

European Foundation Centre

2008 Annual Report and Financial Statement



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Holding a Steady Course



© Ana Baião

2008 was indeed an eventful year. My first year as Chair of the European Foundation Centre (EFC) has witnessed crises, successes, setbacks and opportunities for the EFC, the philanthropic sector as a whole and the world at large.

One key event for foundations was the submission to the European Commission of the feasibility study on a European Foundation Statute (EFS).

In an enlarged and growing European Union, it is of paramount importance that public-benefit foundations should have the possibility to make use of a legal form that allows them to pursue and expand their activities across the whole continent. The EFC Legal Committee and Advocacy Task Force have done an excellent job monitoring the development of the feasibility study and stepping-up the EFC's advocacy work in relation to the Statute.

EFC's membership has continued to grow and now stands at 231 voting members, from 40 different countries. In these times of financial uncertainty, we are counting on our members to maintain their support for the EFC, thereby allowing us to continue developing our broad range of activities and services.

As in previous years, the highlight of the EFC calendar was the Annual General Assembly and Conference, for which a record number of participants gathered in the magnificent city of Istanbul. Bringing together funders from across the world under the theme of "Fostering Creativity", it was fitting that Istanbul, the crossroads of East and West, should host this event.

Effect magazine continues to tell the stories of foundations and the work they undertake. Meanwhile, David Carrington's report "Building Talent and Excellence within Foundations" provides a valuable starting point for the EFC to support its members through the development of capacity-building activities at the European level. Regional and thematic networks have also continued to flourish under the coordination of the EFC secretariat, to whom I offer my gratitude for all their hard work over the past year.

The end of 2008 was, of course, overshadowed by the global financial crisis, and marked the beginning of what will be an extremely difficult time for foundations. An EFC survey revealed that although the majority of respondents should still be able to meet all grantmaking programme commitments in 2009, nearly half expect their foundations' budget for grantmaking and/or operating programmes to decrease in the next two years. A trying time indeed, but all the more reason for European foundations to come together as a way to weather the storm. As we say in Portugal: A união faz a força (Unity makes strength).

I hope you will enjoy reading the highlights of the EFC's activities over the following pages.

Emílio Rui Vilar,
Chair, European Foundation Centre
President, Fundação Calouste Gulbenkian

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Improving laws and taxes

One of the European Foundation Centre's main priorities is to represent its members and engage in dialogue with the institutions of the European Union, in order to bring about a positive legal and fiscal environment for public-benefit foundations and other independent funders. The EFC also supports its members' lobbying efforts at national level, with the aim of ensuring fair treatment of foundations and encouraging the growth of philanthropic activity throughout Europe and the world.

WORK ON LEGAL AND FISCAL ISSUES

European foundation statute

2008 was a year of progress along the path towards the creation of a European Foundation Statute, which is a long-standing objective of the EFC. Two German Research Institutes, the Max Planck Institute for International Private Law (MPI) and the Centre for Social Investment at the University of Heidelberg (CSI) completed the feasibility study on a European Foundation Statute and submitted it to the European Commission in December 2008. The study, which examined the need for and feasibility of a new European legal form for foundations, will be made public in 2009. Initial outcomes indicated that the European foundation sector is larger than previously thought, and carries out extensive cross-border activities which are hampered by significant legal, fiscal and administrative barriers.

The EFC Legal Committee and Advocacy Task Force monitored the development of the Feasibility Study and stepped-up advocacy work on the Statute. An EFC delegation met officials of the European Commission Directorate-General for Internal Market and Services on 31 March to press the case for a European Foundation Statute and asked the Commission to submit a legislative proposal to the Council and Parliament no later than 2010. The Centre also discussed the need for a Statute with Members of the European Parliament, at an event organised in cooperation with Manuel Medina Ortega MEP on 17 September. A Frequently Asked Questions (FAQ) document, which aims to address both misconceptions and reservations about what a European Foundation Statute could help to achieve, was published in July. The EFC has also contributed at various other EU-level and national meetings regarding the need for a Statute.

www.efc.be/projects/eu/legal/efcefs.htm

National foundation law developments

In October, the Bulgarian Ministry of Finance issued a legislative proposal which would cut off incentives for donations and legacies to most public-benefit organisations. The EFC also learned that the German government had issued a legislative proposal which would mean that to qualify for tax exemptions, German and foreign-based organisations would have to support the 'general public' by either helping people residing in Germany or by pursuing activities which benefit Germany's international reputation. The EFC reacted immediately by issuing statements on both matters in cooperation with the national associations of donors in both countries, and has since learned that the Bulgarian proposal has been withdrawn. Meanwhile, the German law was adopted with less restrictive language which states that an organisation may benefit from tax-exemptions if the activities being carried out have a possibility of improving Germany's international reputation.

www.efc.be/projects/eu/legal/

Value Added Tax (VAT) and public-benefit foundations

The EFC has long been concerned that public-benefit foundations are treated unfairly by the current VAT system. Foundations are considered to be the final consumer, with no possibility of reclaiming VAT, while commercial companies may pass on the cost of VAT when they sell their products or services. In 2008, the EFC's Legal Committee put together an information note on VAT together with the Donors and Foundations Networks in Europe (DAFNE) and the European Charities' Committee on VAT (ECCVAT), and launched a survey among the EFC membership in order to get a better idea of how much is lost on VAT and how the situation could be improved. Some 30 EFC members reported that they are losing significant amounts of money (on average, around €1 million per foundation per year) on VAT payments which cannot be claimed back. This work will feed into an upcoming EU consultation on the VAT treatment and taxation of public bodies and the future of social exemptions.

