

Company Registration No: 08794474

Charity Registration No: 1156082

HERTFORDSHIRE COMMUNITY FOUNDATION
DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018

CHAIRMAN'S STATEMENT

I have great pleasure in presenting the Trustees' Annual Report and Financial Statements for the year ended 31st March 2018.

As a funder to the voluntary sector, over the past year we have witnessed the very real challenges that our local charities and community groups face. On the one hand the demand for their services continues to increase and on the other, public sector budget cuts simply mean that there is less money available in the system for these services. There is some comfort that in response to this challenging situation, HCF has increased its grant giving by 72% to £804,126 (compared to £467,682 in 2016/17). In total 283 grants were awarded to deserving groups and organisations who help make Hertfordshire a better place for us all and to families living in crisis. Additionally over 40 grants were awarded through HCF Training & Development helping to develop those working in the county's voluntary sector.

Behind this achievement is the support and commitment of so many people. My gratitude goes out to you all, our donors, staff, volunteers and trustees and the many partners across the county who work with us to help strengthen our voluntary sector.

As Chairman, I would like to pay tribute to retiring trustee Cllr Teresa Heritage and to Foundation Director Jonathan Aves who left HCF in May 2017 after ten years at the Foundation. Their commitment, knowledge and contribution has been enormous and greatly appreciated by everyone involved with HCF. As we look to the future we are pleased to welcome Cllr Terry Douris, John Saner and Will Hobhouse as Trustees and Helen Gray as HCF's fourth Foundation Director.

Gerald Corbett
Chairman

Hertfordshire Community Foundation

INTRODUCTION

The trustees present their report and accounts for the year ended 31 March 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland published 16 July 2014.

ADMINISTRATIVE DETAILS

Trustees, staff and long term volunteers who served during the year and up to the date of this report were:

President

The Countess of Verulam

Ambassadors

The Foundation is advised by a group of people with a strong interest in the success of our work.

Trustees

Gerald Corbett	Chair of Trustees
Jill Burridge	Research and Impact Committee (Chair) and Communications & Development Committee
Jo Connell	Grants Committee (Chair), Staffing Committee (Chair), Audit, Governance and Research & Impact Committees
Cllr Terry Douris (appointed 01/07/17)	
Cllr Teresa Heritage (retired 30/07/17)	
Henry Holland Hibbert	Audit and Communications & Development Committees
Will Hobhouse (appointed 01/09/17)	Communications and Development Committee (Chair)
Brig. John Palmer DL	Governance Committee (Chair), Audit Committee
John Saner (appointed 10/06/17)	Governance Committee
Simon Tilley	Audit Committee (Chair)
Maggie Turner OBE	Grants and Research & Impact Committees
James Williams MBE	Staffing, Grants and Governance Committees
Penny Williams DL	Governance, Grants and Communications and Development Committees

Staff and Consultants

Jonathan Aves (to 23/05/17)	Foundation Director
Helen Gray (appointed 01/09/17)	Foundation Director
Alan Clarke	Finance Officer
Helen Doubal	Programmes Manager
Sarah Elliott	Project Manager (HCF Training & Development)
Danielle Hood	Marketing Officer
Caroline Langdell	Fund Manager
Ana Siewniak	Project Coordinator (HCF Training & Development)
Sarah Tisdall	Office Manager

Volunteers

Sarah Beazley	Grant support and special projects
Hannah Constantinidi	Grants and administration support
Nicola Stokes	Grants support

OBJECTIVES AND ACTIVITIES

Hertfordshire Community Foundation's (HCF) objectives, as set out in the governing document, are to benefit the community in the county of Hertfordshire and immediate area, in particular to advance education, protect mental and physical health and relieve poverty.

HCF is the natural port of call for grant making and philanthropy in the county of Hertfordshire. We work in partnership with individuals, companies and other organisations across every sector of the community to build a better life for all.

Hertfordshire is generally perceived as an affluent county. However, this hides the reality for many and Hertfordshire has places where need and deprivation is in the worst 10% in the UK - highlighted by HCF through its independent 'Hertfordshire Matters' research.

To meet this need, HCF offers a professional and flexible service to assist donors, whether individuals, companies or trusts, as well as public authorities and agencies to achieve their local charitable giving objectives.

HCF further endorses its charitable purposes for the public benefit through its vision and mission statements, together with its grant making policy.

