
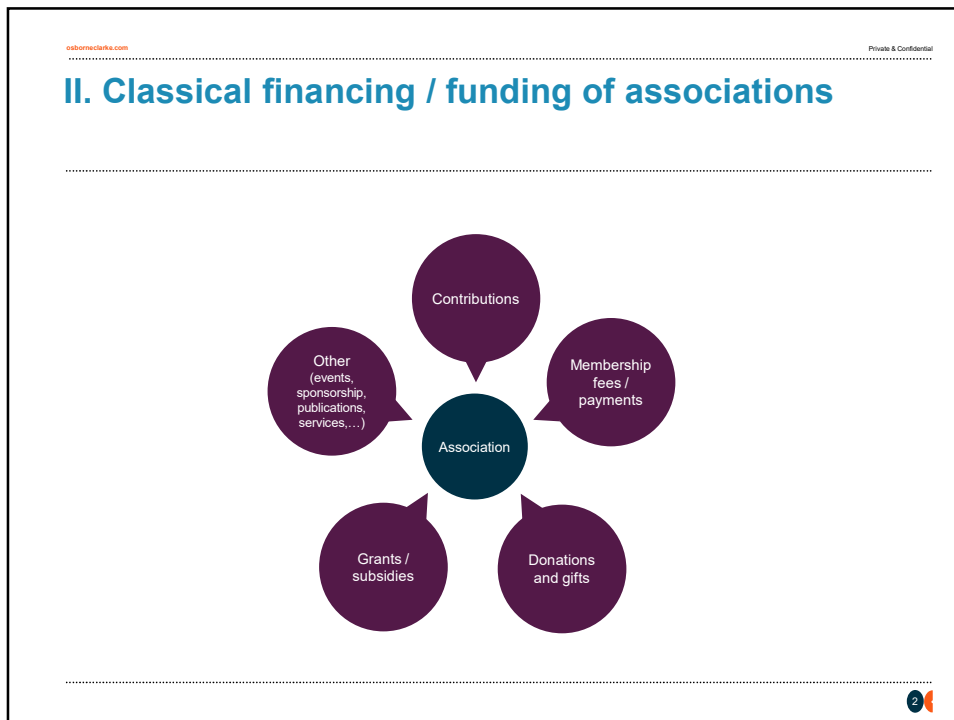


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Content

- I. Introduction
- II. Classic financing / funding of associations
- III. Alternative financing / funding methods for associations





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II. Classical financing / funding of associations

2.1 Member "contributions"

- Assets that the founding members or the members of the association make permanently available to the association without counterpart
- What? Cash, assets, rights
- Donation ⇒ no repossession right

2.2 Membership fees or payments

- Article 2, Para. 1, 8° NPO-Law: maximum amount of membership fees or payments
- Membership fees: financial contribution or participation in the cost of the association
- Payments: additional contribution on top of the membership fees
- Provision in the statutes required

II. Classical financing / funding of associations

2.3 Donations and gifts

2.3.1. Ministerial authorisation

- **Principle:** A donation inter vivos made in favour of an association and exceeding 100,000 EUR
 - Exequatur
 - Applicable to not-for-profits / international not-for-profits / foundations
- **Which donations?**
 - Law of 6 July 2017: ≠ bequests, but donation inter vivos made by authentic deed
 - Do **not** require a ministerial authorisation:
 - ✓ Donations of movable or immovable assets below 100,000 EUR
 - ✓ Donations from hand to hand
 - ✓ Indirect donations (for instance donation by bank transfer not mentioning that it is a donation)
 - ✓ Membership fees, collections, subscriptions
 - ✓ Subsidies or grants received from public authorities
 - ✓ Anonymous donations
 - ✓ Gratuitous contributions



II. Classical financing / funding of associations

- **Application of the threshold**
 - Addition of values of different donated assets
 - Each donation is assessed separately
- **Under which conditions?**
 - Legal personality of the beneficiary association
 - Duly filing of acts/documents concerning the appointment or termination of the functions of the directors, managing directors
 - Duly filing of the annual accounts
- **Procedure**
 - Provisional acceptance of the donation by the Board of Directors of the beneficiary association
 - Tacit authorisation



II. Classical financing / funding of associations

2.3.2. Tax certificates to the donators

- **Principle:** donation of cash made in favour of certain "recognized" institutions/not-for-profits can be tax deductible for individuals subject to tax in Belgium
- **Which institutions?**
 - Legal personality
 - Established in Belgium
 - Not-for-profits
 - Institutions approved by law or by ministerial decisions (research, cultural organisation, animal shelters, sustainable development, protection of monuments and sites, aid for elderly people, minors, ...)
- **Recognition procedure [145/33 CIR 92 – 16/18/1 Royal Decree of 27 August 1993]:**
 - Written request to be filed at the Ministry of Finances by 31 December of the preceding year
 - Validity of 2 years with a maximum period of 6 successive years



II. Classical financing / funding of associations

• Tax reduction under which conditions?