Updated legal and fiscal country profiles

In 2008, the EFC updated and extended the legal and fiscal country profiles on foundations' operating environments in the EU, following the previous country profile publication in 2007. The extended profiles now include more information on how the concept of 'public-benefit' is defined in the various Member States of the European Union.

www.efc.be/projects/eu/legal/country_profiles.asp



© David Ausserhofer, Körber-Stiftung

RELATIONS WITH THE EU INSTITUTIONS

Shaping EU debate on foundations' transparency and accountability

The EFC actively monitored the European Commission's reflection on the accountability and transparency of foundations, which took place in the context of EU work on the prevention of financing criminal and terrorist activities. The EFC's efforts aimed to ensure that any EU-level response and possible measures are proportionate and do not 'overburden' foundations with costly compliance procedures and undermine or discourage legitimate international activities.

The EFC provided input into two studies commissioned by the European Commission (EC): on the alleged abuse of Non-Profit Organisations (NPOs) for terrorist financing; and on public and self-regulatory initiatives to improve the transparency and accountability of NPOs in the EU. These studies aimed at identifying good practices and setting out recommendations to address shortcomings through regulatory and other means at national and European levels. The EFC also took part in the Commission's "experts meetings", which gathered representatives of European NPO umbrella organisations, Member States and oversight organisations – thereby ensuring that EFC members' concerns and views were taken into consideration.

Further contributions were made to a consultation on the European Commission's Code of Conduct for Interest Representatives, which is a key element of the European Transparency Initiative that was launched in 2005.

Cooperation in the fields of education and culture

In 2008 the EFC re-established contacts with the European Commission regarding foundations' role in the fields of education and culture and their contribution to EU action in these areas. Speaking at the EFC annual conference during the session "A European agenda for culture: Fostering creativity in the European society", Odile Quintin, the Commission's Director General for Education and Culture, discussed with foundation representatives possible areas for involvement in the new European Agenda for Culture. In subsequent meetings, the Commission has confirmed its interest in receiving foundations' input to the policy and reflection process on education and youth policies and citizenship, as well as in the framework of the European Year of Creativity and Innovation (2009).



© Moreno Carbone, Fondazione Carispe

The European Forum on Philanthropy and Research Funding

Following its launch in December 2007, the European Forum on Philanthropy and Research Funding focused on evaluating the outcomes and impact of research, and the ethics and governance involved in funding research. Three workshops were organised for foundations to start sharing experiences and practices, and to identify common concerns in these fields. The discussion benefited from the experience, knowledge and input of recognised international experts in science evaluation, and officials of the European Commission's Directorate General for Research. 'Partnerships in research' was the theme of the Forum's second annual conference (in Milan on 2 December 2008) hosted by Fondazione Cariplo, which brought together some 130 delegates from Europe and

beyond. The strong participation in the event confirmed the high level of interest in the Forum from foundations and other stakeholders and their eagerness to work together.

Other positive developments reflecting the important contributions foundations make in the field of science, EFC members (colleagues from the Robert Bosch Stiftung and Fundação Calouste Gulbenkian) were nominated to the European Research Advisory Board which advises the European Commissioner in charge of science, and to the governing board of the new European Institute of Technology.

The European Forum on Philanthropy and Research Funding is an EFC-led initiative supported by individual funders and the European Commission, to promote philanthropic funding for research. The Forum also documents foundations' practices.

www.efc.be/research_forum



Research Forum on Philanthropy and Research Funding
© Fondazione Cariplo

Telling the Story of European Philanthropy

Understanding the European foundation sector, and communicating its activities, is central to building an identity and infrastructure for foundations and other independent funders in Europe.

COMMUNICATING

Effect magazine

The EFC has continued to publish Effect magazine, which tells the story of foundations in Europe. Three issues of Effect were produced during the year, focusing on the themes of creativity, diversity and endowment investment respectively. The magazine highlights the important work undertaken by EFC members and other European funders. Effect covers their impact and role, sectoral trends, and the political, legal and fiscal environments they work in.

www.efc.be/effect



EFC Photo Competition

The annual EFC Photo Competition - "Every Picture Tells a Story" - provides a unique opportunity for EFC members to show the positive impact of the activities they are supporting. The 10 finalists were displayed during the 19th EFC AGA & Conference in Istanbul, Turkey.

Francis Charhon, Chief Executive Officer of Fondation de France, accepted the 2008 EFC Photo Competition Award on 31 May during the closing plenary of the conference. Mr Charhon said that "philanthropy is about involvement, passion and heart, which are all well conveyed by the winning entry".

www.efc.be/membership/photo/2008comp.htm

A young woman dressed as a clown with a red hat, sunglasses, and a large red nose, smiling and touching the face of an elderly man. The clown has white face paint, red lips, and a red nose. She is wearing a green and yellow patterned top and a red hat with sunglasses and green pom-poms. The elderly man is looking up at her with a slight smile. The background is a bright, colorful wall with orange and yellow tones.

EFC Photo Competition winner 2008: 'Annabelle the Clown'

The winning entry of the 2nd Annual EFC Photo Competition was "Annabelle the Clown". It shows a young lady dressed as a clown, visiting an elderly patient with an advanced progressive disease. By using her face and jokes, Annabelle the clown is able to relight a flame in the eyes of the patient.

