects of the Fund's administration. It is the Management Committee that decides how financial resources are used and it is also responsible for drawing up the Fund's annual budget. The Management Committee discusses the strategic development of the Fund, the challenges it faces and the means best suited to achieving its aims. The beneficiary organization is invited to submit projects for support documented with a clear budget.

## Governance

### *Frequency of meetings*

To ensure that a Fund achieves its objectives, the Management Committee should meet at least once every three years, either physically or virtually (by teleconference, video conference). The Management Committee may also delegate specific tasks to one or more members, who must then report back on what they have done.

### *Decision-making process*

The Foundation invites members to meetings. Each meeting is chaired by the committee's chairman, or by the oldest member if the chairman cannot attend. Discussion points are set out in an agenda and any decisions taken are recorded in the minutes of the meeting. For a decision to be taken, a majority of members must be present. Decisions are taken by majority vote and in the event of a tie, the deciding vote is cast by the chairman. The Foundation expressly recommends, however, that decisions should be taken by consensus, since this is always preferable for good governance of a Fund. The Foundation's representative on the Management Committee will make efforts to ensure that this is the case.

### *Right of veto*

If the representative of the King Baudouin Foundation believes that the Foundation's image or reputation risks being damaged by a decision taken by the Management Committee, a request may be made for the decision to be suspended for three months so that it can be referred to the Foundation's Board of Governors. The Board of Governors takes a sovereign decision on the matter, after consulting the chairman and the founders if it judges this to be appropriate. This should be seen as an exceptional procedure.

## Coordination

### *Secretaries*

The King Baudouin Foundation makes secretaries available to provide the general coordination and day-to-day management of the Funds.

The secretary responsible for each Fund:

- examines and proposes appropriate strategic developments in order to fulfil the chosen objective(s);
- convenes Management Committee meetings;
- produces the minutes for each meeting, mentioning the decisions taken by the Management Committee;
- implements the decisions taken, provided they are in line with the Foundation's statutes and the available resources;
- coordinates communication with the public and the press;



# ASSETS AND FINANCIAL ADMINISTRATION

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## Financing

The founder(s) endows the Fund with the resources it needs to operate. How the Fund is actually financed depends primarily on how it came to be set up.

The financing stems with the planned duration of its activities. A minimum of 10.000 euros of donations is aimed for on an annual basis. Its financial resources can be entirely used used to realise the objective(s).

### *The Fund's capital can be constituted in various ways*

- by a donation made by bank transfer to the King Baudouin Foundation's account BE10 0000 0000 0404. A tax certificate can be issued for this contribution;
- through a legacy, which requires a will and only takes effect upon the signatory's death. Legacies are subject to estate duty. Although this is not obligatory, the Foundation always advises donors to draw up the will with a notary;
- a donation given by deed of covenant that is subject to registration fees and executed during the donor's lifetime. This type of donation must always be made through a notary.

## Assets

Since Funds are not separate legal entities, legally their assets belong to the King Baudouin Foundation and are listed as such, although they are identified separately in the Foundation's accounts.

### *The Foundation's assets*

The assets of Funds are managed separately from those of the King Baudouin Foundation under oversight by the Foundation's Finance Committee. The Finance Committee provides advice on the management of the Foundation's capital and is composed of three individuals who are appointed by the Foundation's Board of Governors for a (renewable) period of five years. Committee members cannot be Board members.

### *The Friends of Fund's assets*

The financial assets of a Fund are not invested or capitalized. The assets remain at all time free to use on a current account.

### **Accounting and Financial Report**

The King Baudouin Foundation's accounts department does the Fund's accounting in accordance with the legal provisions governing the Foundation.

A financial report on how a Fund has been managed is submitted to the Management Committee each year. However, a Management Committee may also request an interim financial statement during the course of the year.

### **Contribution to the general operation of the Foundation**

Every year the King Baudouin Foundation is permitted to use a defined amount of the financial resources received, collected or raised by the Fund to finance its own activities.

For these Funds the Foundation's annual levy represents 5% of the donations received by the Fund, with a minimum of 500 euros. This amount reduces when the cumulative total of donations exceeds 100,000 euros.

# THE KING BAUDOUIIN FOUNDATION'S COMMITMENT

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The King Baudouin Foundation provides personal support and advice for each of the Funds it manages and undertakes to honour the following obligations:

- to draw upon its wealth of experience and expertise to advise Fund managers in their discussions and decisions, particularly those concerning their activities, the selection of beneficiaries, monitoring the initiatives and the projects supported by the Fund and the search for experts and colleagues etc.;
- ensure the coordination of the Fund and execute the decisions of the Management Committee and other bodies in the Fund's name, provided that these are in line with the Foundation's statutes and the available resources;
- manage the Fund's assets and/or resources, and do its accounting;
- produce an annual report on the Fund's finances and activities;
- dispose of donations, legacies and endowments awarded to or by the Foundation for the Fund's account, provided that the outgoings are in line with the Foundation's statutes;
- receive payments and issue receipts to donors and, where applicable, provide them with a certificate of tax exemption for donations originating from Belgium, Luxembourg, the Netherlands and Denmark;
- Provide access to the facilities of the Transnational Giving Europe network, the King Baudouin Foundation United States and the King Baudouin Foundation Canada;
- draw up an appropriate agreement with any association or institution selected to receive support from a Fund, make payments relating to such agreements and ensure their follow-up;
- provide communication for the Fund and, where necessary, for the projects selected.