Vision and Mission

Following a strategic review in January 2018, HCF's Vision and Mission statements were updated to the following:

Our Vision: To create a county of vibrant, inclusive communities where voluntary and community organisations thrive, enhancing the lives of the most disadvantaged people in Hertfordshire.

Our Mission: To help those in most need in Hertfordshire by raising funds and connecting philanthropy to community needs and opportunities.

This will be achieved by:

1. Understanding the needs and challenges in the county through our Hertfordshire Matters project to direct funds strategically and to advise donors.
2. Better understanding the impact of HCF's activities on both beneficiaries and the wider community.
3. Generating new and repeat funding by providing professional philanthropic services to all donors through informed advice and excellent stewardship.
4. Proving an efficient, effective and supportive grant making services targets to address identified need.
5. Developing a stronger, effective and more sustainable voluntary sector through HCF Training & Development.
6. Increasing HCF's profile amongst its key audiences
7. Ensuring HCF operates with financial sustainability

Public Benefit

The Trustees have referred to the charity commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and in planning future activities and can confirm that public benefit is delivered through:

- Building endowed funds and delivering pass through funding to provide long term sustainable grant making to the local community
- Providing professional philanthropy, grant making and corporate responsibility services
- Providing a grants programme for charities and the voluntary sector across Hertfordshire
- Undertaking research to identify need in Hertfordshire to inform the Foundation's grants strategy, engage with donors and demonstrate knowledge of the local community

Social Investment

In April 2014 a community resource was opened in the form of the Nigel Copping Community Building in Stanstead Abbots. HCF continues to work closely with its tenant, CVS Broxbourne and East Herts, ensuring the building serves as a community asset with fully equipped meeting rooms and a community hall.

Volunteers

The Foundation's activities, in particular in the areas of administration and grant support, are enhanced by the help of a small team of dedicated volunteers for which we are hugely grateful.

Grant Making Policy

When awarding grants, the Foundation aims to be fair, transparent, professional and effective. We want to ensure that we are open and accessible to the wide range of groups and causes who could benefit while remaining true to the wishes of our donors and the needs of the county.

The Grant Making Policy relates to the grant making activity within the Foundation and provides a clear and consistent guide and shows how we intend to operate to the highest grant making standards.

It is our intention that all grant making and fund development activities are co-ordinated to meet the needs and objectives of HCF, the individual fund holders, the grantees and the county as a whole.

ACHIEVEMENTS AND PERFORMANCE

The Trustees are pleased to report on behalf of its donors and funders that HCF has awarded 296 grants with a combined value of £804,126. This is the highest level of grant support distributed in the last 5 years and represents a 72% increase on the year 2016/17. In total HCF has awarded in excess of £11m in grant aid since it was founded in 1988.

In addition to its grant making activity, HCF now manages over 100 endowment funds on behalf of their donors. HCF's endowment fund now stands at £10,207,531. This represents a slight fall on the year end position in March 2017 reflecting a slight fall in the markets in the fourth quarter.

HCF also continues to support other groups directly with affordable rented office space and an accessible meeting room at Foundation House.

Grant making

HCF distributed a total of £804,126 reaching an estimated 52,800 beneficiaries

215 grants were made to 155 local groups and organisations. Grants were awarded from the following grant streams:

- £459,461 from our own Foundation and named funds with an average grant of £3,380
- £111,802 from the PCC Action Fund for Hertfordshire, supporting 26 groups with an average grant of £4,300
- £103,500 from the HCC Community Grants Programme, to 12 groups with an average grant of £8,639
- £26,738 from the Comic Relief Core Strength Programme, supporting 3 groups with an average grant of £8,913
- £30,000 from the Youth Social Action Fund plus £27,000 from the PCC match fund for YSAF supporting 14 groups with an average grant of £4,071

Hertfordshire Community Foundation

- £25,947 through HCF Training and Development's Workforce Development grants, supporting 23 organisations with an average grant of £1,128

68 grants were made to Individuals to a total value of £19,678 including:

- £13,188 through Hertfordshire Children's Fund grants programme supporting 63 families with an average grant of £208
- £6,490 to individuals from advised grants

£5,630 was returned from grants made in previous years:

- 3 groups returned funds underspent from projects unable to continue
- 1 individual grant returned due to a family no longer requiring an item requested

HCF Training and Development:

- HCF Training and Development provided training to 743 attendees across 59 courses in 2017/18
- 30 voluntary and community organisations received 1:1 advice and guidance from our team of advisors.
- HCF ran its first 'Building Effectiveness Programme' in 2017 with 10 participating organisations achieving excellent outcomes from the changes and improvements made through their efforts and with input from allocated advisors and mentors. A further 10 organisations are participating in 2018. The programme is funded for two years by the Garfield Weston Foundation and Will Hobhouse and further funding will be sought to extend the programme into the future.