© Francesco Acerbis, Fondation de France

DOCUMENTING

Surveying the sector

In May 2008, the EFC published "Foundations in the European Union – facts and figures", a publication which presents the results of work carried out by the EFC's Research Task Force (RTF), a successful collaboration between a range of partners including several EFC members, national associations of donors and researchers. The publication contains the findings of the second RTF survey of European foundations (2006-2008), as well as explanatory notes on some of the key aspects of foundations' regulatory and operating frameworks.

www.efc.be/projects/eu/research/FactsFigs.htm

FOREMAP

In January 2008, the EFC signed a contract with the European Commission, under the Seventh Framework Programme (FP7), to co-fund an 18-month project called 'Foundations Research and Mapping' (FOREMAP). The project aims to develop a methodology that can be used across the EU to understand and document foundations' activities in the field of research. Over the course of 2008, the EFC developed the methodology and convened the project's Scientific Advisory Committee, which provided the necessary input for its revision. Research partners were then selected to apply the methodology in a pilot study, involving four EU countries.

www.efc.be/foremap/

Strategic relationships

The EFC has continued to develop existing and new relationships with a range of organisations involved in researching and documenting the foundation sector, at national, European and international levels. Based on these relationships, the EFC started work on building a common internet platform that could be used to share knowledge on the foundation sector.

Information services

Throughout 2008, the EFC responded to an increased frequency of requests from members for information on a wide variety of topics related to the work of other members and the European foundation sector as a whole. These information services have helped EFC members wishing to identify interested stakeholders and potential partners, as well as best practices and programming opportunities. Although priority is given to members, the EFC also answers enquiries from a range of non-member organisations and individuals.

www.efc.be/projects/knowledge/InfoServices.asp

Knowledge management tools

The EFC has completed the first phase of the implementation of a customer relationship management (CRM) system. The new system enables the EFC secretariat to build an integrated database containing information on events management, contacts, grants and membership administration, and member organisation profiles. 2008 also saw significant progress towards the renewal of the EFC website. The aim of the new structure, which is scheduled for implementation in 2009, is to harness recent developments in internet technology in order to provide EFC members with a space to access and share information and knowledge.



© T. Predescu, King Baudouin Foundation

Benchmarking and capacity-building

Benchmarking the sector and boosting independent funders' professional capacities are key to strengthening Europe's philanthropic infrastructure. EFC ensures benchmarking, cooperation with other organisations and networks, takes account of global standards, and feeds into the Centre's capacity-building events to fund professionals.

Annual General Assembly (AGA) and Conference: Fostering Creativity

The EFC's annual conference is the premier event for major independent funders in Europe, and gives foundation executives an opportunity to network with peers from around the world, to share ideas and enhance their professional capacities.

The EFC's 19th Annual General Assembly (AGA) and Conference, 'Fostering Creativity', attracted 631 delegates - a 6% increase from the 2007 AGA & Conference. Representatives from foundations, corporate funders, multilateral organisations, and governments, used the conference as a fertile ground to exchange, in imaginative ways, innovative best practices in grantmaking. The conference programme included a special plenary session in the format of a mock trial, during which foundations were accused of failing to realise their full potential in tackling the global challenges threatening humanity. One series of sessions highlighted innovative approaches to programming, while others focused on how to build effective organisations, how to foster partnerships, and how to tackle global issues.

www.efc.be/aga



© Levent Kulu

Capacity-building

Over 2008, the EFC Capacity Building Committee commissioned a review concerning the future direction of EFC capacity-building activities. The EFC membership and partners responded in force, with over 100 organisations participating in the review, the result of which is the report "Building Talent and Excellence within Foundations", written by David Carrington. Encouragingly, those consulted strongly agreed that there is a unique leadership role for the EFC to play regarding capacity-building at the European level which would complement the various national approaches. Building from this review, in 2009 the EFC capacity-building programme will return with a new approach and fresh ideas.

www.efc.be/projects/pippip/

Philanthropy Institute Programme

6th Chief Executive Symposium "The Chief Executive and the Foundation Board: Strategies for Success", 7-9 April 2008

How can a CEO get the best out of a foundation board? That question was at the heart of the 2008 Chief Executive Symposium in Milan, hosted by Fondazione Cariplo at La Scala opera house and organised with the help of John Healy, Centre for Nonprofit Management. A lively discussion, which involved over 30 foundation leaders, covered issues ranging from the importance of good governance and the wide diversity of board systems, to tackling the communications deficit and ensuring people with different values can claim their board seat.

www.efc.be/projects/PIPPIP/pastevents.htm#CES08

International Fellowship Programme for Learning and Exchange in Philanthropy

By enabling foundation and NGO staff members to spend from 3 to 12 weeks learning about another organisation, the International Fellowship Programme for Learning and Exchange in Philanthropy (IFP) aims to increase the capacity for leadership in the European civil society sector, disseminate knowledge and promote international cooperation among key stakeholders. Moving forward into its second phase with the support of a consortium of EFC members, in 2008 the IFP saw the participation of 15 fellows from 11 European countries, with a focus on topics such as advocacy, research and endowment management, community outreach and fundraising. The programme has been extended to include all European countries, and aims to increase intercultural participation and partnerships between both large and small third sector organisations.

www.efc.be/projects/ifp/



© International Fellowship Programme

Network-building

Partnership is vital for foundations and other independent funders. The EFC is a hub for European and global philanthropists, embracing partnerships with others, including governments, international organisations and universities. The EFC incubates ideas and potential projects, allowing members to test and develop possible partnerships. In 2008, the EFC Interest Group guidelines were adopted by the Network Building Committee. The guidelines outline the process of establishing and running interest groups, with the aim of facilitating their creation and strengthening them.

Building synergies

In an effort to build synergies and increase the coordination of the EFC's programmatic work, a meeting of the standing EFC Committee Chairs was organised following the autumn Governing Council meeting to allow them to liaise, discuss issues of relevance to their Committees, identify overlapping priorities and interests and start a conversation about aligning strategies for moving the four priorities of the EFC forward. The meeting also allowed for an informal exchange of views and impressions about each of the Committees and the EFC at large.

