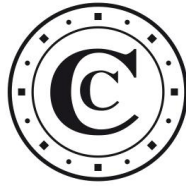


Cour des comptes



# THE TRANSATLANTIQUE ENDOWMENT FUND

Financial years 2018 to 2022

Organisation receiving donations

February 2025

# Executive Summary

## **An umbrella fund with a general-purpose mission, operating mainly in the fields of social welfare and health**

Established in 2012 by *Banque Transatlantique* to enhance its overall philanthropic policy, the Transatlantique endowment fund was also designed by its founder as a “*philanthropy incubator*”, aimed at encouraging individuals and organisations wishing to engage in public-interest initiatives by offering them an easy, turnkey solution for structuring their projects.

In 2022, it hosted sixteen sub-funds under its structure (three additional sub-funds were approved in 2023, bringing the total to 19). These sub-funds define their own sectoral priorities for action, in line with the general purpose of the Transatlantique Endowment Fund, but they do not have legal personality and are administered by the endowment fund.

As a general-purpose fund, it supports associations operating mainly in the fields of social welfare, health, and culture. Over the five-year period under review, it distributed approximately €7.2 million in financial aid (with an additional €2.3 million disbursed in 2023), the majority (€6.7 million) having been allocated by the hosted sub-funds.

It had equity of around €3 million in 2022, with total assets of €5.9 million (rising to €5.3 million in equity and €7 million in total assets in 2023). Its capital endowment, which had been non-consumable since the fund’s creation, became consumable from 2021 onwards, with the dual objective of providing greater flexibility in its asset investment strategy and generating more resources for the distribution of financial aid. In fact, as early as 2022, the endowment fund had to make an initial draw on its capital endowment, amounting to over €611,000, in order to cover its funding needs for the supported associations, in a context of declining resources linked to public generosity. Similarly, in 2023, the capital endowment was partially drawn upon again, for an amount of €538,000.

## **A founder who ensures exclusive control over the governance of the fund and its advisory body**

Composed almost exclusively of senior executives from *Banque Transatlantique*, the board of directors actively exercises its prerogatives as the governing body. To make key decisions regarding the financial management of its equity capital, it relies on an investment committee, itself composed of employees from the ranks of the founder or its banking group, whose professional added value is proven. It also fulfils in a satisfactory manner its responsibilities as an ‘umbrella’ fund, providing legal, financial and administrative support to the sub-funds it hosts.

In response to critical findings made following an internal audit requested by its Chairman, the endowment fund drew up a list of conflicts of interest in 2022 and put in place initial prevention mechanisms. It has also eliminated the significant risks of confusion that existed in the past by introducing, as of 2021, a principle of necessary separation between the responsibilities of investment committee members and discretionary management activities. Finally, it decided, from 2022 onwards, to liquidate all investment positions of the capital endowment held in financial products designed by the various entities of the banking group to which *Banque Transatlantique* belongs.

Although these corrective measures were implemented late, the new rules now in force can be considered broadly satisfactory in ensuring that the fund's financial management clearly meets the required standards of transparency, independence, and objectivity.

### **Room for improvement in financial reporting**

The financial statements published during the 2018 to 2022 financial years provided the general public and donors with accurate information on the activities of the endowment fund. However, there were some inaccuracies in the presentation of the income statement by source and allocation in 2022, and some incorrect accounting choices that led to the amounts shown under 'income from public generosity' being understated.

The endowment fund's social missions – consisting entirely of financial aid paid out – represent more than 93 % of the total use of resources published during the period, with fundraising costs being virtually zero and operating costs low. The latter are limited to relatively small amounts, thanks to the significant human and material contributions provided free of charge by *Banque Transatlantique* for the day-to-day administration of the fund.

However, the services provided are not governed by patronage agreements between the two parties and only some of them are recognised in the accounts as voluntary contributions in kind. It is important that the fund take the necessary steps without delay to remedy this situation so that the annual financial statements published give a true and fair view of all the resources at its disposal and the use made of them.

Finally, it seems appropriate for the board of directors to take a more direct role in addressing accounting presentation issues by approving, in full session, the necessary decisions regarding the rules for preparing the financial statements.

### **Internal procedures for outreach, selection, and oversight that require improvement**

While the largest hosted sub-fund in terms of financial capacity (€2.7 million in aid distributed over the period) issues annual calls for projects, the endowment fund itself, along with the other sub-funds, conduct their outreach work independently — sometimes through targeted communication on the websites of their founders, but more often by leveraging their personal and professional networks. It is desirable for the endowment fund to ensure that all hosted sub-funds with a general-purpose mission use open outreach methods which — while respecting the wishes of their founder(s) — can help guarantee the quality and diversity of submitted projects over the long term.

Although established within a solid framework and implemented in a generally satisfactory manner, the rules for examining applications paradoxically suffered from shortcomings in some of the largest hosted sub-funds. The fund remedied this at the end of the period under review. There is room for improvement in the final approval process for aid, which would benefit from reserving the decision-making power for certain significant financial support to the board of directors in full session and to it alone.

Finally, the engagement rules established by the endowment fund itself need to be applied systematically and rigorously, in order to prevent a recurrence of the legally fragile and questionable situations observed in recent years. Similarly, particular attention should be paid to monitoring the implementation of financial aid granted, which is currently carried out in a formal but insufficiently rigorous manner. This requires the inclusion of mandatory reporting provisions in all support agreements, which was not the case during the period under review, and could also take the form of the introduction of an audit right for the benefit of the fund.

### **Opinion of compliance**

Following its audit of the financial years 2018 to 2022, in light of the procedures it has carried out and within the limits of its powers under Articles L. 111-9 and L. 111-10 of the financial courts code, the Court finds that the expenditure incurred by the Transatlantique endowment fund during the years under review is consistent with the objectives pursued by the public appeal for donations and with the objectives it pursues in accordance with its bylaws.

# Recommendations

The Court makes the following recommendations:

1. Formally establish the existence and powers of the board of directors' office.
2. Secure the current delegations of authority through appropriate legal instruments.
3. Review the principles for valuing and allocating in-kind voluntary contributions.
4. Introduce provisions without delay requiring reporting obligations in the agreements established by the endowment fund for its direct aid.
5. Include a right of audit for the endowment fund in all support agreements.