

# Small Foundation

Directors' report and  
financial statements

**For the period ended 31 December 2009**

<i>Registered number</i>	<i>447577</i>
<i>Charity number</i>	<i>CHY17841</i>

# Small Foundation

## Directors' Report and Financial Statements

*For the period ended 31 December 2009*

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# Small Foundation

## Directors and other information

<b>Directors</b>	Tim Brosnan (Chairman) Mary Brosnan Conor Brosnan Anthony Gannon Mick Swift
<b>Charity number</b>	CHY17841
<b>Registered number</b>	447577
<b>Registered office</b>	1 Cavendish Row Upper O'Connell Street Dublin 1
<b>Auditor</b>	KPMG Chartered Accountants Registered Auditors 1 Harbourmaster Place International Financial Services Centre Dublin 1
<b>Bankers</b>	Bank of Scotland Ireland Bank of Scotland House 124-127 St. Stephen's Green Dublin 2  Bank of Ireland Ballsbridge Dublin 4
<b>Executive</b>	Tim Brosnan 1 Cavendish Row Upper O'Connell Street Dublin 1 <a href="mailto:timbrosnan@smallfoundation.ie">timbrosnan@smallfoundation.ie</a>  Anna Brosnan 3rd Floor Market Towers 1 Nine Elms Lane London SW8 5NQ <a href="mailto:anna.brosnan@smallfoundation.ie">anna.brosnan@smallfoundation.ie</a>

# Small Foundation

## Directors' report *(continued)*

The directors present their annual report and audited financial statements of Small Foundation (the "Company") for the year ended 31 December 2009, which will be laid before the members at the Annual General Meeting of the Company.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 1963 to 2009.

### **Principal Activity, Objectives and Review of Business**

The Company has engaged in charity activities with its main focus on alleviating extreme poverty in sub-Saharan Africa. The Company also makes grants to different charities for purposes relating to poverty alleviation, mental health, suicide prevention and educational opportunities for the disadvantaged.

To date the Company's main objective has been to help scale up livelihood-focused holistic development by increasing the capacity of NGOs that are expert in this type of development to influence the development policies of governments, supranational bodies, donors and NGOs and by itself engaging directly in research and dissemination activities. During the year, the Company made donations totaling €1,134,550 to 5 NGOs active in livelihoods-focused development in rural Africa. In addition, it organized seminars and workshops aimed at introducing new development thinking to those NGOs and others encouraging inter NGO collaboration towards the objective of influencing policy. It also commissioned research into the practice and theory of livelihood-focused development and new means

# Small Foundation

## Directors' report *(continued)*

### **Principal Activity, Objectives and Review of Business** *(continued)*

of disseminating the related concepts and implementation knowledge using web portals. A total of €164,419 was spent on this.

As a result of this research and its experience to date, the Company feels that, to achieve scaling up of effective development to the extent necessitated by the vastness of the problems in rural Africa, it needs to augment its existing strategy with fresh approaches to bring about the scaling up. The search for these approaches, and supporting them if and when they are found, will be an important focus for the Company for the immediate future.

Outside of Africa, a donation of €20,000 was made to The Ireland Fund of Great Britain in support of The Forgotten Irish campaign in the UK. The campaign is aimed at the now-ageing Irish men and women who emigrated to the UK in the decades after World War II and who remain there suffering from isolation, poverty and deprivation.

### **Company limited by guarantee**

The Company is a limited company by guarantee and was formed for promoting charity and intends to apply its profits, or other income, in promoting its objectives.

### **Principal risks and uncertainties**

The Company is envisaged to be funded in the initial years only by the founding members and their close associates with the hope that other donors may come forward in later years. The directors believe that the key risk to the Company relates to the potential negative impact on fundraising of uncertainties being experienced by the global economy. Another key risk is the reputational risk arising from supporting NGOs and causes that might bring the Company into ill repute with negative consequences for both its impact in Africa and its fundraising.

### **Results and dividends**

The operating deficit for the year amounted to €(44,629) (2008: surplus of €69,192). The Company prohibits payment of dividends to its members.

### **Post balance sheet events**

There are no post balance sheet events which require disclosure in, or adjustments to the financial statements.

### **Directors**

The names of the persons who were directors at any time during the year ended 31 December 2009 are set out on page 1. In accordance with the Articles of Association one third of the directors are required to retire by rotation at each annual general meeting. The directors to retire in every year shall be those who have been longest in office since the last election but as between persons who became directors on the same day, those to retire shall be determined by lot. A retiring director shall be eligible for re-election.

# Small Foundation

Directors' report *(continued)*

## **Books of account**

The directors are responsible for ensuring that proper books and records, as outlined in Section 202 of the Companies Act, 1990 are kept. The directors through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements. These books and records are maintained at the Company's registered office at 1 Cavendish Row, Upper O'Connell Street, Dublin 1.