FINANCIAL REVIEW

Financial position

The Foundation's endowment funds totalled £10,207,531 representing a 0.4% decline on the previous year. This year's accounts also show a small surplus ending a period of deficit, demonstrating robust financial management.

Income for grant making grew considerably during the year with £804,126 being distributed in grant aid including grants for training and development. This welcome increase was largely due to a number of new pass through funds which greatly bolstered the Foundation's grant making capacity.

- The total balance of funds at 31 March 2018 was £10,345,296 (2017: £10,386,278).
- Endowment funds totalled £10,207,531 (2016/17: £10,247,996). Of these funds, £607,619 (2016/17: £607,619) represents social investment (the Nigel Copping Community Building) that could only be realised by disposing of the assets.
- Restricted funds totalled £137,647 (2016/17: £135,267) and can only be used for purposes specified by donors.
- The balance of unrestricted funds at 31 March 2018 was £118 (2016/17: £3,015).
- The Foundation's income, including new income from fund development, totalled £1,212,195 (2017: £1,161,605).

Operations and governance

Undertaking the Foundation's charitable activity, taken as a percentage of overall activity, was 90.5% (84.0 % last year). Our governance costs, as a percentage of our overall costs, were 2.8% (4.2% last year). The cost of generating our income, as a percentage of our total income, was 9.6% (12.8% last year). Trustees will continue to keep such statistics under review to ensure HCF manages its operations effectively.

Investment policy and performance

Investments are held in accordance with the powers of the trustees set out in the Articles of Association. The investment objective is to achieve an overall return on the investments within the risk appetite set by the trustees and to provide financial returns to support stable and growing grant distribution across Hertfordshire.

During the year the Trustees appointed Rathbones as Investment Managers in addition to CCLA who are required to manage all funds raised under the Government's Community First programme.

The Board of Trustees meets with the Fund Managers twice yearly, with other contact between meetings as required. Total return for the year was -3.1% which compares to the market benchmark of -2.2%, and the peer group (ARC, Charity Steady Growth Index) of -2.9%. The Trustees look for a mix of income return and longer term capital growth, with an overall return in line with the market average for charities, measured against a leading benchmark.

The extent to which social, environmental or ethical considerations are taken into account in decisions that may affect the value of the funds is left to the discretion of the investment managers. The Trustees' policy is to delegate responsibility to the investment manager for the exercising of rights, (including voting rights) attaching to the investments.

The Foundation's assets are available and adequate to fulfil its obligations on a fund by fund basis.

Risk management

A register tracking potential major risks is monitored and reviewed at every Board of Trustees meeting and by the Governance Committee. The register identifies the risks, assesses the likelihood of an occurrence and the impact should it occur. It then identifies how the risk can be mitigated and specific actions required with, where appropriate, a timescale.

The Trustees have identified the possible financial risks as the risk of a failure to control expenditure or to generate income to budget, for example investment performance. The risk of fraud by staff, volunteers or Trustees authorised to make payments or commit expenditure and failure to raise sufficient additional funds. Having considered the major risks to which the Foundation is exposed, the Trustees believe that they have systems in place to mitigate those risks.

Reserves policy

The Trustees have considered the level of unrestricted reserves necessary to ensure the continuation of Hertfordshire Community Foundation's activities for the foreseeable future. This assessment is ongoing and is part of the Board of Trustees' financial risk management.

The Foundation's unrestricted reserves derive from contributions levied for the delivery of grant programmes and the management of funds, donations, sponsorship, events and gifts from both corporate and private sources. As a result the Trustees believe that there is no justification for holding significant unrestricted reserves.

PLANS FOR THE FUTURE

1. Develop local philanthropy and income
2. Deliver impactful grant programmes that address local need
3. Provide community leadership through research and training opportunities
4. Continue to improve operational systems to deliver service excellence

Strategic Objectives

1. To award grants totalling in excess of £1 million per year by the year 2028 to tackle need and deprivation across Hertfordshire
2. To become the county's "go to" place for philanthropy, funding and VCS training by 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Hertfordshire Community Foundation is a company limited by guarantee (8794474) and a registered charity (1156082) governed by its Memorandum and Articles of Association. The directors of the charitable company are its trustees for the purpose of charity law and throughout this report are referred to as the trustees.