Grantmakers East Forum

The 2nd Grantmakers East Forum (GEF) was held in October 2008 in the beautiful, historic city of Dubrovnik (Croatia) gathering more than 150 participants from over 30 countries. Over two days and in four moderated and interactive plenary sessions, the GEF allowed participants to engage in discussions about key issues and trends shaping our societies today, such as sustainable development, culture, inclusiveness and philanthropy. Many lessons were learnt and much information was exchanged. The Forum closed with the final thought that the world is changing in front of our eyes, and so we should develop the culture of giving in different ways.

www.gef.efc.be



THEMATIC FUNDERS' NETWORKS

Disability Project and Interest Group

In 2008, the Disability Interest Group, chaired by Fundación ONCE, created an operational project focused on the UN Convention on the Rights of Persons with Disabilities, a groundbreaking international treaty that entered into force on 3 May 2008. Incubated by the EFC, the European Consortium of Foundations on Human Rights and Disability brings together foundations active in the field of disability and/or human rights, and civil society organisations, to combine “know-how”, expertise and resources. During two meetings held in Istanbul and in Brussels, the Consortium discussed its internal structure and work plan for 2009 and 2010. The DIG continued to chair the Disability Group of Social Economy Europe (SEE), the organisation representing cooperatives, mutualities, associations and foundations in Europe, which focused on the promotion of disability mainstreaming among social economy organisations and other civil society organisations.

www.efc.be/projects/disabilities/default.htm

Advancing Europe's role in global health

2008 saw the launch of the European Council on Global Health (ECGH), with foundation and government backing. The ECGH is operating from the Graduate Institute of International and Development Studies, Geneva. This initiative has been welcomed by the European Commission, the World Health Organisation and key stakeholders interested in global health. It reflects the fact that Europe is beginning to recognise the need for policy coherence, strategic direction and a value base in relation to global health. The EFC, through the European Partnership on Global Health (EPGH) has been at the forefront of developing a strong European voice on global health. The EFC and the ECGH have signed an agreement to continue their cooperation towards advancing Europe's leadership in contributing to global health.

www.efc.be/projects/health/default.htm

Diversity, Migration and Integration Interest Group

In 2008, the EFC Diversity, Migration and Integration Interest Group (DMIIG) organised two successful meetings focusing on two separate but interconnected areas, namely the importance of including, valuing and benefiting from diversity in communities, staff and boards of foundations (hosted by Volkswagen Stiftung in Bochum, Germany, April 2008), and addressing the theme of influencing migration and integration policy at local, national and European level (hosted by the Barrow Cadbury Trust in Birmingham, UK, December 2008).

On the theme of diversity, the DMIIG launched its 'Fostering Talent' initiative, which included the organisation of an AGA conference session on mainstreaming diversity as well as the preparation of a publication to champion the cause of diversity in the foundation sector - to be completed and published in 2009. Meanwhile, moving forward on its 'Migrant Voices' initiative, the DMIIG participated in the preparatory meeting for the EU Forum on Integration, the stakeholders' consultation on the European Website on Integration as well as organising a session at the 2008 EFC AGA and Conference on Europe's Muslim citizens.

www.efc.be/dmiig



© Christoph Blüthner, Freudenberg Stiftung

Environment

In 2007, a group of EFC members approached the Centre with a request for assistance to examine the state of environmental funding in Europe and explore the need for setting up an interest group in this field. As part of this work, the Centre conducted a mapping of the grants of major environmental funders; convened a series of workshops and learning calls; and developed an electronic digest and knowledge resources for environmental funders. The Centre also collaborated with environmental grantmakers' associations in the United Kingdom, USA, Canada and Australia on the development of a common taxonomy on environmental philanthropy. These activities revealed a clear interest in a more permanent learning and networking platform, with a specific organisation and work programme to be developed in 2009.

PARTNERSHIPS

Donors and Foundations Networks in Europe (DAFNE)

The EFC has continued to host the secretariat of the Donors and Foundations Networks in Europe (DAFNE), and support its institutional development and consolidation. Two meetings were held to further strengthen the DAFNE network and build the capacity of its members, while membership has grown to a total of 22 national associations. The DAFNE secretariat continued to facilitate exchanges of knowledge among established associations as well as providing information and knowledge to developing associations of foundations across Europe. A survey of DAFNE members was also carried out in 2008, collecting data about the membership and characteristics of the network's members.

www.dafne-online.eu

HIV/AIDS

The EFC provided input into the European HIV/AIDS Funders Group's annual report on resource flows for HIV/AIDS from European funders, which analyses data from 39 organisations. This is the fifth such report and the first to be closely harmonised with the resource tracking project of the US-based Funders Concerned About Aids and the UNAIDS categorisation system in order to improve data analysis and comparability. As part of its new business plan, the Group decided to base its secretariat at the EFC headquarters to ensure better knowledge-sharing and synergies.

www.efc.be/projects/aids/default.asp

WINGS Global Fund for Community Foundations

The EFC continued hosting the Global Fund for Community Foundations (GFCF) for the third year of a three-year pilot phase. Since 2006, the GFCF has awarded grants to 97 community foundations and philanthropy support organisations in 38 countries, totalling almost US \$1.8 million. Grantees included a community foundation initiative in Nigeria's oil rich and conflict-ridden Niger Delta, Romania's first two community foundations, a local community-based environmental fund in Mexico and an emerging community foundation in the east of Russia. Throughout 2008, the GFCF conducted an extensive consultation process regarding the Fund's incubation as an independent entity, including partner-led consultation activities in Brazil, the Philippines, Russia, Thailand and East Africa, an online survey and an African Philanthropy Symposium conducted in conjunction with TrustAfrica. As a result of this process, it was agreed that concrete steps should be made to move ahead with the incorporation of the Fund as an independent entity in 2009.

www.wings-globalfund.org

Foundations and development

Collaboration in the field of development cooperation was a central theme in the Centre's international work in 2008. In January, the EFC convened a roundtable of 20 foundation leaders to examine the particular characteristics of and challenges for collaboration in the development field, discuss different models and successful strategies, and identify key lessons learnt. The EFC assisted members by incorporating this knowledge into sessions at the EFC Annual Conference in Istanbul and by beginning to document cases of foundations' involvement in international development, to be published in 2009.

