

Reporting Charity Number: 1100417

**Company Number: 04534462**

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
(a registered company limited by guarantee and a registered charity)

ANNUAL REPORT

(TRUSTEES' REPORT AND FINANCIAL STATEMENTS)

FOR THE  
YEAR ENDED 31<sup>st</sup> DECEMBER 2016

# HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION

## ANNUAL REPORT YEAR ENDED 31st DECEMBER 2016

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## **HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION TRUSTEES' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

The Trustees present their report, together with the financial statements of the Charity, for the year ended 31<sup>st</sup> December 2016. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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 Republic of Ireland (FRS102).

The Hampshire and Isle of Wight Community Foundation is a registered charity (number 1100417). These accounts include the activity of four linked charities: Montagu Neville Durnford and Saint Leo Cawthan Memorial Trust (linked charity – 1100417-1); The Lord Mayor of Portsmouth's Charity (linked charity – 1100417-2); Alderman Joe Davidson (linked charity – 1100417-4); and Fatcher School Foundation (linked charity – 1100417-5).

The charity is a company limited by guarantee and registered in England & Wales (number 04534462).

### **The principal and registered office address is:**

Dame Mary Fagan House  
Chineham Court  
Lutyens Close  
Basingstoke  
Hampshire  
RG24 8AG

### **President**

Nigel Atkinson, Her Majesty's Lord-Lieutenant of Hampshire

### **Trustees**

Tom Floyd DL, Chairman  
Jo Ash CBE (appointed 25 May 2016)  
Miles Brown (resigned 15 September 2016)  
Jonathan Cheshire OBE  
William Cuthbert (resigned 25 May 2016)  
Bishop Jonathan Frost Rt. Revd Dr (appointed 25 May 2016)  
Richard Hibbert CBE  
Rebecca Kennelly  
Virginia Lovell JPDL  
Hugh Mason  
Jonathan Moseley  
Richard Prest  
Dan Putty (appointed 25 May 2016)  
Adrian Rutter (appointed 25 May 2016)  
Jane Sandars  
Alistair Stokes (resigned 25 November 2016)  
Michael Woodhall

### **Key management personnel**

Jakes Ferguson – Chief Executive (from 1 October 2016)  
Toni Shaw – Chief Executive (until 30 September 2016)  
Georgina Grace – Company Secretary and Financial Controller

### **Bankers**

Coutts & Co  
440 Strand  
London WC2R 0QS

### **Investment Managers**

Brewin Dolphin  
12 Smithfield Street  
London  
EC1A 9BD

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**Investment Managers (continued)**

CCLA  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

Mayfair Capital Investment Management Ltd  
2 Cavendish Square  
London  
W1G 0PU

**Auditors**

Fiander Tovell LLP  
Stag Gates House  
63/64 The Avenue  
Southampton  
Hampshire  
SO17 1XS

**Solicitors**

Coffin Mew  
1000 Lakeside  
North Harbour  
Portsmouth  
Hampshire  
PO6 3EN

## **HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION TRUSTEES' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

### **Chairman's Report**

After 10 years Toni Shaw decided to pursue a new phase in her career from October 2016. When Toni first joined HIWCF in January 2007, there were minimal free reserves to cover running costs and our endowment funds were non-existent. During her first year Toni helped secure the funding of core costs and she started on the growth of long term endowment funds with an initial £1.2m. By the end of this year, endowment funds are in excess of £11m and these will provide a substantial annual flow of grant-making to those in need for the foreseeable future. As well as building the financial assets of the organisation, Toni was responsible for building our network of contacts and supporters and our reputation across a very wide range of audiences.

Toni's successor as Chief Executive is Jakes Ferguson. Jakes' career has included international investment and property and he has worked closely with the charity sector for many years as a partner of Sarasin. He lives in North Hampshire.

Jakes' will be working closely with the Board during 2017 to review the strategy for the Foundation to 2020 focusing on corporate social responsibility, trust transfers and flow-through funding.

A significant amount of management time was spent during the first half of 2016 securing our first European Social Fund (ESF) project, the Solent Community Grants Programme. This is a collaborative project working with Hampshire County Council, Southampton City Council and Portsmouth City Council to bring in ESF funding of £500,000 during the two years from July 2016 to June 2018. With the new project came a need to bolster our staff with the appointment of Guy Clayton as our new Contracts Manager.