At 31 March 2018, the Foundation had eleven Trustees. The Trustees meet quarterly. Between these main Trustee meetings, business is conducted through the following committees:

- Staff and Volunteers (Sub Committee)
- Governance
- Grants
- Communications and Development
- Research and Impact
- Audit and Investment

Terms of reference for each committee set out the delegated powers. The delegated responsibility of the Governance Committee includes searching for new Trustees with appropriate skills and background, for recommendation to the Trustees. New Trustees are then appointed by a resolution passed by a majority of at least two-thirds of the existing Trustees. Prior to appointment, prospective trustees are interviewed by members of the Governance Committee and meet with the Foundation Director. New Trustees receive an information pack including the Memorandum and Articles of Association, accounts, business plan, role description and other HCF literature.

The day to day management of the Foundation is delegated to the Foundation Director. The Foundation Director reports to the Board of Trustees at quarterly meetings with one additional Board meeting used as a strategy planning session.

Pay and remuneration for staff is reviewed annually by the Staffing Sub Committee and a proposal is presented to the Board of Trustees for ratification.

At 31st March 2018, there was one full-time, six part-time staff and one consultant Project Manager. The Foundation is also assisted by a group of volunteers.

Hertfordshire Community Foundation is a quality accredited member of UK Community Foundations, the membership organisation that supports and promotes community foundations operating across the UK.

Hertfordshire Community Foundation

REFERENCE AND ADMINISTRATIVE DETAILS

Foundation office and registered address

Foundation House, 2 - 4 Forum Place, Fiddlebridge Lane, Hatfield, Hertfordshire, AL10 0RN

Statutory Auditor

Myers Clark, Chartered Accountants, Eagle 1, 80 St Albans Road, Watford, Hertfordshire, WD17 1DL

Bankers

National Westminster Bank plc, 104 Fore Street, Hertford, Hertfordshire, SG14 1AB

Investment managers

- CCLA Senator House | 85 Queen Victoria Street | London | EC4V 4ET
- Rathbone Brothers Plc, 8 Finsbury Circus, London EC2M 7AZ (from 21/11/17)
- Sarasin and Partners, Juxon House, 100 St Pauls Churchyard, London EC4M 8BU (until 20/11/17)

Solicitors

- Taylor Walton, 107 Holywell Hill, St Albans, Hertfordshire, AL1 1HQ

Statement of responsibilities of the Trustees

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. The Trustees also confirm that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this has been communicated to the auditors.

By order of the Trustees on 13th September 2018.

Gerald Corbett
Chairman of Trustees

Simon Tilley
Audit Committee Chairman

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HERTFORDSHIRE COMMUNITY FOUNDATION FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Hertfordshire Community Foundation (the charitable company) for the year ended 31 March 2018 which comprise the statement of financial activities (incorporating an income and expenditure account), the balance sheet, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018 and of its net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement the trustees (who are also the directors under company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Paul Windmill (Senior Statutory Auditor)

Dated: 20 September 2018

For and on behalf of Myers Clark, Statutory Auditor
Egale 1, 80 St Albans Road
Watford
Hertfordshire, WD17 1 DL

Hertfordshire Community Foundation

Statement of Financial Activity (incorporating an income and expenditure account)

For the year ended 31 March 2018

		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
	note	Funds	Funds	Funds	2018	Funds	Funds	Funds	2017
		£	£	£	£	£	£	£	£
Income and endowments from:									
Donations and legacies	2	51,075	561,308	104,642	717,025	44,470	309,506	250,109	604,085
Charitable activities	3	21,419	167,197	-	188,616	22,638	216,616	-	239,254
Other trading activities	4	35,142	-	12,258	47,400	30,238	-	2,343	32,581
Investments	5	1,063	-	258,091	259,154	771	-	284,914	285,685
Total		108,699	728,505	374,991	1,212,195	98,117	526,122	537,366	1,161,605
Expenditure on:									
Raising funds	6	(107,790)	(8,967)	-	(116,757)	(139,150)	(9,076)	-	(148,226)
Charitable activities	7	(232,888)	(653,893)	(232,555)	(1,119,336)	(183,544)	(462,466)	(133,150)	(779,160)
Total		(340,678)	(662,860)	(232,555)	(1,236,093)	(322,694)	(471,542)	(133,150)	(927,386)
Net gains/(losses) on investments		-	-	(17,084)	(17,084)	-	-	1,008,029	1,008,029
Net income/(expenditure)		(231,979)	65,645	125,352	(40,982)	(224,577)	54,580	1,412,245	1,242,248
Transfer between funds		229,082	(63,265)	(165,817)	-	224,302	(29,303)	(194,999)	-
Net movement in funds		(2,897)	2,380	(40,465)	(40,982)	(275)	25,277	1,217,246	1,242,248
Reconciliation of funds									
Total funds brought forward		3,015	135,267	10,247,996	10,386,278	3,290	109,990	9,030,750	9,144,030
Total funds carried forward		118	137,647	10,207,531	10,345,296	3,015	135,267	10,247,996	10,386,278