Gerry Salole, Chief Executive, took part in the Transatlantic Taskforce on Development, which was set up in March 2008 by the Swedish Ministry of Foreign Affairs and the German Marshall Fund of the United States. The Taskforce was given a one year mandate to develop a roadmap for new ways of working together towards addressing four key challenges: development, democracy, and security; climate change; food security; and effective support for development.



© Peter de Ruiter, Bernard van Leer Foundation

European Foundation Financial and Investment Officers Group (EFFIO)

The EFC continued to host EFFIO, an independent network of investment and finance directors of large European endowed foundations. EFFIO now has 24 members from 10 countries with combined endowment assets of over €55 billion. In April 2008, EFFIO and its American counterpart - the Foundation Financial Officers Group - convened the first joint conference on endowment investments. The event provided a rare opportunity for networking, information exchange and learning on investing in an increasingly complex global marketplace - in an atmosphere of mutual trust and confidentiality. Throughout the conference, participants explored differences and similarities in investment approaches and strategies between European and American foundations and discussed some of the underlying reasons, such as the regulatory environment, different governance and assets structures as well as diversity of foundation types. The EFC is increasingly collaborating with EFFIO members to build knowledge on investment issues and develop learning opportunities for European foundations, including sessions at the EFC AGA and the special feature on Endowment Investment included in the winter 2008 issue of Effect magazine.

www.efc.be/projects/effio/default.asp

Financial Statement 2008

Independent auditor's report

As agreed upon in the engagement letter dated 13 January 2009, we report to you in the context of our appointment as auditors. This report includes our opinion on the accompanying financial statements.

Unqualified opinion on the financial statements

We have audited the accompanying financial statements of European Foundation Centre AISBL as of and for the year ended 31 December 2008, prepared in accordance with the accounting policies referred to in the notes, and which show a balance-sheet total of EUR (000) 3.089 and a surplus for the year of EUR (000) 402.

The association's Management Committee is responsible for the preparation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of these procedures is a matter for our judgement, as is the assessment of the risk that the financial statements contain material misstatements, whether due to fraud or error. In making this risk assessment, we have considered the association's internal control relating to the preparation and fair presentation of the financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the financial statements taken as a whole. Finally, we have obtained from the Management Committee and association officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements of European Foundation Centre AISBL as of 31 December 2008 have been prepared in all material aspects to give the information required to be shown in accordance with accounting policies referred to in the notes.

Brussels, 16 April 2009

PricewaterhouseCoopers Réviseurs d'Entreprises, Represented by



Romain Seffer, Réviseur d'Entreprises

Balance sheet as of 31 December 2008 (in euros)

This is an extract from the full "Financial Statement". An integral copy of the "Financial Statement", "Notes to the Financial Statement", and the "Independent Auditor's Report" for the year ended December 31st 2008, is available from the EFC secretariat in Brussels.

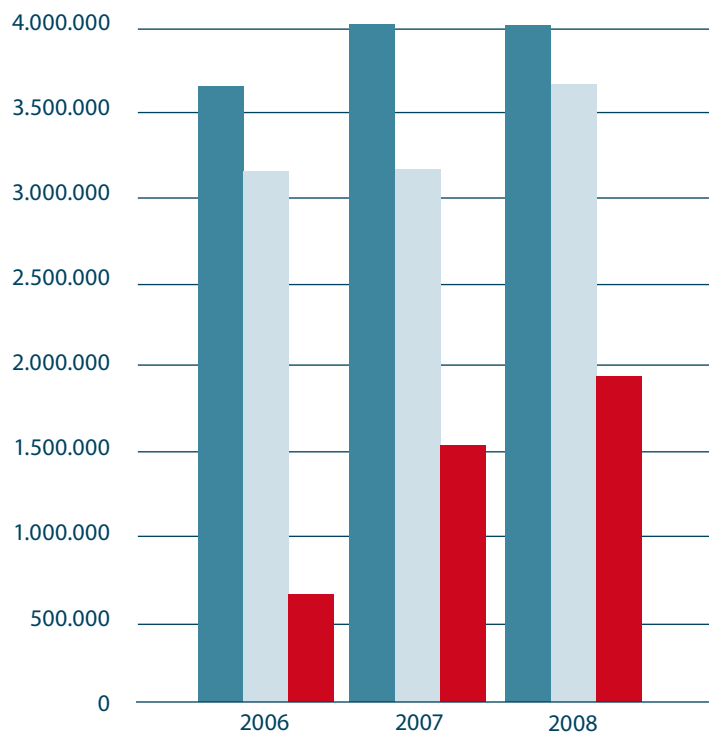
ASSETS	31.12.2007	31.12.2008
	(euros)	(euros)
Fixed assets		
Fixed assets	88.576	67.199
Cash Guarantees	5.400	5.675
	93.976	72.874
Current assets		
Accounts receivable	1.714.710	283.085
Deposits	296.929	1.035.189
Cash and bank	2.278.775	1.572.424
Deferred charges and accrued income	44.920	125.037
	4.335.333	3.015.735
Total assets	4.429.309	3.088.609
FUNDS AND LIABILITIES	31.12.2007	31.12.2008
Funds		
Starting Property	41.260	41.260
	41.260	41.260
Reserves		
Social reserve	545.839	545.839
Programs reserve	697.827	1.047.827
Investment reserve	250.000	300.000
	1.493.666	1.893.666
Surplus / prior years	16.472	18.439
Provisions for tax expenses	1.300	1.300
Liabilities		
Current liabilities		
Accrued holiday entitlements	194.928	154.039
Accounts payable	264.653	170.491
Deferred income and accrued charges	1.981.559	663.442
Global Fund reserve	435.472	145.973
	2.876.611	1.133.945
Total funds and liabilities	4.429.309	3.088.609

