

Company Registration No: 08794474

Charity Registration No: 1156082

HERTFORDSHIRE COMMUNITY FOUNDATION

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Report of the Trustees for the year ended 31 March 2017

INTRODUCTION

The trustees present their report and accounts for the year ended 31 March 2017.

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.

OBJECTIVES AND ACTIVITIES

The 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.

Hertfordshire Community Foundation 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 the Foundation through its independent research.

To meet this need, the Foundation 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.

Our Vision

A Hertfordshire where all sectors of the population have a good quality of life and are engaged positively within the community

Our Mission

To be a catalyst for philanthropy, grant making and corporate responsibility. We work to build endowments and generate diverse funding streams to address need and deprivation throughout Hertfordshire.

Strategic Objectives

- 1 To understand the needs and challenges in the county through our Hertfordshire Matters project
- 2 To continue to build the Foundation's endowment, pass through funds and campaigns
- 3 To develop a high quality and efficient philanthropy service model to meet identified need in the county through a strategic grant making programme
- 4 To better understand the impact of HCF activities on both beneficiaries and the wider community
- 5 To develop a stronger, effective and more sustainable voluntary sector through HCF Training and Development

- 6 To increase the profile of HCF amongst its key audiences
- 7 To ensure HCF operates with financial sustainability and maximises its **strengths** and opportunities through an effective Board of Trustees and staff team
- 8 To ensure HCF properties are fully occupied and generate income for the Foundation with an approach that is consistent with their original charitable purpose

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

The Foundation's objectives and yearly plan for 2016/17 are set out below.

Aim of the 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 and working together to meet the needs and objectives of the Foundation, the individual fund holders, the grantees and the county as a whole.

Social investment

Working in partnership with long standing local resident and ex councillor Nigel Copping to develop a new community resource for the both the local community and the wider district of East Herts the Foundation opened the Nigel Copping Building in April 2014. As well as being the new home of CVS Broxbourne and East Herts, other groups and organisations will be able to access the fully equipped meeting rooms and make use of the community hall provided by this energy efficient building.

Volunteers

The Foundation's activities and in particular the areas of administration, grant support and the Hertfordshire Children's Fund, are enhanced by the help of numerous volunteers for which we are hugely grateful.

ACHIEVEMENTS AND PERFORMANCE

The Foundation distributed £467,682 and its overall worth stands at £10,386,278. Our profile in the county continues to develop. Our Ambassadors and our Development Council provide support and guidance across our work.

We have increased our support to other groups directly with rented office space and accessible meeting rooms.

Grant-making and impact summary

Grant making:

With regard to direct grant aid, HCF distributed a total of £467,682 with over 52,000 estimated beneficiaries.

177 grants were made to 138 local groups and organisations to a total value of £440,903, including:

- £335,581 from our own Foundation and named funds with an average grant of £2,773.
- £52,829 from the Comic Relief Local Communities programme, supporting 7 groups with an average grant of £7,547.
- £6,805 was distributed under the HCC Dementia Friendly grants programme.
- £45,688 through HCF Training and Development's Workforce Development grants, supporting 46 organisations with an average grant of £815.

132 grants were made to individuals to a total value of £26,779, including:

- £14,194 through the Hertfordshire Children's Fund grants programme, supporting 68 families with an average grant of £209.
- £11,250 through the Herts Healthy Homes grants programme, supporting 59 individuals with an average grant of £191.

£5,170 was returned from grants made in previous years:

- 1 group grant was returned in full as the organisation had been unable to deliver the project.
- 4 individual grants were returned due to the families no longer needed the items requested.

HCF Training and Development:

- HCF Training and Development provided training for a total of 899 attendees across 67 courses in 2016-17.
- 32 voluntary and community organisations received 1:1 advice and guidance from our team of advisors.
- HCF expanded its capacity-building activities with the launch of the Building Effectiveness programme in December 2016. This is supported by the Garfield Weston Foundation and the High Sheriff of Hertfordshire, Will Hobhouse. The 10 selected organisations are undergoing a tailored 9 month improvement programme.

