**ILLUSTRATIVE REPRESENTATION LETTER FOR ASSOCIATIONS (FOUNDATIONS)**

This illustrative representation letter includes the written representations as required by ISA 580 and the other standards in effect, taking into account the financial reporting framework applicable in Belgium. **It is assumed in this illustration that the auditor considers that no additional representations are required, and that there are no exceptions to the requested written representations.** If there were exceptions, the representations would need to be modified to reflect the exceptions.

This illustrative representation letter takes into account:

• the complementary standard (Revised in 2018) in addition to the ISAs applicable in Belgium and it proactively integrates the amendments made to it by the draft additional standard (revised version of 2020), pending its approval in accordance with article 31 § 3 of the law of 7 December 2016;

• the amendments made by Law of 7 December 2016 on the organisation of the profession and the public oversight of registered auditors; and

• the (new and revised) ISAs, as approved in Belgium (standard revised in 2018 on the application of the ISAs in Belgium); and

• the amendments made by the Code for Companies and Associations (CCA) and by the Royal Decree of 29 April 2019 implementing the Code for Companies and Associations, as from their entry into force on 1 January 2020.

The parts between [ ] indicate the items in the letter that will have to be amended.

(Association/foundation letterhead)

(Date)

(Addressed to the statutory auditor)

This representation letter is provided in connection with your audit of the annual accounts of the association's [association’s/foundation’s name] for the period ended [date]. This audit is performed for the purpose of expressing an opinion as to whether the annual accounts give a true and fair view of the association’s (foundation’s) assets, liabilities, financial position as at [date], as well as of the profit or loss for the period [of xxx months] ended at that date, in accordance with the financial reporting framework applicable in Belgium. The balance sheet total of the annual accounts as of the aforementioned date given is € [….],, and there is a profit/loss of € [….],.

Certain statements included in this letter are limited to the items considered to be material. An item is considered to be material if it involves an omission or misstatement that could, individually or in the aggregate, influence the economic decisions taken by users on the basis of these annual accounts. Materiality depends on the size and/or nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the misstatement or omission, or a combination of both, could be the determining factors.

We acknowledge our responsibility, as set out in the engagement letter dated [date][[1]](#footnote-1) and according to the law, as regards the preparation and fair presentation of the annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium.

This responsibility includes the design, implementation and monitoring of internal control measures for the preparation of annual accounts that are free from material misstatement whether due to fraud or error. It is also our responsibility to give you access to all information of which we are aware that is relevant to the preparation of the annual accounts (such as records, documentation and other matters), to any additional information you may request for the purpose of the audit, as well as unrestricted access to persons within the association [foundation] from whom you determined it necessary to obtain information.

Consequently, after having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, we confirm, to the best of our knowledge and belief, the information and statements we have provided to you for the purpose of your audit.

**Annual accounts**

All transactions have been recorded correctly, are reflected in the annual accounts and, where applicable, were appropriately disclosed in the annual accounts. We have recorded or, where applicable, described appropriately all liabilities, both actual and contingent, and information has been provided regarding them in accordance with the financial reporting framework applicable in Belgium. We have recorded in note [No X] of the notes to the annual accounts all the guarantees offered by the association [foundation] to third parties. More specifically, we have informed you of all known actual or possible litigation and claims, material financial commitments (e.g. those related to the use of financial instruments) and all commitments not taken up in the balance sheet and they have been appropriately recorded and/or disclosed in the annual accounts in accordance with the said financial reporting framework.

We have informed you of all plans or intentions that may significantly affect the carrying value or classification of assets and liabilities. Where appropriate, notes relating to these matters have been included in the annual accounts, in accordance with the financial reporting framework that applicable in Belgium.

The most significant assumptions used by us in making accounting estimates are reasonable.

The association [foundation] has a valid title to [all its] assets included in the annual accounts, and the granted or received securities and other rights on those assets have been disclosed in accordance with the financial reporting framework applicable in Belgium.