### **Achievements and performance in 2016**

In the fulfillment of our strategic priorities we have achieved the following during 2016:

- Increased Endowment Funds by 10% to £11.3m, for the long-term benefit of communities across Hampshire, Portsmouth, Southampton and the Isle of Wight;
- Three new Endowment Funds were created;
- Four new Flow-through funds were secured, totalling just under £300,000 for 2016 grant-making, including the ESF funded Solent Community Grants Programme;
- Grants to the value of £1.1m (an increase of 20.5%) were awarded in 504 grants to 357 groups and charities for the public benefit of communities across Hampshire, Portsmouth, Southampton and Isle of Wight;
- Completed a Vital Signs study of crime in the home against older people, which was followed up by a Cyber Crime workshop to raise awareness of this increasing threat.

### **Objects and public benefit**

HIWCF is an independent grant-making charity and company limited by guarantee. Founded in 2003, Hampshire & Isle of Wight Community Foundation serves a population of c.1.9 million people across Hampshire, Isle of Wight, Portsmouth and Southampton.

The Foundation's charitable objects for the Public Benefit, as defined in the Memorandum & Articles of Association, include:

1. The promotion of charitable purposes for the benefit of the communities of Hampshire, Isle of Wight, Southampton and Portsmouth;
2. Other exclusively charitable purposes in the UK which are in the opinion of the Trustees beneficial to the community with a preference for those in the area of benefit;
3. To assist financially or otherwise a charitable trust, association, individual or voluntary organisation, for the purposes of relieving those injured, bereaved, or in need or of other charitable purposes connected with or arising out of the counties of Hampshire, Isle of Wight, and cities of Southampton and Portsmouth.

These charitable objects are achieved through:

- Partnering with government, ESF, Comic Relief, the Big Lottery, local councils, national charities, multinational and local companies to manage effective grants programmes which assess applications, make grants, and distribute and monitor funds to charities, voluntary and community organisations that meet the Foundation's criteria, together with criteria set by funders;

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- Increasing endowment and Flow-through/Revenue funds under management by providing flexible, donor-centric investment management and grant-making services, and by retaining existing and attracting new donors;
- Ensuring that all levels of the Foundation operate to the highest standards

The Trustees refer to guidance on public benefit produced by the Charity Commission when reviewing the Foundation's charitable objectives and when planning future activities and grant-making, and are satisfied that these objects meet the appropriate charitable purposes and public benefit criteria as defined by the Charities Act 2016.

### **Structure, Governance and Management**

#### ***Governing Document***

Hampshire & the Isle of Wight Community Foundation, (HIWCF), is an independent Charitable Foundation, registered in 2003 (Charity Registration 1100417) and is incorporated as a company limited by guarantee (04534462). HIWCF is governed by its Memorandum and Articles of Association. The Articles define the public benefit of HIWCF and set out the powers of the Board of Trustees. The Trustees of the Charity and the principal advisors are listed on pages 1 and 2. The liability of the members in the event of HIWCF being wound up is limited to a sum not exceeding £1. HIWCF is a member of UK Community Foundations, a national organisation that connects and represents the 48 UK Community Foundations at a national level.

#### ***Appointment and induction of Trustees***

Invitation to join the Board is by selection and consideration is given to expertise, experience, skills and geographical representation. There is no limit on the number of Trustees, however three must be in attendance to be quorate. Annually a skills audit is completed by the Board to ensure a diverse range of skills and experience. Board members approve any new Trustees at Board meetings who are then co-opted during the year and appointed at the next Annual General Meeting. New Trustees have a meeting with the Chairman, the CEO, visit the office and meet the staff of HIWCF. Induction training is recorded and covers building funds, grant-making, policies and procedures.

Trustees meet quarterly and the Board meetings work to an agenda, which allows ample time for open discussion on all issues including those related to HIWCF's areas of interest and public benefit.

Business is conducted between Board meetings through five committees which are responsible for reviewing operational activities; Finance and Investment Committee, Grants Committee, Fund Development Committee, Portsmouth Advisory Board and the Isle of Wight Committee. The terms of reference for these Committees set out the powers and authority delegated to them. The day-to-day management of HIWCF, the administration of the grants and the development of the funds is delegated to the Chief Executive and his staff.

#### ***Monitoring performance***

2016 was a year of significant change for the Charity with the departure of our CEO and the implementation of the Solent Community Grants Programme. Trustees monitored performance during the year by reporting quarterly to both the Finance & Investment Committee and the full Board on the actions being taken to address the key risks to the Charity not achieving its strategic aims. The key risks were identified during the full Risk management review in February 2016 as being:

- Achieving a surplus on unrestricted funds
- Impact of potential investment losses
- Compliance with new ESF contract
- New staff not integrating effectively into the organisation
- Conducting site visits to 10% of successful grant applicants

Through quarterly reports the Trustees are ensuring that all possible steps are being taken to mitigate the risks against achieving the Charity's objectives.