Hertfordshire Community Foundation's yearly plan (2016-2017)

Objective	We achieved
Continue to build Foundation's endowment to maintain or increase funds for future grant giving	The Foundation has now over 100 funds under management and has reached its 2013-2016 Strategic Objective of a £10 million endowment fund
Ongoing review of grant making strategy and philanthropy services	Started analysis of existing fund portfolio, fund development and grant making strategies and processes to identify efficiencies and improvements
Needs analysis project – Hertfordshire Matters	Hertfordshire Matters was launched in Spring 2016 and is a comprehensive needs analysis that examines the health and vitality of the county. The report was produced in collaboration with the University of Hertfordshire and Hertfordshire County Council and identifies significant trends and challenges to Hertfordshire communities. The project will inform our donors, support and inform our fund development and help us to identify grant making priorities to increase our impact
Systems and communications - Digits 2	Ongoing and staff training through UKCF meetings and webinars
Love Herts Fund/revamp of Friends programme	The revamp of the Friends Programme has been put on hold to develop and launch a new appeal called 'Love Herts'. The aim of the appeal is to raise unrestricted funds to improve our ability to respond to the developing needs of the county, including those identified through Hertfordshire Matters.
HCF events	Marathon Runners Stewardship Evening event held High Sheriff Awards Evening held on the 16 th March 2016
Foundation House/Nigel Copping Building	All Foundation office space is fully occupied and income generation activities are maximised by the Nigel Copping building tenant, CVS Broxbourne and East Herts
Staff/Trustee development	Quality Accreditation seminars, UKCF Southern Directors Meeting, Sarasin and CCLA investment seminars attended by Foundation Director. UKCF training and webinars attended by HCF staff

Dormant trust Sector	Hertfordshire dormant and inactive trusts identified with a communications plan in place to establish how HCF can support their charitable giving objectives
Recruit specific volunteers to support HCF activities	1 new regular volunteer has been recruited to support the grants function including assisting with a review of the Hertfordshire Children's Fund
Develop communications plan to increase HCF profile and awareness	<p>During 2016 we were able to appoint a Marketing Officer with funding from the Graham Rowlandson Foundation. This has had a significant impact on the Foundation being able to start to develop and implement marketing and communications activities to raise its profile amongst its key audiences.</p> <p>Marketing was identified as a potential area of weakness as part of the UKCF Quality Accreditation 3 process and we are now addressing this. Whilst strategically this is very much work in progress, the Foundation has seen a marked increase in its profile with coverage in both traditional and new media, specifically around its annual Surviving Winter Campaign. In addition, a new style Annual Review and bi-monthly newsletter has been produced, which highlights our achievements and impact in the county, both of which have received excellent feedback from HCF stakeholders.</p>
London Marathon	We are fortunate to have our Golden Bond London Marathon places each year and the funds raised make a significant contribution to the work of the Foundation. In the last year our runners raised £16,027 and both our runner recruitment and stewardship process continues to improve.
Maintain and increase pass through funding	<p>We continue to deliver the Comic Relief Local Communities Funding secured through UKCF as well as a number of regular pass through funds from local fund holders.</p> <p>New pass through funding of £120,000 has been secured from the Office of the Police and Crime Commissioner for the PCC Local Action Fund. They have also provided £30,000 of match funding for the Youth Social Action Fund (making a total of £60,000 for that fund) – both programmes will be to be delivered during 17/18.</p>

Hertfordshire Training and Development

Originally established under the banner of Hertfordshire Training and Development Consortium (HTDC) in 2008, during 2016 a rebranding exercise was undertaken to ensure HTDC under its new name, HCF Training and Development, had closer integration with HCF activities.

Financial review**Operations and governance**

Undertaking our charitable activity, taken as a percentage of our overall activity, was 84.0% (83.7% last year). Our governance costs, as a percentage of our overall costs, were 4.2% (5.2% last year). The cost of generating our income, as a percentage of our total income, was 12.8% (13.1% last year). The Foundation reviewed the cost allocation this year and Trustees will continue to keep such statistics under review to ensure that this represents what we do.

Reserves policy and risk management

The total balance of funds at 31 March 2017 was £10,386,278 (2016: £9,144,030).

Endowment funds totalled £10,247,996 (2016: £9,030,750). Of these funds, £607,619 (£2016: £604,739) are tied up in social investments (the Nigel Copping Community Building) that could only be realised by disposing of the assets.

Restricted funds totalled £135,267 (2016: £109,990) and can only be used for purposes specified by donors.

The balance of unrestricted funds at 31 March 2017 was £3,015 (2016: £3,290).

Foundation expenditure for the year, including grants disbursement, was £927,386 (2016: £831,601).