Statement of income and expenditure for the year ended 31 December 2008

INCOME	31.12.2007	31.12.2008
	(euros)	(euros)
Income from contributions	2.273.434	2.479.738
Income from projects	1.231.997	1.090.945
Other income	223.762	210.839
Global fund	345.578	289.499
Total income	4.074.771	4.071.022
EXPENDITURE		
Ordinary expenditure	2.819.749	3.377.455
Global currencies conversion	22.795	2.101
Global Fund	345.578	289.499
Total expenditure	3.188.122	3.669.055
Surplus for the year	886.649	401.967
Surplus carried over from 2007	-	-16.472
Transfer to the social reserve	105.060	-
Transfer to the programs reserve	515.117	350.000
Transfer to the investments reserve	250.000	50.000
Surplus / prior year	16.472	18.439
Net result	0	0

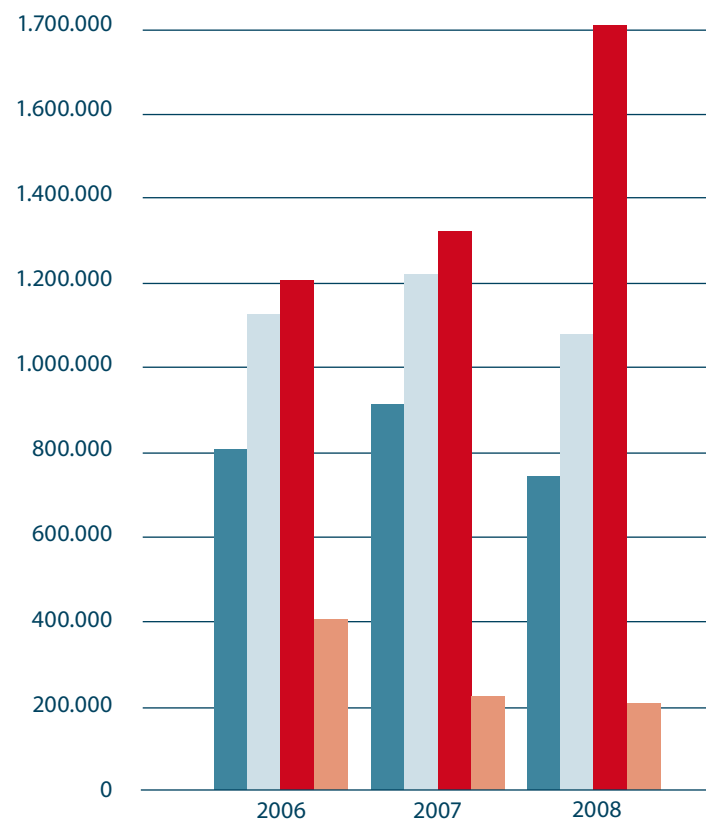
Income and expenditure 2006-2008, in euros

	2006	2007	2008
Total income	3.603.972	4.074.771	4.071.022
Total expenditure	3.232.496	3.188.122	3.669.055
Funds available end of year	664.749	1.534.926	1.934.926



Sources of income 2006-2008, in euros

	2006	2007	2008
Membership contributions	808.963	933.182	769.900
Projects	1.170.764	1.231.997	1.090.945
General purpose grants	1.206.192	1.340.252	1.709.838
Other income	418.053	223.762	210.839



Membership 2008

In 2008, the EFC implemented the new membership fee structure agreed by the Annual General Assembly (AGA) of Members in June 2007. With the aim of increasing the sustainability of the EFC, all members were asked to pay the new membership fee of €4,000 per calendar year. In addition to this, members were also encouraged to contribute a voluntary proportional membership contribution, based on their spending and assets. Significantly, over 2008 European foundations rose to the challenge and brought the proportion of EFC's income from membership contributions up to 49%, while in 2007 this figure was only 23%.

In 2008, the EFC also welcomed 32 new members. At the year-end, the EFC had a total membership of 231 voting members, from 40 different countries.