We have provided you with access to all information of which we are aware that is relevant to the preparation of the annual accounts, such as the whole accounting , accounting records, all related documentation and all minutes of the general meetings and meetings of governing bodies, management and supervisory boards, and all information relevant for your audit.

[We are of the opinion that the effects of uncorrected misstatements are not material, both individually and in the aggregate, to the annual accounts. A list of the uncorrected misstatements is attached to this representation letter (cf. Appendix 1).] [[2]](#footnote-2)

[There are no] [All] events and matters for which the financial reporting framework that applicable in Belgium require a correction of the corresponding figures [were identified and recorded correctly].

**Risk of fraud and internal control**

We acknowledge our responsibility for designing, implementing and maintaining an internal control in order to prevent and detect fraud. Internal control mechanisms have been designed and implemented within the association [foundation] with a view to prevent and detect fraud and errors. We have disclosed to you our assessment of the risk that the annual accounts may contain material misstatements as a result of fraud.

We have no knowledge [Where applicable: We confirm that we reported all cases ]:

a. of fraud – proven or suspected – – that we are aware of and in which management, employees who have significant roles in internal control or other persons were involved and that could lead to material misstatements in the annual accounts;

b. of allegations of fraud that could potentially have an effect on the annual accounts[, that we became aware of from employees, former employees, analysts, regulators or others].

**Subsequent events**

At this time we have no knowledge of other events subsequent to the date of annual accounts that require an adjustment or a disclosure in the notes, other than those which have already been taken into account.

**Going concern**

We believe that the use of the going concern assumption is justified. [*Where applicable:* We have provided you with our action plans developed for the future of our association [foundation]. These action plans set out the intentions of the governing body. We are not aware of factors that could compromise these action plans and the assumptions on which they are based. [[3]](#footnote-3)]

**Compliance with laws and regulations**

To the best of our knowledge, we believe that we have complied with the Law of 27 June 1921 on non-profit associations, foundations and European political parties and foundations, until 1 January 2020, and, as from 1 January 2020, the Code for Companies and Associations, as well as with the articles of association and the legal and administrative requirements applicable to accounting. We have disclosed to you all known or possible cases of non-compliance with the Law of 27 June 1921 on non-profit associations, foundations and European political parties and foundations until 1 January 2020 and, as from 1 January 2020, the Code for Companies and Associations, as well as with the articles of association and the legal and administrative requirements applicable to accounting whose effect should have been taken into consideration when preparing the annual accounts.

**Information on related parties**

We confirm the completeness of the information provided regarding the identification of the association’s [foundation’s] related parties, as defined in the financial reporting framework applicable in Belgium. In accordance with the said framework, relationships and transactions with related parties have been appropriately accounted for and the information in this regard has been disclosed in the notes to the annual accounts.

**Money laundering**

We have no knowledge of any Anti Money Laundering Law - infringements(law of 18 September 2017 on the prevention of money laundering and terrorist financing and on the restriction on the use of cash).

To our best knowledge and belief, we confirm that, for the financial year ended [date] and up to the date of this representation letter:

1. all transactions during the audited financial year are of a reliable and normal business nature, well-founded in accordance with the purposes of the association [foundation] as set out in the by-laws;
2. there have been no transactions involving real estate property that involved the payment or receipt of cash;
3. there have been no transactions involving moveable property, provision of services or several transactions that appear to be linked, for an amount greater than or equal to EUR 3000 for which payment was made or received in cash;
4. there have been no transactions in which funds from third parties were transferred via bank accounts of our association [foundation];
5. there have been no transactions with entities or persons registered in countries that have been classified by the Financial Action Task Force (FATF), the Organization for Economic Co-operation and Development (OECD), the European Union (EU) or the Belgian Audit Oversight College (CTR-CSR, see Circulaire 2018/01) as non-cooperative[, except for: …];
6. we have not granted or received equity participation, subscription to capital increases or loans from or on behalf of entities and/or persons registered in countries considered by the tax administration to be tax havens/offshore centres [, except for: …];
7. no offences or suspected offences were committed having the characteristics set out in Article 505 of the Belgian Criminal Code, such as abuse of corporate assets, fraud, serious tax fraud, whether organised or not, or corruption.