Hertfordshire Community Foundation
Balance Sheet
As at 31 March 2018

Company no: 08794474

	note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	15		713,140		726,629
Investments	16		8,671,370		8,688,455
Mixed motive investments	17		607,619		607,619
			9,992,129		10,022,703
Current assets					
Debtors	18	43,297		17,376	
Cash at bank and in hand		350,672		516,625	
		393,969		534,001	
Liabilities					
Creditors: amounts due within one year	19	(40,802)		(170,426)	
Net current assets			353,167		363,575
Total net assets			10,345,296		10,386,278
The funds of the charity					
23					
Endowment funds					
General			9,727,183		8,268,413
Revaluation reserve			480,348		1,979,583
			10,207,531		10,247,996
Restricted income funds			137,647		135,267
Unrestricted funds			118		3,015
			10,345,296		10,386,278

The trustees acknowledge their responsibilities for complying with the requirements of the Companies Act with respect to accounting records and the preparation of the accounts.

These accounts have been prepared in accordance with the provisions applicable to small companies subject to the small companies' regime and in accordance with FRS102 SORP.

The financial statement were approved by the trustees on 13 September 2018 and signed on their behalf by:

Gerald Corbett
Chairman of Trustees

Simon Tilley
Audit Committee Chairman

Hertfordshire Community Foundation
Statement of cash flows
For the year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (note i)	(422,070)	170,400
Cash flows from investing activities:		
Dividends, interest and rents from investments	259,154	285,685
Purchase of property plant and equipment	(3,037)	(6,883)
Proceeds from sale of investments	-	4,100
Purchase of investments	-	(13,334)
Net cash provided by (used in) investing activities	256,117	269,568
Change in cash and cash equivalents in the reporting period	(165,953)	439,968
Cash and cash equivalents at beginning of the reporting period	516,625	76,657
Cash and cash equivalents at end of the reporting period (note ii)	350,672	516,625
<u>Note i</u>		
Net income/ (expenditure) for the reporting period (as per the Statement of Financial Activities)	(40,982)	1,242,248
Adjustment for:		
Depreciation	16,526	17,918
(Gains)/Losses on investments	17,084	(1,008,029)
Dividends, interest and rents from investments	(259,154)	(285,685)
(Increase)/decrease in debtors	(25,921)	73,884
Increase/(decrease) in creditors	(129,623)	130,064
Net cash provided by (used in) operating activities	(422,070)	170,400
<u>Note ii</u>		
Analysis of cash and cash equivalents		
Cash in hand	350,672	516,625
Notice deposits	-	-
	350,672	516,625

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS102) effective 1 January 2015 (SORP FRS 102) and the Financial Reporting Standard applicable in the UK and Ireland and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Significant accounting policies are listed below.

Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

These financial statements are the first to be prepared in accordance with SORP FRS 102. In preparing these accounts the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 January 2014.

In accordance with the requirements of FRS102, a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of net investment gains/(losses) as a component of reported income. This is provided in note 24.

Public benefit entity

The charity constitutes a public benefit entity as defined by FRS 102.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1. Accounting policies (continued)

Funds structure

Endowment Funds

These represent incoming resources that are required to be retained or invested for the use of the charity's objectives.

Restricted Funds

These represent income received where restrictions on use, as determined by the donor, which are narrower than the charity's general objects

Unrestricted Funds

These represent income which can be used for the general objects of the charitable company as determined by the Board of Trustees.

Income recognition

Income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that income will be received and the amount can be measured and is not deferred.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by investment managers of the receipt of the dividend.