The terms of its endowment gifts allow the Foundation to withdraw monies from the funds to cover the costs of managing the funds and the general running costs of the Foundation. The amount of these levies is determined by the Trustees each year based on the budgeted costs for that year and in accordance with Charity Commission guidelines. Accordingly, the Trustees believe that there is no need to hold large amounts in unrestricted reserves.

The Foundation's income, including new income from fund development, totalled £1,161,605 (2016: £1,034,120).

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. A register tracking potential risks is monitored and reviewed at every Board of Trustees meeting.

Having considered the major risks to which the Foundation is exposed, the trustees have systems in place to mitigate risks in our areas of activity. These are kept under review by the Trustees and reviewed formally annually.

Investments

Under the Deed of Trust, the Trustees may invest in such investment or property as they, in their absolute discretion, think fit. The investments held by the Foundation have been acquired in accordance with these powers. The Trustees have delegated to an investment manager, Sarasin and Partners, discretionary powers to buy and sell investments for the Foundation on behalf of the Trustees in accordance with their investment policy. The Board of Trustees oversees that delegation and policy, meeting with the Fund Managers twice yearly, with other contact between meetings as required. Total return for the year was 15.8% (2016 -3.2%) which compares to the market benchmark of 19.4%, and the peer group (ARC, Steady Growth Charity Index) of 15.9%. 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.

Under the Government's Community First programme all funds raised are required to be managed by CCLA.

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.

PLANS FOR FUTURE PERIODS

On the 20th January, the Foundation's Trustees agreed a new three year strategic plan.

The strategy is set under three themes: growth, impact and sustainability and eight strategic objectives which feed into operational priorities and activities to further the Foundation's mission. The operational priorities and activities feed into staff annual work plans.

During 2012, the Trustees made the decision to undertake a thorough review of the Foundation's activities and a subsequent reconfiguration took place. The previous 2013-2016 strategy which followed the review, focused on the decision to reduce certain activities in order to concentrate on raising endowment and grant making. Whilst both areas still remain a Foundation priority it is highlighted that 2016-2019 strategy encompasses a wider framework and includes necessary supporting activities such as raising our profile, developing our knowledge through research and being able to demonstrate the impact the Foundation has in the county. Both the areas of research and impact will help inform strategy, feed into our fund development work and are standards identified in the UKCF Quality Accreditation process.

In setting the strategy, it is acknowledged that the current situation can change and is often unpredictable and with this in mind, the Foundation needs to be able to maximise opportunities by reacting accordingly and working off plan where necessary.

The themes for the next three years will be:

Growth

To continue our approach to grow both our endowment and pass through funding from a broad range of donors. This will be achieved through a 'mixed model' of developing a high quality philanthropy service model and delivering funding programmes on behalf of other agencies to meet identified need in the county. Through endowment growth, enhancing the fund holder experience through our local knowledge and stewarding our resources diligently, HCF will be able to support the Hertfordshire community now and for generations to come.

Through a strategic grant making programme, which is informed by the needs and challenges identified in the Foundation's research project, Hertfordshire Matters, we will continue to work with a 'combination model' of philanthropy services – restricted and unrestricted funds. However, to address the resource and county need implications of the restricted fund portfolio, we will survey our fund holders to better understand their needs and required mixed levels of engagement. The fund holder survey will form part of a wider review of the grant making process. This review will enable the Foundation to ensure the grant making function is operating efficiently with its current resource and which in turn will increase the quality of its philanthropy service offer to meet identified need in the county – engagement and stewardship will be key to continued growth of existing donors and supporters. In addition, we will aim to secure new unrestricted funds, where possible, to allow flexibility to help address priority areas in the county, including those in our research project Hertfordshire Matters.

We will continue to raise the Foundation's profile through high quality marketing communications and will promote our work to enhance our campaigns and bring more high value prospects into our pipeline. Extending our relationship with professional advisors and maximising our networks will be key to helping with introductions and referrals.

Impact

Publishing Hertfordshire Matters on a five year cycle with interim reports which focus on a specific theme, will continue to illustrate the need in the county as well as informing the HCF strategy and building a case for unrestricted donations to funds.

We will work with our fund holders to better understand their needs and priorities to enhance their philanthropy experience and where possible fit with the county's most pressing needs. In addition, we will continue to work towards encouraging new fund holders and supporters to respond to our Hertfordshire matters project.