**Conflicts of interest**

We confirm that we have no knowledge of any conflict of interest as defined and described in the Company Code [Code for Companies and Associations] [except for [to be completed if necessary]].

**[Other information included in the annual report[[4]](#footnote-4)/annual report/activity report**

The management report on the annual accounts contains the information required by article 96 of the Company Code [article 3:48, § 2 of the Code for Companies and Associations], including the required description of the main risks and uncertainties to which the association [foundation] is exposed, its expected development or the circumstances that could considerably affect the future development of the association [foundation], and, where applicable, the justification of the application of the accounting valuation rules under going concern.

The following other information: [notes of the management, operational and financial audit or other similar reports originating from the governing body and addressed to the members or similar stakeholders or a statement by the chairman of the entity] is included in the annual report/activity report and the final version of such other information was provided to you in due time [*If applicable*: the final version of the following document[s] will be provided to you as soon as it is available and before we send it out and prior to the general meeting so that you can carry out the procedures required by ISA 720 (Revised).]

**Subsidies**

The association [foundation] has taken all necessary measures to avoid any dual subsidy for its costs, in particular in the area of financial reporting. It concerns the following measures: [...] (example: analytical accounting).

Regarding subsidized investments, the association [foundation] has recorded depreciation on goods that were acquired in this manner, and has recorded the subsidies as capital subsidies with the appropriate depreciation [with the exception of the following investments, for which it proceeded as indicated hereafter: […]

The association [foundation] has taken all necessary control measures with a view to verifying the expenditures of its partners to which it grants subsidies or with which it shares subsidies. These measures are: […]

In the light of the requirements made by the subsidizing body, the association [foundation] has estimated, the risk of repayment of the subsidies to the subsidizing body in the event that the expenditures should prove not to be eligible.

**Other information**

- [Fill in if applicable]

**Filing of the annual accounts**

We confirm to you that the filing of annual accounts was made at the registry of the commercial court (a copy of the filed annual accounts for the prior period and the filed statutory auditor's report in annex).

- **[*if applicable***: **Corresponding figures]**

[The corresponding figures relating to the previous financial year for [specify the heading/sub-heading concerned] have been adjusted in the context of the comparison with the amounts relating to the audited financial year, and this adjustment was disclosed in accordance with Article 83, 2, of the Royal Decree of 30 January 2001 [Article 3:59,2 of the Royal Decree of 29 April 2019 implementing the Code for Companies and Associations [[5]](#footnote-5)]].

OR

[We have no knowledge of any necessary adjustments to the corresponding figures relating to the previous financial year in the context of the comparison with the figures for the audited financial year, and no disclosures are required in accordance with Article 83, 2, of the Royal Decree of 30 January 2001 [Article 3:59,2 of the Royal Decree of 29 April 2019 implementing the Code for Companies and Associations[[6]](#footnote-6)].]

Yours sincerely,

Managing Director Delegate for the day-to-day management
 (if applicable)

**Annex to the representation letter relating to the period ended XX/XX/20XX**

List of uncorrected misstatements:

The impact of these uncorrected misstatements was considered as not being of material importance.

[Insert uncorrected misstatements]

1. For ’public sector assignments’, no reference is to be made to the engagement letter. [↑](#footnote-ref-1)
2. *[If the legal representative disagrees]*:

We do not agree with the attached list of the uncorrected discrepancies identified in the course of the audit for the following reasons *(clarify the reasons of disagreement)*: […]. [↑](#footnote-ref-2)
3. This paragraph must be amended if facts or events are identified that could threaten continuity: ISA 570 (Revised) "Going Concern". [↑](#footnote-ref-3)
4. This only applies to associations other than small associations in accordance with Article 3:48 § 1 CCA and to foundations other than small foundations in accordance with Article 3:52 CCA. [↑](#footnote-ref-4)
5. Applicable as from 1 January 2020. [↑](#footnote-ref-5)
6. Applicable as from 1 January 2020. [↑](#footnote-ref-6)