Tax reduction of **45% of the sums paid IF:**

- The donation reaches at least 40 EUR for the relevant tax year
- The donation is subject of a receipt of the donee
- The total amount of donations for which the tax reduction is granted may not exceed 10% of the total net income per tax period or EUR 376,350




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II. Classical financing / funding of associations

2.4 Other financing methods

2.4.1. Patronage / sponsorship

Patronage	Sponsorship
Support provided by a person to an event, an activity a project in the general interest in order to be associated with the reputation of this event, activity or project, and to promote its image with the public.	Contract by which the sponsored agrees to promote the name or the brand of another person (the sponsor) in return of a financial support.
Facet of social responsibility of an enterprise, promote its image on a long-term bases	Part of commercial strategy of the sponsor → increase of turnover
More discrete than the sponsor	Shows up during events/activities by using advertising methods (affixing of logo, brand of the sponsor on all kind of supports)
Gratuitous, unilateral	Onerous, reciprocal obligations




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II. Classical financing / funding of associations

2.4.2. Revenues from commercial activities (events, publications, services,...)

- Actually: associations are allowed to exercise commercial activities on a secondary basis
 - ⇒ provided that revenues are allocated to the realisation of the not-for-profit purpose
- Legislative reform conducted by Belgian Minister of Justice Koen Geens
 - Associations are allowed to exercise commercial activities as main activity
 - Associations can go bankrupt
 - Interdiction to distribute directly or indirectly profits to the association's members



III. Alternative financing / funding methods for associations

Working taxonomy of alternative finance

- Peer-to-Peer Consumer Lending
- Peer-to-Peer Business Lending
- Community Shares/ Microfinance
- Invoice Trading
- Pension-led Funding
- Crowdlending
- Debt-based Securities (Bonds)
- Equity-based Crowdfunding
- Reward-based Crowdfunding
- Donation-based Crowdfunding
- Social Impact Bonds

III. Alternative financing / funding methods for associations

3.1 Loan – Debt financing

- Financing from members, credit institutions but also any third party
- Alternative credit institutions like Triodos bank financing projects that fall into one of the following three areas:
 - Social development
 - Environment
 - Culture

III. Alternative financing / funding methods for associations

3.2 Bonds issuance (1/3)

- **Definition of bonds:** "*securities representing a part of a global loan and granting to their holder the right to receiving a yearly interest rate and the reimbursement of the principal at the maturity date*"
- Is it available for association and foundation?
- Legal regime is contractual by nature – Taylor made approach
- Main characteristics of a bond issuance:
 - Part of a global loan – nominative or dematerialized
 - Negotiable?
 - Bond holders meeting?
 - Attendance to the General Meeting?

III. Alternative financing / funding methods for associations

3.2 Bonds issuance (2/3)

- Board of the non-for-profit is competent for the issuance & for the T&C
- Prohibition to actively communicate to the public
- Intermediation monopoly – only authorized institutions (L. 16 June 2006 on public offering) **BUT**:
 - no intermediary is necessary
 - no monopoly if:
 - ✓ Private offering (max 150 people contacted or max 100K (total issuance / each bond) or limited to qualified investors); or
 - ✓ Crowdfunding (see below)
 - ✓ Association exception (see below)

III. Alternative financing / funding methods for associations

3.2 Bonds issuance (3/3)

- Is a prospectus required?
- Yes... **BUT**:
 - No public offering
 - Exception from the L. 16 June 2006 (art. 16 §1, 8°) on public offering if funds are affected to the non for profit activities. Worth receiving a confirmation from the FSMA
 - Crowdfunding exception (see below L. 25 April 2014)
- Recent example: **Quai 10** (8 years, 75 EUR bonds, 1.5% interest rate, total obtained between 150K and 250k)



III. Alternative financing / funding methods for associations

3.3 Crowdfunding (1/5)

Definition of crowdfunding "*pooling of small amounts of money from many investors through internet platforms*"

The consideration can be a security or not.