## **Auditors**

KPMG, Chartered Accounts, were appointed as auditors by the directors on 5 February 2009 in accordance with section 160 (6) of the Companies Act 1963.

## **Taxation status**

The Company has received an exemption from taxation as a charitable organization and is registered under No. CHY17841. During the year, the Company also received approval for the Scheme of Tax Relief for Donations to Eligible Charities and other Approved bodies under Section 848A of the Taxes Consolidation Act 1997. The last Directors' Report inadvertently stated that this approval had been received at the time. This was incorrect (in fact, as the Company was then in existence for less than two years, it was not yet eligible for this status) and the Directors apologise for the error.

## **Thanks**

The Directors acknowledge with thanks the contribution of Anna Brosnan who came to work full-time for the Company during the year at zero cost to the Company. The Directors would also like to thank all the Company's service providers, especially those who worked pro bono.

On behalf of the board

*Director*

*Director*

Date: 5 July 2010

## Independent Auditor's Report to the Members of Small Foundation

We have audited the financial statements of Small Foundation for the year ended 31 December 2009, which comprise the statement of financial activities, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you whether, in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the parent company financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

## Independent Auditor's Report to the Members of Small Foundation *(continued)*

### **Basis of audit opinion** *(continued)*

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs as at 31 December 2009 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Companies Acts 1963 to 2009.

### **Other matters**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report on pages 2 to 4 is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

**KPMG**  
*Chartered Accountants*  
*Registered Auditor*  
1 Harbourmaster Place  
IFSC  
Dublin 1

**5 July 2010**

## Small Foundation

### Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 December 2009

	<i>Notes</i>	<b>Total funds 2009 €</b>	Total funds 2008 €
<b>Incoming resources</b>			
Incoming resources from generated funds:			
Voluntary income:			
Donations	2	2,872	3,272,837
Activities for generating funds:			
Investment income		54,638	129,607
		<hr/>	<hr/>
<b>Total incoming resources</b>		<b>57,510</b>	3,402,444
		<hr/> <hr/>	<hr/> <hr/>
<b>Resource expended</b>			
Donations to NGOs	3	1,134,550	1,476,158
Other resources expended	4	164,419	20,548
Governance costs	4	3,740	39,867
		<hr/>	<hr/>
<b>Total resources expended</b>		<b>1,302,709</b>	1,536,573
		<hr/> <hr/>	<hr/> <hr/>
<b>Net (outgoing)/incoming resources</b>		<b>(1,245,199)</b>	1,865,871
		<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of funds</b>		<b>2009</b>	<b>2008</b>
Total funds brought forward		<b>1,865,871</b>	-
Total funds carried forward		<b>620,672</b>	1,865,871

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities and arise from investment funds. The accompanying notes form an integral part of the financial statements.

On behalf of the board:

*Chairman*

*Director*

Date: 5 July 2010

# Small Foundation

## Balance Sheet

as at 31 December 2009

	<i>Notes</i>	<b>2009</b> €	2008 €
<b>Current assets</b>			
Cash and cash equivalents		636,922	1,885,866
Interest receivable		7,426	1,819
		<hr/>	<hr/>
<b>Net current assets</b>		644,348	1,887,685
Accrued expenses		(23,676)	(21,814)
		<hr/>	<hr/>
<b>Net assets</b>		<b>620,672</b>	1,865,871
		<hr/> <hr/>	<hr/> <hr/>
Unrestricted funds	7	620,672	1,865,871
		<hr/>	<hr/>
<b>Total funds</b>		<b>620,672</b>	1,865,871
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of the financial statements

On behalf of the board:

*Chairman*

*Director*

Date: 5 July 2010

# Small Foundation

Notes forming part of the Financial Statements  
*for the period ended 31 December 2009*

## **1 Accounting policies**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

### **(a) Basis of accounting**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The Company has presented the statement of financial activities and the balance sheet in the format set out in "Accounting and Reporting by Charities – Statement of Recommended Practice (revised 2005)".

### **(b) Fund accounting**

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Board for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

### **(c) Incoming resources**

All incoming resources are recognised by inclusion in the statement of financial activities only when the Company is legally entitled to the income, virtually certain of receipt, and the amounts involved can be measured with sufficient reliability. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable

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## Notes (continued)

### 1 Accounting policies (continued)

#### (c) Incoming resources (continued)

- Donated services and facilities are included at the value to the Company where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

#### (d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the Company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Company and may include the audit fees and costs linked to the strategic management of the Company.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

2 Donations	Unrestricted	Restricted	2009 Total
	€	€	€
Donations	2,872	-	2,872
	<hr/>	<hr/>	<hr/>
	2,872	-	2,872
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2008 Total
	€	€	€
Donations	3,272,837	-	3,272,837
	<hr/>	<hr/>	<hr/>
	3,272,837	-	3,272,837
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Small Foundation