Further to this and with the support and development of the HCF database, we will build on our monitoring and evaluation skills to better understand the impact of our grant making on both our beneficiaries and the wider community. Currently, our Annual Review and donor fund reports are examples of how we demonstrate impact to our fund holders and wider network through feedback on grant funding, case studies and highlighting the difference their support has made. However, as part of the three year plan, we would like to start the process to identify other means to demonstrate impact.

The Foundation's impact work will be key to enable us to strengthen our grants programme, our relationship with fund holders and develop our marketing strategy, through compelling case studies, to raise the profile of the Foundation amongst its key audiences. In addition, we will continue to develop a stronger more sustainable voluntary and community sector through our HCF Training and Development projects, programmes and partnerships. This programme of work will lead towards more effective organisations and stronger applications for HCF funding.

Sustainability

To ensure both our continued growth and that we strive to be more effective in meeting the county's need, the Foundation must remain effective and efficient. Through the stewardship of our endowment and the growth of funding streams, core cost cover and the reduction of our modest deficit will remain a focus. In addition, we will continue to ensure our properties are fully occupied and generate income for the Foundation with an approach that is consistent with their original charitable purpose.

We will aim to continue to achieve excellent standards in our accounting practices, audit and the UKCF Quality Accreditation, QA4. In addition, we will undertake the process of understanding the real cost associated with all our services. This will better inform future decisions on fund/programme management, the staff resource required and the management fee structure for the range of services HCF provides.

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 2017, the Foundation had eleven Trustees. The Trustees meet quarterly. Between these main Trustee meetings, business is conducted through four committees: Staffing, Governance, Grants and Audit and Investment. Terms of reference for these committees 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 present and voting at a meeting. Prior to appointment, prospective trustees meet with the Chair, Foundation Director and with other Trustees. 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 key management is set by the Board of Trustees at the first Board meeting in the new financial year, prior to a recommendation by the Staffing Sub Committee.

At 31st March 2017, there were three full-time, four part-time staff and one 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.

REFERENCE AND ADMINISTRATIVE DETAILS

Officers, staff and long term volunteers

President

The Countess of Verulam, the Lord Lieutenant of Hertfordshire

Ambassadors

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

Trustees who served during the year and up to the date of this report were:

Gerald Corbett DL (Chairman)
Jo Connell OBE DL
Mike Master (resigned 27 September 2016)
Brig. John Palmer DL
Henry Holland Hibbert
Penny Williams JP DL
Cllr Teresa Heritage (resigned 30th July 2017)
James Williams
Simon Tilley
Maggie Turner OBE
Jill Burridge
John Saner (appointed 10th June 2017)
Terence Douris (appointed 1st July 2017)

Staff and Consultants (at 31 March 2017)

Jonathan Aves	Foundation Director
Alan Clarke	Finance Officer
Ana Siewniak	Project Coordinator
Caroline Langdell	Fund Manager
Sarah Tisdall	Office Manager
Sarah Elliott	Project Manager
Helen Doubal	Programmes Manager
Danielle Hood	Marketing Officer

Volunteers (at 31 March 2017)

Hannah Constantinidi: Grants and administration support
Johanna Mason: Hertfordshire Children's Fund
Caroline McCaffrey JP: Hertfordshire Children's Fund
Nicola Stokes: Grants Support
Sarah Beazley: Grants Support

Foundation office and registered address

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

Statutory Auditor

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

Bankers

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

Investment managers

Sarasin and Partners, Juxon House, 100 St Pauls Churchyard, London EC4M 8BU

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 information has been communicated to the auditors.

By order of the Trustees on 12 September 2017

Gerald Corbett
Chairman of Trustees

Simon Tilley
Audit Committee Chairman

Hertfordshire Community Foundation

Independent Auditor's Report to the Trustees of Hertfordshire Community Foundation

For the year ended 31 March 2017

Opinion

We have audited the financial statements of Hertfordshire Community Foundation (the charitable company) for the year ended 31 March 2017 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 2017 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:

Hertfordshire Community Foundation

Independent Auditor's Report to the Trustees of Hertfordshire Community Foundation