PRO:

- Appeal to the public to support a project
- Connected with the crowd by specialized platforms (Ulule, KisskissBankbank, ...) and social networks
- No banks or other financial intermediaries: financial independence
- Broadening network and making the association known to the general public



III. Alternative financing / funding methods for associations

3.3 Crowdfunding (2/5) Donation based / Reward based

In this fundraising model, investors give money without expecting financial compensation (i.e. donations), but, in the case of rewards-based crowdfunding, investor receive benefits such as early access to a new product.

- No legally binding financial obligation incurred by recipient (association) to donor
- No financial or material returns are expected by the donor

Example: Hof ten Dormaal / Stand Up for Europe

III. Alternative financing / funding methods for associations

3.3 Crowdfunding (3/5)

- Crowdfunding is [a public offering](#)
- **BUT** no prospectus requirement if:
 - No investment instrument
 - No public offering (see above private offering)
 - Use of the association / foundation exception (see above art. 16 §1, 8° L. 16 June 2006) or
 - Use of the crowdfunding exception

Focus on some alternative funding available to associations (Crowdfunding)

3.3 Crowdfunding (4/5)

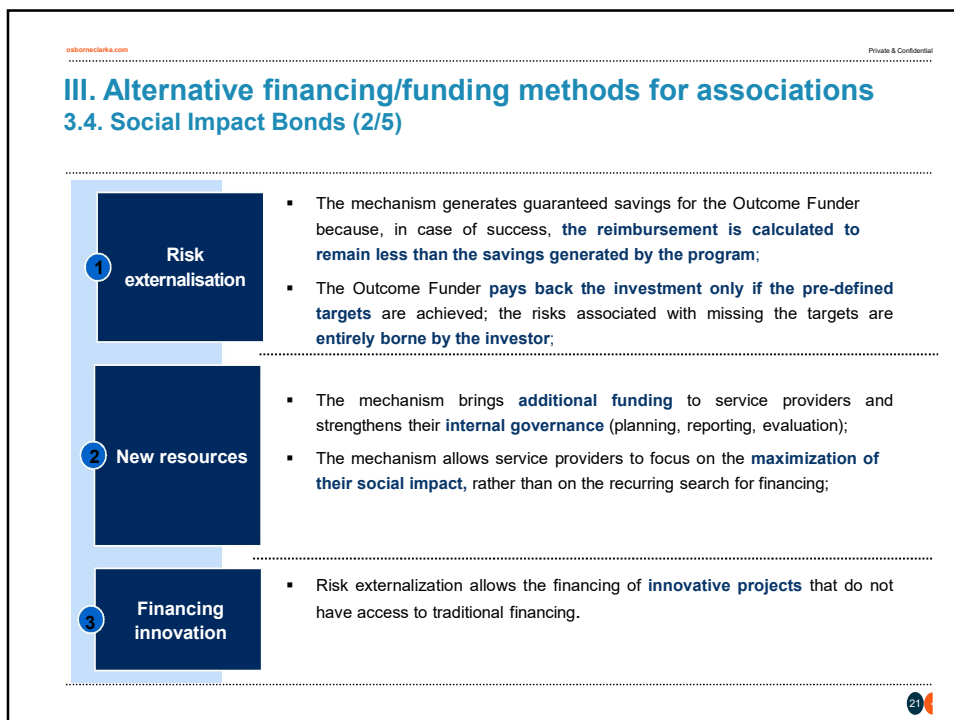
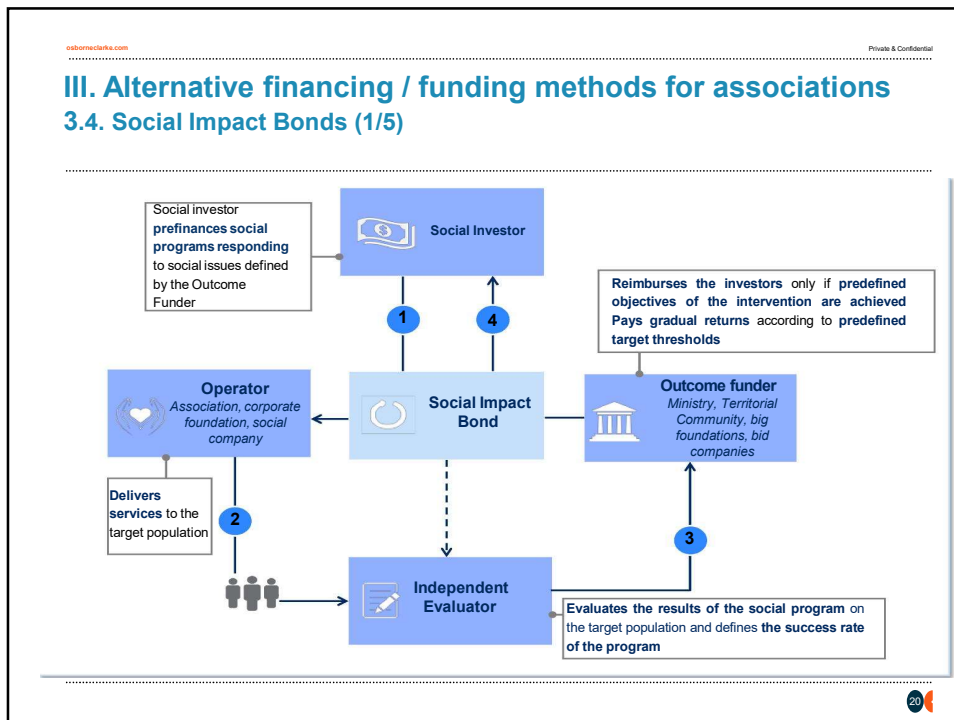
New exemption from the obligation to publish a prospectus if:

- Maximum offering: EUR 300,000
- Maximum investment per investor: EUR 5,000 (previously EUR 1,000)
- Amount and nature of the instruments offered and the reasons and terms of the offering available to investors
- Alternative investment platform or other regulated entity
- All documents relating to the offering must indicate the total amount of the offering and the maximum investment per investor

Focus on some alternative funding available to associations (Crowdfunding)

3.3 Crowdfunding (5/5)

- Offering without the benefit of the exemption: subject to the Law of 16 June 2016
- Recommendations from the FSMA
- Other regulatory requirement if (more than 50 persons, with an intermediary exploiting the platform, association can dispose freely of the funds and commits to reimburse the funds)
- No prospectus for philanthropic projects without any refunding obligation



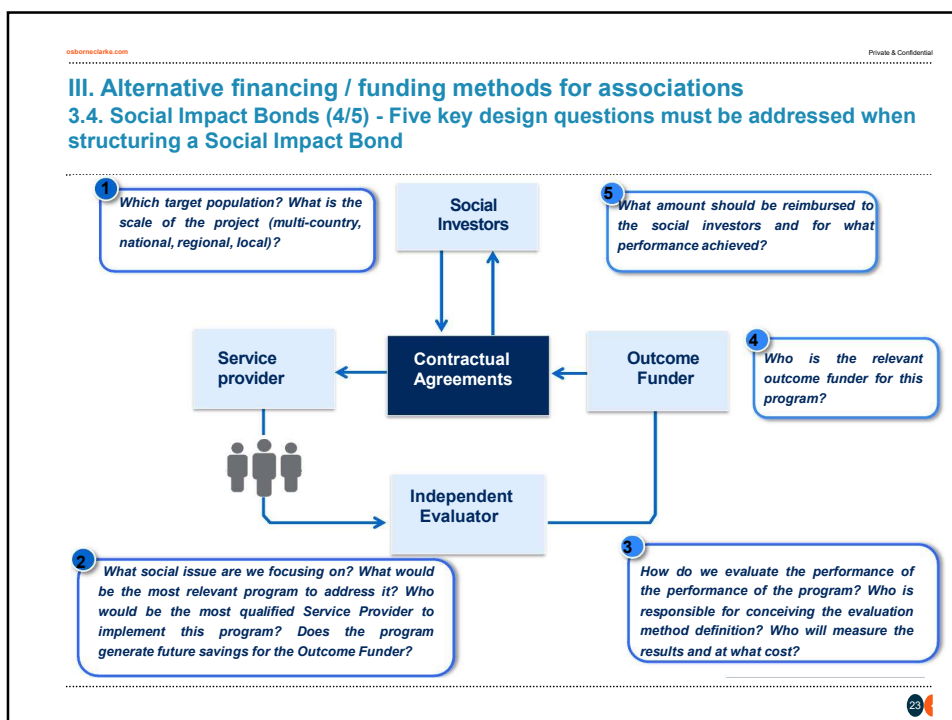
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III. Alternative financing/funding methods for associations

III.4. Social Impact Bonds (3/5)

