

# Small Foundation

(a company limited by guarantee)

## Directors' report and Financial statements

**For the year ended 31 December 2010**

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

# Small Foundation

## Directors' Report and Financial Statements

*For the year ended 31 December 2010*

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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>Website</b>	<a href="http://www.smallfoundation.ie">www.smallfoundation.ie</a>
<b>Auditor</b>	KPMG Chartered Accountants Registered Auditors 1 Harbourmaster Place International Financial Services Centre Dublin 1
<b>Bankers</b>	Bank of Ireland Ballsbridge Dublin 4
<b>Executive</b>	Tim Brosnan <a href="mailto:timbrosnan@smallfoundation.ie">timbrosnan@smallfoundation.ie</a>  Anna Brosnan <a href="mailto:anna.brosnan@smallfoundation.ie">anna.brosnan@smallfoundation.ie</a>

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## Directors' report *(continued)*

The directors present their annual report and audited financial statements of Small Foundation (the "Company") for the year ended 31 December 2010, 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's main focus is on alleviating extreme poverty in sub-Saharan Africa. The Company also makes grants to various charities in Ireland and the UK for purposes relating to poverty alleviation, mental health, suicide prevention and educational opportunities for the disadvantaged.

Hundreds of millions of people in sub-Saharan Africa live their lives in chronic hunger under the constant threat of famine. Most of these live in rural areas. The Company aims to contribute to changing this by being a catalyst for unleashing the transformative entrepreneurial potential of rural people. The key to this is the creation of a set of opportunities for subsistence farming communities through access to knowledge, finance, technology and markets. This access must be provided on a continent-wide scale.

The Company supports:

- A. NGOs with proven expertise in creating access to knowledge, finance, technology and markets.

# Small Foundation

## Directors' report (*continued*)

The support is aimed at strengthening the NGOs' capacity to implement their programmes, to advocate to policymakers for a greater emphasis on this type of development and to share their knowledge widely.

- B. Entrepreneurs in Africa (whether social or for-profit) with business-led approaches to spreading access to knowledge, finance, technology and markets.
- C. NGOs, cooperatives and commercial companies with business-based approaches to development including those involving a hub of commercial farming surrounded by out-grower schemes for smallholder farmers.

During the year, the Company made donations totaling €564,859 to four NGOs active in livelihoods-focused development in rural Africa. This support was aimed at categories A and B above. The Company has not yet made any direct investments or donations in category C but was instrumental in brokering a loan guarantee for a Zambian cooperative which enabled it to continue its progress. Our research on category C is at an advanced stage and we have begun negotiations with implementers.

In addition, the Company made some direct investments in advocacy during the year. It supported the Commission for Africa to produce a 5-year follow-up report on its seminal 2005 report, *Our Common Interest*. The report, *Still Our Common Interest*, can be seen at [www.commissionforafrica.info/2010-report](http://www.commissionforafrica.info/2010-report). It also funded the production of a report, *Climate Frontline – African Communities Adapting to Survive* and a related website. This report, coordinated by Utviklingsfondet/The Development Fund, Norway, was a collaborative effort by five NGOs and can be seen at <http://www.scribd.com/doc/22020668/Climate-Frontline>. The Company also developed its own website, [www.smallfoundation.ie](http://www.smallfoundation.ie), as an advocacy tool. These combined investments, together with some expenditure on research, conferences and seminars, amounted to €95,055.

During the year, the Chair of the Company participated in a UN forum on private sector involvement in African development.

### **Reserves policy**

The aim of the reserves policy is to maintain free reserves in unrestricted funds, to enable us to achieve our long-term strategic aims, and then to allocate these funds to projects as required. It is judged that there are sufficient resources to allow us to achieve our strategic aims over the next few years.

### **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. There is the risk that such donors may not materialise at a time when their funds are needed thus curtailing the Company's activities. The opposite risk also exists: that the Company will fail to find sufficient uses for its capital consistent with its policies and investment and donation criteria. This has proved to be the effective constraint on the Company's activities in the last two years. 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.

# Small Foundation

## Directors' report *(continued)*

### **Results and dividends**

The operating deficit for the year amounted to € (142,475); (2009: €(44,329)). 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.

### **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, Dublin 1.

### **Auditors**

The auditors, KPMG have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) 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. The Company has 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.

### **Thanks**

The Directors acknowledge with thanks the contribution of Anna Brosnan who worked full-time for the Company 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

# Small Foundation

Directors' report *(continued)*

*Director*

*Director*

Date: 08 June 2011

## 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 2010, 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 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 2010;
- 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.