For the year ended 31 March 2017

- 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: 19 September 2017

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 2017

		Unrestricted	Restricted	Endowment	Total	Unrestricted	Restricted	Endowment	Total
	note	Funds	Funds	Funds	2017	Funds	Funds	Funds	2016
		£	£	£	£	£	£	£	£
Income and endowments from:									
Donations and legacies	2	44,470	309,506	250,109	604,085	26,402	214,176	283,376	523,954
Charitable activities	3	22,638	216,616	-	239,254	27,340	170,685	-	198,025
Other trading activities	4	30,238	-	2,343	32,581	36,572	-	5,858	42,430
Investments	5	771	-	284,914	285,685	240	-	269,471	269,711
Total		98,117	526,122	537,366	1,161,605	90,554	384,861	558,705	1,034,120
Expenditure on:									
Raising funds	6	(139,150)	(9,076)	-	(148,226)	(135,574)	-	-	(135,574)
Charitable activities	7	(183,544)	(462,466)	(133,150)	(779,160)	(188,456)	(358,889)	(148,682)	(696,027)
Total		(322,694)	(471,542)	(133,150)	(927,386)	(324,030)	(358,889)	(148,682)	(831,601)
Net gains/(losses) on investments		-	-	1,008,029	1,008,029	-	-	(433,652)	(433,652)
Net income/(expenditure)		(244,577)	54,580	1,412,245	1,242,248	(233,476)	25,972	(23,629)	(231,133)
Transfer between funds		224,302	(29,303)	(194,999)	-	234,564	(7,172)	(227,392)	-
Net movement in funds		(275)	25,277	1,217,246	1,242,248	1,088	18,800	(251,021)	(231,133)
Reconciliation of funds									
Total funds brought forward		3,290	109,990	9,030,750	9,144,030	2,202	91,190	9,281,771	9,375,163
Total funds carried forward		3,015	135,267	10,247,996	10,386,278	3,290	109,990	9,030,750	9,144,030

Hertfordshire Community Foundation
Balance Sheet
As at 31 March 2017

Company no: 08794474

	note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	15		726,629		740,544
Investments	16		8,688,455		7,671,192
Mixed motive investments	17		607,619		604,739
			10,022,703		9,016,475
Current assets					
Debtors	18	17,376		91,260	
Cash at bank and in hand		516,625		76,657	
		534,001		167,917	
Liabilities					
Creditors: amounts due within one year	19	(170,426)		(40,362)	
Net current assets			363,575		127,555
Total net assets			10,386,278		9,144,030
The funds of the charity					
23					
Endowment funds					
General			8,268,413		8,006,858
Revaluation reserve			1,979,583		1,023,892
			10,247,996		9,030,750
Restricted income funds			135,267		109,990
Unrestricted funds			3,015		3,290
			10,386,278		9,144,030

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 12 September 2017 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 2017

	2017 £	2016 £
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities (note i)	170,400	(114,651)
Cash flows from investing activities:		
Dividends, interest and rents from investments	285,685	269,710
Purchase of property plant and equipment	(6,883)	(2,696)
Proceeds from sale of investments	4,100	18,792
Purchase of investments	(13,334)	(160,000)
Net cash provided by (used in) investing activities	269,568	125,806
Change in cash and cash equivalents in the reporting period	439,968	11,155
Cash and cash equivalents at beginning of the reporting period	76,657	65,502
Cash and cash equivalents at end of the reporting period (note ii)	516,625	76,657
<u>Note i</u>		
Net income/ (expenditure) for the reporting period (as per the Statement of Financial Activities)	1,242,248	(231,133)
Adjustment for:		
Depreciation	17,918	17,792
(Gains)/Losses on investments	(1,008,029)	433,652
Dividends, interest and rents from investments	(285,685)	(269,709)
(Increase)/decrease in debtors	73,884	(34,208)
Increase/(decrease) in creditors	130,064	(31,045)
Net cash provided by (used in) operating activities	170,400	(141,651)
<u>Note ii</u>		
Analysis of cash and cash equivalents		
Cash in hand	516,625	76,657
Notice deposits	-	-
	516,625	76,657

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 2017

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.

2. Income from donations and legacies

	2017	2016
	£	£
Donations	569,162	460,442
Other grants	28,348	56,696
Membership	6,575	6,816
	604,085	523,954

3. Income from charitable activities

	2017	2016
	£	£
Performance related grants	216,616	170,685
Lettings	22,638	27,340
	239,254	198,025

Included in performance related grants is £110,000 (2016: £120,555) made by local authorities to fund the Workforce Development Programme for the voluntary sector in Hertfordshire. At 31 March 2017, the performance criteria had been fully met.