Topic	Project	Country	Year	# Individ.	Outcome Funder
Unemployment	Buzinezzclub	NL	2013	160	Rotterdam
	Eleven Augsburg	DE	2013	100	Bayerisches Staatsministerium für Arbeit und Soziales, Familie und Integration
	Duo For A Job	BE	2014	310	Actiris
School Dropout	Utah High Quality Preschool Program	US	2013	3 500	Salt Lake City
	Junior Code Academy	PT	2015	65	Lisbonne University of Haifa & Tel-Aviv
Recidivism	Aluma Association	IL	2015	600	Jaffa Academic College
	Peterborough One Service	UK	2010	3 000	UK Ministry of Justice
Health	NYC ABL Project (Rikers Island)	US	2012	10 000	City of New York
	Juvenile justice Pay for Success	US	2014	929	Commonwealth of MA
Homelessness	Epiqus Occupational Wellbeing	FIN	2015	1 300	Entreprises Publiques Health Maintenance
	Bwell Diabetes Type II Prevention	ISR	2016	2 250	Organisations & National Insurance Institute
Well-being	Street Impact	UK	2012	416	Greater London Authority
	Home Group	UK	2014	230	UK Department for Communities
Well-being	Economic and Social Empowerment for Women affected by violence	AT	2015	75	Bundesministerium für Arbeit, Soziales und Konsumentenschutz

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III. Alternative financing / funding methods for associations

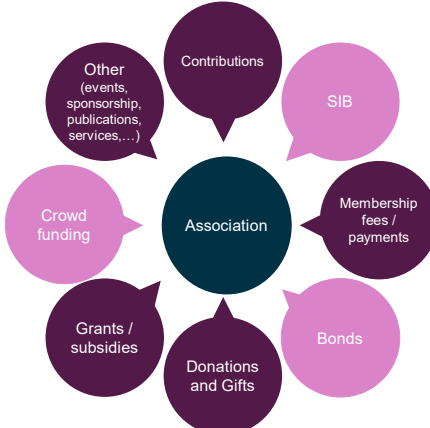
3.4. Social Impact Bonds (5/5)- Three overarching criteria must be met to develop a Social Impact Bond

	Description
A savings potential for the Outcome Funder	A Social Impact Bond must focus on social issues that carry the potential to generate significant savings for the Outcome Funder , in order to attract investors and to motivate the Outcome Funder.
Measurable results	The credibility of a Social Impact Bond relies on the quality of the evaluation . This quality depends, in turn, on the performance indicator used and the ease to implement the evaluation (e.g. whether it is easy to identify a control group comparable to the target group or a historical dataset) and the ability to measure results in a finite timeframe (2 to 5 years)
Opportunity of implementing innovative approaches	A Social Impact Bond is well suited to the financing of innovative programs , whose results may seem uncertain, thanks to the risk transfer it allows.

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Conclusion - NEW GENERATION FINANCING



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graph TD
    A((Association)) --- B((Other  
(events, sponsorship,  
publications,  
services,...)))
    A --- C((Contributions))
    A --- D((SIB))
    A --- E((Membership  
fees /  
payments))
    A --- F((Bonds))
    A --- G((Donations  
and Gifts))
    A --- H((Grants /  
subsidies))
    A --- I((Crowd  
funding))
    
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Thank you for your attention !

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Ruth is a Counsel in the Brussels corporate department.

Ruth Wirtz has 17 years' experience as a corporate lawyer and leads our specialist team in the sector. Having worked for De Wolf & Partners for 13 years, she joined Osborne Clarke in June 2013 to help set up the Brussels office.

She focuses on corporate matters for not-for-profit organisations and private companies. Since German is her mother tongue, she also regularly advises German speaking clients in this field. Ruth predominately assists trade and lobbying associations, charities, hospitals, foundations, NGO's and other national and international not-for-profit organisations, with a particular focus on the research and healthcare sectors.

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Hadrien is a Counsel in the Brussels corporate department.

Hadrien is specialized in corporate and security law, corporate finance, mergers and acquisitions (M&A), private equity, venture capital, public offerings and corporate reorganisations.

He also acts as a litigator in these matters and in market abuse disputes.

Hadrien is involved in setting-up, reorganising, acquiring, or liquidating business ventures in Belgium. He regularly advises on M&A transactions, fundraising, joint ventures and investment schemes.

Hadrien has an important client base and experience in the life science sector. In 2016 and 2017, Hadrien advised key clients OncoDNA, BePharBel, Nanocyl and ImmunXperts on M&A, fundraising and corporate issues.

Prior to joining Osborne Clarke in 2016, Hadrien worked in the M&A Department of a leading Benelux firm.

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