Members

Academy of European Law Trier	Eugenides Foundation	Fondazione Cassa di Risparmio di Cesena	Fondazione Roma
Adessium Foundation	Eurasia Foundation	Fondazione Cassa di Risparmio di Cuneo	Fondazione Silvio Tronchetti Provera
American Express Foundation	European Cultural Foundation	Fondazione Cassa di Risparmio di Fermo	Fondazione Varrone Cassa di Risparmio di Rieti
Atlantic Philanthropies	Evens Foundation	Fondazione Cassa di Risparmio di Ferrara	Ford Foundation
Aydin Dogan Vakfi	Evkaf Foundation	Fondazione Cassa di Risparmio di Fossano	Foundation 'Anastasios G. Leventis'
Bank of Cyprus Cultural Foundation	Ewing Marion Kauffman Foundation	Fondazione Cassa di Risparmio di Lucca	Foundation for Polish - German Cooperation
Barrow Cadbury Trust	Fondation Bernheim	Fondazione Cassa di Risparmio di Modena	Foundation for Polish Science
Bernard van Leer Foundation	Fondation Charles Leopold Mayer pour le progrès de l'Homme	Fondazione Cassa di Risparmio di Padova e Rovigo	Foundation for World Agriculture and Rural Life
Bertelsmann Stiftung	Fondation de France	Fondazione Cassa di Risparmio di Parma	Freudenberg Stiftung GmbH
Bodossaki Foundation	Fondation Ensemble	Fondazione Cassa di Risparmio di Perugia	FRIDE
Boghossian Foundation	Fondation François-Xavier Bagnoud*	Fondazione Cassa di Risparmio di Pistoia e Pescia	Friends Provident Charitable Foundation
Bogliasco Foundation	Fondation MACIF	Fondazione Cassa di Risparmio di San Miniato	Fritz Thyssen Stiftung
Breuninger Stiftung GmbH	Fondation Mérieux	Fondazione Cassa di Risparmio di Terni e Narni	Fundação Assistência Médica Internacional
Carnegie United Kingdom Trust	Fondazione Adriano Olivetti	Fondazione Cassa di Risparmio di Torino	Fundação Bissaya Barreto
Carpathian Foundation International	Fondazione Banca del Monte di Lucca	Fondazione Cassa di Risparmio di Udine e Pordenone	Fundação Calouste Gulbenkian
Cera	Fondazione Banco di Sardegna	Fondazione Cassa di Risparmio di Bologna	Fundação Eng° António de Almeida
Charities Aid Foundation	Fondazione Banco di Sicilia	Fondazione Cassa di Risparmio in Bologna	Fundação Eugénio de Almeida
Charles Stewart Mott Foundation	Fondazione Cariplo	Fondazione Cassa di Risparmio Salernitana	Fundação Luso-Americana para o Desenvolvimento
Citi Foundation	Fondazione Cassa dei Risparmi di Forlì	Fondazione del Monte di Bologna e Ravenna	Fundação Oriente
City Bridge Trust	Fondazione Cassa di Risparmio della Provincia d'Aquila	Fondazione di Venezia	Fundació 'la Caixa'
Community Fund for Northern Ireland	Fondazione Cassa di Risparmio della Provincia di Chieti	Fondazione Edoardo Garrone Onlus	Fundación BBVA
Compagnia di San Paolo	Fondazione Cassa di Risparmio della Provincia di Teramo	Fondazione Europa Occupazione: Impresa e Solidarietà	Fundación Bertelsmann
Cultiva - Kristiansand Kommunes Energiverksstiftelse	Fondazione Cassa di Risparmio della Spezia	Fondazione Fondiaria Sai	Fundación Instituto De Empresa
Deutsche Bundesstiftung Umwelt	Fondazione Cassa di Risparmio di Alessandria	Fondazione Giangiacomo Feltrinelli	Fundación Juan March
Deutsche Stiftung Weltbevölkerung	Fondazione Cassa di Risparmio di Ascoli Piceno	Fondazione Giovanni Agnelli	Fundación Luis Vives
Deutsche Telekom Stiftung	Fondazione Cassa di Risparmio di Biella	Fondazione Italcementi Cav. Lav. Carlo Pesenti	Fundación MAPFRE
Diana, Princess of Wales Memorial Fund	Fondazione Cassa di Risparmio di Bolzano	Fondazione Monte dei Paschi di Siena	Fundación ONCE
DIE ERSTE österreichische Spar-Casse Privatstiftung	Fondazione Cassa di Risparmio di Bra	Fondazione Pescarabruzzo	Fundación Pedro Barrié de la Maza
Dmitry Zimin Dynasty Foundation	Fondazione Cassa di Risparmio di Carrara	Fondazione Rico Semeraro	Fundación SM
Egmont Fonden	Fondazione Cassa di Risparmio di Cento		Fundación Pedro Barrié de la Maza
Emirates Foundation			Fundación SM
Eni Foundation			Gemeinnützige Hertie-Stiftung
Ente Cassa di Risparmio di Firenze			Gerda Henkel Stiftung
			German Marshall Fund of the United States

Goldman Sachs Foundation
Haniel Stiftung
Helsingin Sanomat Foundation
Institusjonen Fritt Ord
International AIDS Vaccine Initiative
International Centre for Democratic Transition
International Renaissance Foundation
J. Paul Getty Trust
J.F. Costopoulos Foundation
Jacobs Foundation
Jerusalem Foundation
Johnson & Johnson Europe, Middle East, North Africa
Jordan River Foundation
Joseph Rowntree Charitable Trust
Joseph Rowntree Foundation
Karl Kahane Foundation
King Baudouin Foundation
Körber-Stiftung
Kraft Foods
Kronenberg Foundation
LankellyChase Foundation
Lehman Brothers Foundation Europe
Lloyds TSB Foundation for England & Wales
Lundbeckfonden
Madariaga European Foundation
Mama Cash Foundation
Marga und Kurt Möllgaard Stiftung
Mava Fondation pour la Nature
Medtronic Foundation
Microsoft EMEA
Mozaik Community Development Foundation
Nand & Jeet Khemka Foundation
National Foundation for Civil Society Development
New Eurasia Foundation
Northern Rock Foundation
Novo Nordisk Foundation
Nuffield Foundation
Oak Foundation
Open Estonia Foundation
Open Society Institute Sofia
Open Society Institute Brussels
Oranje Fonds