4. Income from other trading

	2017	2016
	£	£
Rent	13,153	16,499
Fundraising	13,178	15,238
Sponsorship	6,250	10,693
	32,581	42,430

5. Income from Investments

	2017	2016
	£	£
Listed Investments – within the UK	284,914	269,471
Bank interest	771	240
	285,685	269,711

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2017

6. Expenditure on raising funds

	2017	2016
	£	£
Direct costs	4,396	2,252
Support costs	143,830	133,322
	148,226	135,574

7. Expenditure on charitable activities

Activity or Project	Direct	Grant	Grants	Support	Total
Current Year	Activity	Institutions	Individuals	Costs	2017
	£	£	£	£	£
Grants programme (note 9)	-	390,045	26,779	173,571	590,395
Herts Matters	9,980	-	-	-	9,980
Herts Community Solutions	15,036	-	-	-	15,036
HCF Training & Development Consortium	99,432	45,688	-	-	145,120
Rowlandson Sponsorship	18,629	-	-	-	18,629
	143,077	435,733	26,779	173,571	779,160
Prior Year	Direct	Grant	Grants	Support	Total
	Activity	Institutions	Individuals	Costs	2016
	£	£	£	£	£
Grants programme (note 9)	-	332,322	42,416	172,233	546,971
Herts Get Set	17,208	-	-	-	17,208
Herts Community Solutions	1,576	-	-	-	1,576
Herts Training & Development Consortium	99,762	27,300	-	-	127,062
Rowlandson Sponsorship	3,210	-	-	-	3,210
	121,756	359,622	42,416	172,233	696,027

8. Support Costs

	2017	2016
	£	£
<i>Support</i>		
Staff Costs	178,024	173,692
Premises	29,310	29,114
Office costs	22,959	23,932
Depreciation	17,918	17,792
Other	30,613	17,299
	278,824	261,829

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2017

<i>Governance</i>		
Staff costs	26,631	28,778
Trustee expenses	1,558	1,669
Audit fees	8,910	9,360
Professional and legal fees	1,294	3,796
Other	184	122
	38,577	43,725
Total	317,401	305,554

Allocated to activities: based on staff time

Raising funds	143,830	133,321
Charitable Activities	173,571	172,233
	317,401	305,554

9. Grant making

Current 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

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

Prior Year	Grants to institutions	Grants to individuals	Total 2016
	£	£	£
Access to Education Training & Employment	50,969	-	50,969
Tackling Poverty & Disadvantage	85,796	42,416	128,212
Opportunities for Young People	79,995	-	79,995
Quality of Life for Older People	75,150	-	75,150
Building Communities	44,169	-	44,169
Grants recovered	(3,757)	-	(3,757)
	332,322	42,416	374,738

10. Net income for the year

This is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation	17,918	17,792
Auditors' remuneration (excluding VAT)		
Audit	7,425	7,800
Other services	760	1,500

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

Staff costs were as follows:

	2017	2016
	£	£
Salaries and wages	223,323	200,289
Social security costs	16,396	14,660
Employer's contribution to defined contribution pension schemes	20,805	19,751
	260,524	234,700

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

	2017	2016
£60,000 - £69,999		1
£70,000 - £79,999	1	

Total employee benefits including employers national insurance and pension contributions of the key management personnel were £84,856 (2016: £81,549).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2016: nil). No trustee received payment for professional services supplied to the charity (2016: nil)

Trustee expenses represent the payment or re-imbursment of travel and subsistence costs totalling £114 (2016: £269) incurred by 1 (2016: 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:

	2017	2016
	No:	No:
Raising funds	2.2	2.0
Charitable Activities	3.0	2.5
Support	1.6	1.5
Governance	1.2	1.0
	8.0	7.0

13. Related party transactions

There are no related party transactions to disclose for the year (2015: none)

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

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 2017

15. Tangible fixed assets

	Freehold land & buildings £	Computer equipment £	Furniture & equipment £	Total £
Cost				
At beginning of year	874,666	40,089	70,506	985,261
Additions	-	933	3,070	4,003
Disposals	-	-	(1,000)	(1,000)
At end of the year	874,666	41,022	72,576	988,264
Depreciation				
At beginning of year	136,151	38,060	70,506	244,717
Charge for year	15,500	2,316	102	17,918
Eliminated on disposal	-	-	(1,000)	(1,000)
At end of the year	151,651	40,376	69,608	261,635
Net book value				
At beginning of year	738,515	2,029	-	740,544
At end of the year	723,015	646	2,968	726,629

Land with a value of £100,000 (2016: £100,000) is included within freehold property and not depreciated.