Income received in advance of recognition criteria being met is deferred until the criteria for recognition are met.

Expenditure recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on the accruals basis. All expenses, including support costs and governance costs are allocated or apportioned to the applicable expenditure heading as follows:

Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions as well as the cost of any activities with a fundraising purpose and their associated support costs.

Expenditure on charitable activities includes the costs of activities undertaken to further the charitable aims and objectives of the charity and their associated support costs.

Other costs represent those items not falling into any other heading.

1. Accounting policies (continued)

Allocation of costs

Expenditure that is directly attributable to delivery of the charities activities or raising funds is allocated to the activity to which it relates.

Support costs comprise costs incurred in support of these activities. Included in support costs are costs incurred in the governance of the charity which are primarily associated with the constitutional and statutory requirements. Support costs are allocated to activities based on an estimate of staff time spent on each activity during the financial year.

Grant funding

Grants payable are payment made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant. Grants awarded that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to the grant is outside the control of the charity. Provisions for grants are made when the intention to make the grant has been communicated to the recipient but there is uncertainty as to the timing of the grant or the amount payable.

Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

Depreciation of tangible fixed assets

Items of equipment over £500 are capitalised and valued at historic cost. Depreciation is charged when assets are brought into use to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Computer Equipment	-	33 1/3 % p.a. on a straight line basis
Furniture and Fittings	-	20% p.a. on a straight line basis
Freehold Property	-	Over 50 years
Freehold Improvements	-	Over period remaining to 50 years

Investments

Listed investments are a form of basic financial interest and are initially recognised at their transaction value and subsequently measured at their fair value at the balance sheet date using the mid- market value.

Mixed motive investments comprise property owned by the charity but used by third parties to undertake activities that promote the charity's aims. Income generated is incidental to the main purpose of the investment rather than the purpose of the investment. Mixed motive investments are initially recognised and subsequently measured at transaction value less any impairment.

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

1. Accounting policies (continued)

Pension Contributions

The charity makes payments to a defined contribution pension scheme for its employees. Contributions are charged to the Statement of Financial Activities in the year they are payable.

1. Income from donations and legacies

	2018	2017
	£	£
Donations	671,545	569,162
Other grants	39,465	28,348
Membership	6,015	6,575
	717,025	604,085

2. Income from charitable activities

	2018	2017
	£	£
Performance related grants	167,197	216,616
Lettings	21,419	22,638
	188,616	239,254

Included in performance related grants is £120,000 (2017: £110,000) made by local authorities to fund the Workforce Development Programme for the voluntary sector in Hertfordshire. At 31 March 2018, the performance criteria had been fully met.

3. Income from other trading

	2018	2017
	£	£
Rent	22,673	13,153
Fundraising	19,977	13,178
Sponsorship	4,750	6,250
	47,400	32,581

4. Income from Investments

	2018	2017
	£	£
Listed Investments – within the UK	258,091	284,914
Bank interest	1,063	771
	259,154	285,685

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

5. Expenditure on raising funds

	2018	2017
	£	£
Direct costs	4,390	4,396
Support costs	112,367	143,830
	116,757	148,226

6. Expenditure on charitable activities

Activity or Project	Direct	Grant	Grants	Support	Total
Current Year	Activity	Institutions	Individuals	Costs	2018
	£	£	£	£	£
Grants programme (note 9)	-	752,951	19,598	188,975	961,524
Herts Matters	3,455	-	-	-	3,455
Herts Community Solutions	1,365	-	-	-	1,365
HCF Training & Development	106,640	25,947	-	-	132,587
Rowlandson Sponsorship	20,405	-	-	-	20,405
	131,865	778,898	19,598	188,975	1,119,336

Prior Year	Direct	Grant	Grants	Support	Total
	Activity	Institutions	Individuals	Costs	2017
	£	£	£	£	£
Grants programme (note 9)	-	390,045	26,779	173,571	590,395
Herts Get Set	9,980	-	-	-	9,980
Herts Community Solutions	15,036	-	-	-	15,036
Herts Training & Development	99,432	45,688	-	-	145,120
Rowlandson Sponsorship	18,629	-	-	-	18,629
	143,077	435,733	26,779	173,571	779,160

8. Support Costs

	2018	2017
	£	£
<i>Support</i>		
Staff Costs	165,784	178,024
Premises	26,291	29,310
Office costs	20,006	22,959
Depreciation	16,526	17,918
Other	37,636	30,613
	266,243	278,824