Plum Foundation
Prince Albert II of Monaco Foundation
Prins Bernhard Cultuurfonds
Pro Victimis Foundation
Rabobank Foundation
Realdania
Robert Bosch Stiftung
Rockefeller Brothers Fund
Rural Development Foundation
Sabanci Foundation
Sasakawa Peace Foundation
Schlumberger Foundation
Shell Foundation
Sigrid Rausing Trust
Slovenian Science Foundation
Sørlandets Kompetansefond
Soros Foundation - Latvia
Sparebankstiftelsen DnB NOR
St. Cyril and St. Methodius International Foundation
State Street Corporation
Stavros Niarchos Foundation
Stefan Batory Foundation
Stichting Fonds 1818
Stichting Levi Lassen
Stichting VSBfonds
Stiftelsen Konung Gustaf V:s 90- Årsfond
Stiftelsen Riksbankens Jubileumsfond
Stifterverband für die Deutsche Wissenschaft
Stiftung Braunschweiger Kulturbesitz
Stiftung Mercator
Stipendienfonds E.ON Ruhrgas
Suomen Kulttuurirahasto
Svenska Kulturfonden
Sygekassernes Helsefond
Third Sector Foundation of Turkey (TÜSEV)
TK Foundation
Trust for Civil Society in Central & Eastern Europe
United Nations Foundation
United Way International
Universal Education Foundation
Van Leer Group Foundation
Vehbi Koç Vakfi
Victor Pinchuk Foundation

Victoria Children Foundation
Vladimir Potanin Foundation
Vodafone Stiftung Deutschland
VolkswagenStiftung
Welfare Association
Wellcome Trust
Wood Family Trust
World Lung Foundation
ZEIT-Stiftung Ebelin und Gerd Bucerius

Associates

Academy for Educational Development
ADMICAL
Allavida
Alliance for Childhood European Network Foundation
AlphaMundi Group
American-European Community Association
CCF Kinderhilfswerk e.V.
Centre for European Policy Studies
Centre for Social Investment
Charity Fund "Ridniy Dim"
Chronicle of Philanthropy
Comic Relief
Concern Worldwide
EastWest Institute
EDC
EPFL
Euro-Mediterranean Foundation of Support to Human Rights Defenders
European Alliance of YMCAs
European Platform of Women Scientists
European Policy Centre
European Public Health Alliance
European Venture Philanthropy Association
European Women's Lobby
European Youth Forum
Factory Europe Ltd.
Fondazione ANDI Onlus
Fondazione della Provincia di Lecco
Fondazione Peppino Vismara
Forum for Active Philanthropy: Inform, Inspire, Impact GmbH
Foundation for Future Generations
FSG - Social Impact Advisors

Fundación Europea Sociedad y Educación
Fundación General de la Universidad Autónoma de Madrid
Fundación Intervida
Global Fund for Children
GuideStar International
HIVOS
Institut Aspen France
Institute for Policy Studies The Johns Hopkins University
Institute for Urban Economics
International Development Research Centre
International Foundation for Science
International Rehabilitation Council for Torture Victims
International Step by Step Association
International Visegrad Fund
Joods Humanitair Fonds (Dutch Jewish Humanitarian Fund)
Katholieke Universiteit Leuven
Migration Policy Group
New Philanthropy Capital
Promo P.A. Fondazione
Save the Children Federation, Inc.
Slovak-Czech Women's Fund
SODALITAS
StiftungsZentrum.ch GmbH
Theanon Charitable Foundation (Benefic Group)
UBS Philanthropy Services
World Future Council
World Savings Banks Institute

Subscribers

Center on Philanthropy at Indiana University
Friends of Europe
Global Initiative on Psychiatry
International Cultural Centre
Public Interest Law Initiative, Columbia University Budapest
VIA Foundation

Governing Council

Barrow Cadbury Trust
Bernard van Leer Foundation
Bertelsmann Stiftung
Bodossaki Foundation
Charities Aid Foundation
Charles Stewart Mott Foundation
Compagnia di San Paolo
European Cultural Foundation
Evens Foundation
Fondation de France
Fondazione Banca del Monte di Lucca
Fondazione Cariplo
Fondazione Giovanni Agnelli
Fondazione Monte dei Paschi di Siena
Fondazione Roma

Ford Foundation
Fundação Calouste Gulbenkian
Fundação Luso-Americana para o Desenvolvimento
Fundación ONCE
The German Marshall Fund of the US
Institusjonen Fritt Ord
Körber-Stiftung
Oranje Fonds
Robert Bosch Stiftung
St. Cyril and St. Methodius International Foundation
Stiftelsen Riksbankens Jubileumsfond
Svenska Kulturfonden
Third Sector Foundation of Turkey
Vladimir Potanin Foundation
VolkswagenStiftung

List current as at 31 December 2008

2008 was the first year that saw the election of the Governing Council and the Management Committee through a democratic process overseen by the Nomination Committee. Members were consulted on the composition of the governing organs through an electronic voting process and the new members of the Governing Council and Management Committee were formally approved at the AGA of Members in Istanbul, Turkey on 29th May.



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EFC Principles of Good Practice

All EFC members subscribe to the following principles:

1. Compliance

Foundations comply with the laws of the state in which they are based, and act in accordance with their bylaws. They comply with the international and European conventions to which their country of residency is party.

2. Governance

Foundations have an identifiable decision-making body whose members and successors should be nominated in accordance with established principles and procedures, and act with the highest ethical standards.

3. Informed policies, operations and support programmes

Foundations define a clear set of basic policies and procedures specifying their mission, objectives, goals and related programmes and review these on a regular basis.

4. Stewardship: management and finance

Foundations promote efficient organisation and work while ensuring prudent and sustainable management, investment strategies and procedures, and use of resources for public benefit. Foundations ensure proper accounting/bookkeeping according to established rules in the state in which they are headquartered. They may complement such rules with additional measures on a voluntary basis.

5. Disclosure and communication

Foundations act in a transparent manner and comply with the regulations concerning transparency in force in the countries in which they operate. They may complement such regulations with additional measures on a voluntary basis.

6. Monitoring and evaluation

Foundations organise appropriate monitoring and regular evaluation of their action and programmes.

7. Cooperation

Foundations share their know-how and experience with peer organisations and other relevant stakeholders to advance good practice and cooperate whenever appropriate, to maximise their impact in their respective fields of activity.