All the above assets are used for charitable purposes.

16. Investments

Listed Investments

	2017 £	2016 £
Fair value at the start of the year	7,671,192	7,963,637
Additions at cost	13,334	160,000
Disposal proceeds	(4,100)	(18,793)
Net gain/(loss) on change in fair value	1,008,029	(433,652)
Fair value at end of the year	8,688,455	7,671,192
Historic cost at the end of the year	6,708,871	6,647,300

Listed investments all held within the UK comprise:

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2017

Sarasin and Partners Alpha Common Investment Fund for Endowments (Income Units)	5,505,681	4,865,124
COIF Charities Investment Fund	3,181,852	2,755,355
Cash held by brokers for re-investment	922	50,713
	8,688,455	7,671,192

17. Mixed motive investments

	2017	2016
	£	£
Freehold land and buildings		
Cost at start of the year	604,739	602,043
Additions	2,880	2,696
Cost at end of the year	607,619	604,739
This investment comprises a Community Resource Centre in East Hertfordshire funded by the Nigel Copping Fund.		

18. Debtors

	2017	2016
	£	£
Trade debtors	7,108	23,793
Other debtors	287	80
Prepayments	6,765	22,399
Accrued income	3,216	44,988
	17,376	91,260

19. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	6,480	8,556
Other creditors	2,971	1,943
Accruals	13,005	15,378
Deferred Income (note 20)	147,970	12,685
Grants payable	-	1,800
	170,426	40,362

20. Deferred income

	2017	2016
	£	£
Balance at the beginning of the year	12,685	8,935
Amount released to income in the year	(12,685)	(8,935)
Amount deferred in the year	147,970	12,685

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2017

Balance at the end of the year **147,970** **12,685**

21. Analysis of net assets between funds

Current 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	363,575	498,242
Net assets at the end of the year	3,015	135,267	10,247,996	10,386,278

Prior Year	Unrestricted	Restricted	Endowment	Total 2016
	£	£	£	£
Tangible fixed assets	2,029	-	738,515	740,544
Investments	-	-	7,671,192	7,671,192
Mixed motive investments	-	-	604,739	604,739
Net current assets	1,261	109,990	16,304	127,555
Net assets at the end of the year	3,290	109,990	9,030,750	9,144,030

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:

	2017	2016
	£	£
Less than one year	645	417
1-5 years	1,614	-
Over 5 years	-	-
	2,259	417

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2017

23. Movement in funds

Current 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						
Herts Training & Development Consortium	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)	-	224,302	3,015
	3,290	98,117	(322,694)	-	224,302	3,015
Total Funds	9,144,030	1,161,605	(927,386)	1,008,029	-	10,386,278

Hertfordshire Community Foundation
Notes to the financial statements (continued)
For the year ended 31 March 2017

Prior Year	At the start of the year	Income	Expenditure	Gains or (losses)	Transfers	At the end of the year 2016
	£	£	£	£	£	£
Endowment funds						
General	2,385,355	333,390	(63,908)	(147,877)	(76,519)	2,430,441
Grassroots	3,148,634	86,329	(33,552)	(167,730)	(75,498)	2,958,184
Communities First	2,993,767	138,986	(51,222)	(118,045)	(59,876)	2,903,610
Property	754,015	-	-	-	(15,499)	738,515
	9,281,771	558,705	(148,682)	(433,652)	(227,392)	9,030,750
Restricted funds						
Herts Training & Development Consortium	19,858	141,147	(127,062)	-	(6,744)	27,199
Herts Get Set	18,250	-	(17,208)	-	(1,042)	-
Herts Community Solutions	1,074	11,538	(1,576)	-	-	11,036
Rowlandson Sponsorship	-	18,000	(3,210)	-	-	14,790
Other	52,008	214,176	(209,833)	-	614	56,965
	91,190	384,861	(358,889)	-	(7,172)	109,990
Unrestricted						
General	2,202	90,553	(324,029)	-	234,564	3,290
	2,202	90,553	(324,029)	-	234,564	3,290
Total Funds	9,375,163	1,034,119	(831,600)	(433,652)	-	9,144,030