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

8. Support Costs (continued)	2018	2017
	£	£
<i>Governance</i>		
Staff costs	22,496	26,631
Trustee expenses	1,213	1,558
Audit fees	9,540	8,910
Professional and legal fees	886	1,294
Other	964	184
	35,099	38,577
Total	301,342	317,401

Allocated to activities: based on staff time

Raising funds	112,367	143,830
Charitable Activities	188,975	173,571
	301,342	317,401

9. Grant making

Current Year	Grants to institutions	Grants to individuals	Total 2018
	£	£	£
Fairness	75,804	13,188	88,992
Housing	5,800	-	5,800
Safety	130,470	-	130,470
Work & Learning	85,977	490	86,467
Healthy Living	293,857	6,000	299,857
Strong Communities	120,433	-	120,433
Other	46,160	-	46,160
Grants recovered	(5,550)	(80)	(5,630)
	752,951	19,598	772,549

A full list of awards made can be found at: www.hertscf.org.uk

Prior Year	Grants to institutions	Grants to individuals	Total 2017
	£	£	£
Fairness	49,054	26,044	75,098
Housing	15,044	-	15,044
Safety	36,543	-	36,543
Work & Learning	24,634	735	25,369
Healthy Living	199,900	-	199,900
Strong Communities	70,040	-	70,040
Grants recovered	(5,170)	-	(5,170)
	390,045	26,779	416,824

10. Net income for the year

This is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation	16,526	17,918
Auditors' remuneration (excluding VAT)		
Audit	7,950	7,425
Other services	-	760

11. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2018	2017
	£	£
Salaries and wages	209,079	223,323
Social security costs	13,669	16,396
Employer's contribution to defined contribution pension schemes	20,944	20,805
	243,692	260,524

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2018	2017
£70,000 - £79,999	0	1

Total employee benefits including employers national insurance and pension contributions of the key management personnel were £51,234 (2017: £84,856).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2017: nil). No trustee received payment for professional services supplied to the charity (2017: nil)

Trustee expenses represent the payment or re-imburement of travel and subsistence costs totalling £0 (2017: £114) incurred by 0 (2017: 1) members relating to attendance at meetings of the trustees.

12. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018	2017
	No:	No:
Raising funds	1.9	2.2
Charitable Activities	3.3	3.0
Support	1.6	1.6
Governance	1.2	1.2
	8.0	8.0

13. Related party transactions

During the year, trustees donated a total of £71,491 to the charity (2017: £ 62,900). None of these donations had any restrictions placed upon them.

There were no other related party transactions to disclose for the year (2017: none)

14. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

15. Tangible fixed assets

	Freehold land & buildings £	Computer equipment £	Furniture & equipment £	Total £
Cost				
At beginning of year	874,666	41,022	72,576	988,264
Additions	-	-	3,037	3,037
Disposals	-	-	-	-
At end of the year	874,666	41,022	75,613	991,301
Depreciation				
At beginning of year	151,651	40,376	69,608	261,635
Charge for year	15,500	311	715	16,526
Eliminated on disposal	-	-	-	-
At end of the year	167,151	40,687	70,323	278,161
Net book value				
At beginning of year	723,015	646	2,968	726,629
At end of the year	707,515	335	5,290	713,140

Land with a value of £100,000 (2017: £100,000) is included within freehold property and not depreciated.

All the above assets are used for charitable purposes.

16. Investments

Listed Investments

	2018 £	2017 £
Fair value at the start of the year	8,688,455	7,671,192
Additions at cost	-	13,334
Disposal proceeds	-	(4,100)
Net gain/(loss) on change in fair value	(17,085)	1,008,029
Fair value at end of the year	8,671,370	8,688,455
Historic cost at the end of the year	8,191,022	6,708,871