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

**08 June 2011**

# Small Foundation

## Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 December 2010

	<i>Notes</i>	<b>Total funds 2010 €</b>	Total funds 2009 €
<b>Incoming resources</b>			
Incoming resources from generated funds:			
Voluntary income:			
Donations	2	751,742	2,872
Activities for generating funds:			
Investment income		3,651	54,638
		<hr/>	<hr/>
<b>Total incoming resources</b>		<b>755,393</b>	<b>57,510</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Resource expended</b>			
Donations to NGOs	3	564,859	1,134,550
Other resources expended	4	95,055	164,419
Governance costs	4	6,742	3,740
		<hr/>	<hr/>
<b>Total resources expended</b>		<b>666,656</b>	<b>1,302,709</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Net incoming/(outgoing) resources</b>		<b>88,737</b>	<b>(1,245,199)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of funds</b>		<b>2010</b>	<b>2009</b>
Total funds brought forward		620,672	1,865,871
Total funds carried forward		709,409	620,672

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: 08 June 2011

# Small Foundation

## Balance Sheet

as at 31 December 2010

	<i>Notes</i>	<b>2010</b> €	2009 €
<b>Current assets</b>			
Cash and cash equivalents		708,662	636,922
Interest receivable		747	7,426
		<hr/>	<hr/>
<b>Net current assets</b>		709,409	644,348
Accrued expenses		-	(23,676)
		<hr/>	<hr/>
<b>Net assets</b>		<b>709,409</b>	620,672
		<hr/> <hr/>	<hr/> <hr/>
Unrestricted funds	7	709,409	620,672
		<hr/>	<hr/>
<b>Total funds</b>		<b>709,409</b>	620,672
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of the financial statements

On behalf of the board:

*Chairman*

*Director*

Date: 08 June 2011

# Small Foundation

## Statement of Cash Flows

for the year ended 31 December 2010

	2010 €	2009 €
<b>Cashflows from operating activities</b>		
Net resources	88,737	(1,245,199)
Interest received	(5,590)	(54,638)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	83,147	(1,299,837)
<b>Changes in operating assets and liabilities</b>		
(Decrease)/increase in liabilities	(23,677)	1,862
	<hr/>	<hr/>
<b>Cash provided by/(used in) operations</b>	59,470	(1,297,975)
Interest received	12,270	49,031
	<hr/>	<hr/>
<b>Net cash provided by/(used in) operating activities</b>	71,740	(1,248,944)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents for the year</b>	71,740	(1,248,944)
Cash and cash equivalents at the beginning of the year	636,922	1,885,866
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	708,662	636,922
	<hr/> <hr/>	<hr/> <hr/>

# Small Foundation

## Notes forming part of the Financial Statements *for the period ended 31 December 2010*

### **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

# Small Foundation

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	2010 Total
	€	€	€
Donations	751,742	-	751,742
	<hr/>	<hr/>	<hr/>
	751,742	-	751,742
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2009 Total
	€	€	€
Donations	2,872	-	2,872
	<hr/>	<hr/>	<hr/>
	2,872	-	2,872
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Small Foundation

Notes (continued)

<b>3 Donations to NGOs</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>2010 Total</b>
	€	€	€
Self Help Africa Group	461,726	-	461,726
Send a Cow	15,828	-	15,828
Farm- Africa	51,383	-	51,383
Unreasonable Institute	35,922	-	35,922
	<hr/>	<hr/>	<hr/>
	564,859	-	564,859
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2009 Total
	€	€	€
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/>
<b>4 Total resources expended</b>		<b>2010</b>	<b>2009</b>
		€	€
Supported costs allocated to activities:			
<b>Other Resources Expended</b>			
Conferences and Seminars		<b>1,331</b>	5,108
Research & Consultancy		<b>1,223</b>	159,311
Advocacy		<b>92,501</b>	-
		<hr/>	<hr/>
Total other resources expended		<b>95,055</b>	164,419
		<hr/> <hr/>	<hr/> <hr/>
<b>Governance Costs</b>			
Legal & professional		<b>4,206</b>	-
Rent		<b>2,388</b>	3,497
Bank charges		<b>114</b>	221
Miscellaneous		<b>34</b>	22
		<hr/>	<hr/>
Total Governance Costs		<b>6,742</b>	3,740
		<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 (2009: 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.

## 6 Taxation

The Company has exemption from taxation as a charitable organization and is registered under No. CHY17841. The company also has 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 2009	Income resources (incl. gains)	Outgoing resources	31 December Transfers	2010
		€	€	€	€	€
	Restricted funds	-	-	-	-	-
	<i>Total restricted funds</i>	-	-	-	-	-
	<b>Unrestricted funds:</b>					
	Designated fund					
	General funds	620,672	755,393	(666,656)	-	709,409
	<i>Total unrestricted funds</i>	620,672	755,393	(666,656)	-	709,409
	<b>Total funds</b>	620,672	755,393	(666,656)	-	709,409



# Small Foundation

Notes (continued)

## 7 Movement in funds (continued)

	At 31 December 2008	Income resources (incl. gains)	Outgoing resources	Transfers	31 December 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

## 8 Operating (deficit)/surplus

Beginning balance, as at 31 December 2009	€ (44,329)
<b>Movement during year ending 31 December 2010:</b>	
Investment income	3,651
Less: Governance costs and other resources expended	(101,797)
Ending balance, as at 31 December 2010	(142,475)
	€
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)

## 9 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 08 June 2011.