Notes (continued)

<b>3 Donations to NGOs</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2009 Total</b>
	€	€	€
Relief Society of Tigray	66,612	-	66,612
Self Help Africa Group	250,000	-	250,000
Concern Universal	449,003	-	449,003
Ireland Fund of Great Britain	20,000	-	20,000
Farm- Africa	50,044	-	50,044
Africa Now	298,891	-	298,891
	<hr/>	<hr/>	<hr/>
	1,134,550		1,134,550
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2008 Total
	€	€	€
Relief Society of Tigray	113,244	-	113,244
Self Help Africa Group	750,314	-	750,314
Concern Universal	600,000	-	600,000
Ireland Fund of Great Britain	12,600	-	12,600
	<hr/>	<hr/>	<hr/>
	1,476,158	-	1,476,158
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>4 Total resources expended</b>		<b>2009</b>	2008
		€	€
Supported costs allocated to activities:			
<b>Other Resources Expended</b>			
Conferences and Seminars		<b>5,108</b>	-
Research & Consultancy		<b>159,311</b>	20,548
		<hr/>	<hr/>
Total other resources expended		<b>164,419</b>	20,548
		<hr/> <hr/>	<hr/> <hr/>
<b>Governance Costs</b>			
Stamp duty		-	32,404
Legal & professional		-	6,149
Rent		<b>3,497</b>	1,266
Bank charges		<b>221</b>	28
Miscellaneous		<b>22</b>	20
		<hr/>	<hr/>
Total Governance Costs		<b>3,740</b>	39,867
		<hr/> <hr/>	<hr/> <hr/>

# Small Foundation

Notes (continued)

## 5 Directors and Management Remuneration & Related Party Transactions

No members of the board of directors received any remuneration during the year (2008: Nil).

No member of the board of directors or other person related to the charity had any personal interest in any contract or transaction entered into by the Company during the period.

The Company has a rental agreement with a counterparty of which three of its directors are shareholders and directors.

## 6 Taxation

The Company has exemption from taxation as a charitable organization and is registered under No. CHY17841. The company also received approval for the Scheme of Tax Relief for Donations to Eligible Charities and other Approved bodies under Section 848A of the Taxes Consolidation Act 1997.

7	Movement in funds	At 31 December 2008	Income resources (incl. gains)	Outgoing resources	31 December Transfers	2009
		€	€	€	€	€
	Restricted funds	-	-	-	-	-
	<i>Total restricted funds</i>	-	-	-	-	-
	<b>Unrestricted funds:</b>					
	Designated fund					
	General funds	1,865,871	57,510	(1,302,709)	-	620,672
	<i>Total unrestricted funds</i>	1,865,871	57,510	(1,302,709)	-	620,672
	<b>Total funds</b>	1,865,871	57,510	(1,302,709)	-	620,672

# Small Foundation

Notes (continued)

## 7 Movement in funds (continued)

	At 31 December 2007	Income resources (incl. gains)	Outgoing resources	Transfers	31 December 2008
	€	€	€	€	€
Restricted funds	-	-	-	-	-
<i>Total restricted funds</i>	-	-	-	-	-
<b>Unrestricted funds:</b>					
Designated fund					
General funds	-	3,402,444	(1,536,573)	-	1,865,871
<i>Total unrestricted funds</i>	-	3,402,444	(1,536,573)	-	1,865,871
<b>Total funds</b>	-	3,402,444	(1,536,573)	-	1,865,871

## 8 Operating (deficit)/surplus

	€
Beginning balance, as at 31 December 2008	69,192
<b>Movement during year ending 31 December 2009:</b>	
Investment income	54,638
Less: Governance costs and other resources expended	(168,159)
	-----
Ending balance, as at 31 December 2009	(44,329)
	=====
	€
Beginning balance, as at 12 October 2007	-
<b>Movement during period ending 31 December 2008:</b>	
Investment income	129,607
Less: Governance costs and other resources expended	(60,415)
	-----
Ending balance, as at 31 December 2008	69,192
	=====

## 9 Cashflow Statement

The Company has availed of the exemption under financial reporting standard number (FRS) 1 (Revised 1996), "Cash Flow Statements" which only requires entities exceeding the threshold set from 6 April 2008 to prepare a cash flow statement. Threshold set relates to entities meeting two of three requirements set as follows: (a) €6.5 million gross turnover; (b) €3.26 million gross assets; and (c) 50 employees. The Company did not exceed any one of the threshold per FRS 1.

# Small Foundation

Notes *(continued)*

## **10 Post balance sheet events**

No significant events have taken place since the year end that that would result in adjustment to the financial statements or inclusion of a note thereto.

## **11 Approval of financial statements**

These financial statements were approved by the Board of Directors on 5 July 2010.