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

16. Investments (continued)	2018	2017
Listed investments all held within the UK comprise:	£	£
Sarasin and Partners Alpha Common Investment Fund for Endowments (Income Units)	-	5,505,681
Rathbone Unit Trust Management	5,418,258	-
COIF Charities Investment Fund	3,238,629	3,181,852
Cash held by brokers for re-investment	14,483	922
	8,671,370	8,688,455
17. Mixed motive investments	2018	2017
	£	£
Freehold land and buildings		
Cost at start of the year	607,619	604,739
Additions	-	2,880
Cost at end of the year	607,619	607,619
This investment comprises a Community Resource Centre in East Hertfordshire funded by the Nigel Copping Fund.		
18. Debtors	2018	2017
	£	£
Trade debtors	31,385	7,108
Other debtors	325	287
Prepayments	11,300	6,765
Accrued income	287	3,216
	43,297	17,376
19. Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	12,794	6,480
Other creditors	3,557	2,971
Accruals	12,283	13,005
Deferred Income (note 20)	12,168	147,970
	40,802	170,426
20. Deferred income	2018	2017
	£	£
Balance at the beginning of the year	147,970	12,685
Amount released to income in the year	(144,760)	(12,685)
Amount deferred in the year	8,958	147,970
Balance at the end of the year	12,168	147,970

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

21. Analysis of net assets between funds

Current Year	Unrestricted	Restricted	Endowment	Total 2018
	£	£	£	£
Tangible fixed assets	5,626	-	707,514	713,140
Investments	-	-	8,671,370	8,671,370
Mixed motive investments	-	-	607,619	607,619
Net current assets	(5,508)	137,647	221,028	353,167
Net assets at the end of the year	118	137,647	10,207,531	10,345,296
	£	£	£	£
Prior Year	Unrestricted	Restricted	Endowment	Total 2017
Tangible fixed assets	3,615	-	723,014	726,629
Investments	-	-	8,688,455	8,688,455
Mixed motive investments	-	-	607,619	607,619
Net current assets	(600)	135,267	228,908	363,575
Net assets at the end of the year	3,015	135,267	10,247,996	10,386,278

22. Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases are as follows for each of the following periods:

	2018	2017
	£	£
Less than one year	645	645
1-5 years	969	1,614
Over 5 years	-	-
	1,614	2,259

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

23. Movement in funds

Current Year	At the start of the year	Income	Expenditure	Gains or (losses)	Transfers	At the end of the year 2018
	£	£	£	£	£	£
Endowment funds						
General	2,910,168	173,333	(121,387)	(37,050)	(25,911)	2,899,153
Grassroots	3,298,269	84,466	(48,639)	(36,812)	(58,075)	3,239,209
Communities First	3,316,544	117,192	(62,529)	56,778	(66,331)	3,361,654
Property	723,015	-	-	-	(15,500)	707,515
	10,247,996	374,991	(232,555)	(17,084)	(165,817)	10,207,531
Restricted funds						
HCF Training & Development	71,589	145,421	(132,587)	-	(10,058)	74,365
Herts Get Set	1,683	-	(3,455)	-	1,772	-
Herts Community Solutions	-	1,875	(1,365)	-	(510)	-
Rowlandson Sponsorship	504	19,901	(20,405)	-	-	-
Other	61,491	561,308	(505,048)	-	(54,469)	63,282
	135,267	728,505	(662,860)	-	(63,265)	137,647
Unrestricted						
General	3,015	108,699	(340,678)	-	229,082	118
	3,015	108,699	(340,678)	-	229,082	118
Total Funds	10,386,278	1,212,195	(1,236,093)	(17,084)	-	10,345,296

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2018

Prior Year	At the start of the year	Income	Expenditure	Gains or (losses)	Transfers	At the end of the year 2017
	£	£	£	£	£	£
Endowment funds						
General	2,430,441	307,203	(50,325)	289,694	(66,845)	2,910,168
Grassroots	2,958,184	94,056	(11,899)	301,072	(43,144)	3,298,269
Communities First	2,903,610	136,107	(70,926)	417,263	(69,510)	3,316,544
Property	738,515	-	-	-	(15,500)	723,015
	9,030,750	537,366	(133,150)	1,008,029	(194,999)	10,247,996
Restricted funds						
HCF Training & Development	27,199	196,610	(145,120)	-	(7,100)	71,589
Herts Get Set	-	11,663	(9,980)	-	-	1,683
Herts Community Solutions	11,036	4,000	(15,036)	-	-	-
Rowlandson Sponsorship	14,790	4,343	(18,629)	-	-	504
Other	56,965	309,506	(282,777)	-	(22,203)	61,491
	109,990	526,122	(471,542)	-	(29,303)	135,267
Unrestricted						
General	3,290	98,117	(322,694)	-	244,302	3,015
	3,290	98,117	(322,694)	-	244,302	3,015
Total Funds	9,144,030	1,161,605	(927,386)	1,008,029	-	10,386,278