The key performance indicators for 2016 were linked to financial and risk targets, being to achieve a breakeven core position, to exceed £1m of grant-making, and to manage effectively strategic risks through quarterly reports to the Finance & Investment Committee as listed above.

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**Remit of Committees:**

**Finance and Investment Committee** – the Committee is specially set-up to oversee the administration of the financial and investment transactions. This Committee devises and reviews policies that ensure the proper administration of the Foundation's finances and investments including but not limited to: financial management; overseeing investment performance; development of efficient financial and investment administration systems; annual review with investment managers; IT and data protection; property management; and overseeing the management of risk.

**Grants Committee** – the Committee leads HIWCF's strategy for its interface with the community, including grant-making. The Committee: keeps abreast of needs in the area of benefit, the funding environment and other relevant issues; recommends grant-making strategy and targets to the Board; monitors the implementation of the strategy and achievements, reporting trends and exceptions to the Board; assesses the impact of the grant-making programmes; recommends the grants' budget available annually between areas/issues, taking account of any restrictions placed by donors for approval by the Board; oversees the grant application procedures and policies including assessment and monitoring; oversees grants made by grant's advisory panels and ensure these are in line with policy and strategy; recommends an appeals procedure to the Board and act as appeal body as required under procedures established; identifies ways other than grant-making for HIWCF to contribute appropriately to meeting the needs of local communities and monitor progress on the initiatives prioritised; establishes task groups from time to time to undertake specific, time-limited pieces of work. Members of this Committee will: participate in one or more Grant panels as a representative of HIWCF; attend and encourage others to attend visits to community organisations; undertake at least one visit each year to a grant-aided organisation as part of the grant monitoring process.

**Fund Development Committee** – To lead the development of HIWCF strategy for attracting new funds and maintaining relationships with existing donors. This Committee will: recommend fund development strategy and targets to the Board; monitor the implementation of the strategy and achievements, reporting trends and exceptions to the Board; approve the marketing and communications strategy and monitor its achievements; oversee fund development activity; oversee HIWCF's networks; establish task groups from time to time to undertake specific, time-limited pieces of work. The members of this Committee will: contribute to fund development by identifying and introducing potential donors and sponsors; and attend and encourage others to attend Community Foundation events.

**Portsmouth Advisory Board** - The Advisory Board oversees the activities of Hampshire & Isle of Wight Community Foundation in the Portsmouth Local Authority Area. The Committee is responsible for management and direction of Portsmouth City Community Funds, Alderman Joe Davidson Funds, Montagu Neville Durnford and St Leo Cawthorn Memorial Trust Funds, Fitcher Trust, Cornellius Centre Fund and Civic Portsmouth Funds. In managing these funds they will: ensure compliance with the original objects of the trusts; provide strategic direction on all other Portsmouth specific funds as required; approve the annual draw-down of endowment funds for grant-making; approve criteria for Flow-through/Revenue funds; review the effectiveness of grant-making; set the timetable for Advisory Board and Grant panel meetings; address trends and gaps within the Portsmouth City grant-making communities; receive Annual Fund Statements for managed funds, and assist in attracting additional funds.

**Isle of Wight Committee** – To lead HIWCF's strategy for its interface with the Isle of Wight community, including grant-making and fund development. Regarding Grants and community development - this Committee will: keep abreast of needs in the area of benefit, the funding environment and other issues relevant to HIWCF's interface with the Isle of Wight community; recommend grant-making strategy and targets; recommend individuals with the appropriate experience and knowledge to sit on the Committee; monitor the implementation of the strategy and achievements, reporting trends and exceptions, with the support of HIWCF staff; assess the impact of the grant-making programmes; recommend the grants' budget available annually between areas/issues, taking account of restrictions placed by donors; approve grants in accordance with the schedule of delegation established by the Board; oversee grants made by IOW Grant Panel and ensure these are in line with policy and strategy; act as appeal body as required under procedures established; identify ways other than grant-making for IWCF to contribute appropriately to meeting the needs of local communities and monitor progress on the initiatives prioritised; be responsible for the management and direction of the IWC funds; host and support the organisation of a bi-Annual Reception on Isle of Wight; attend bi-Annual Reception in Hampshire; establish task groups from time to time to undertake specific, time-limited pieces of work.

## **HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION TRUSTEES' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

### **Main Board**

There were fourteen Trustees at the year-end with four new Trustees joining the Board during 2016.

The Board is delighted that the Lord Lieutenant, Mr Nigel Atkinson, has continued to be our President throughout 2016. The Board remains indebted to all our Ambassadors – Dame Mary Fagan, The Earl of Portsmouth, Alan Titchmarsh and Lord Chidgey - for their continued support, which has helped to strengthen and build the profile of HIWCF during 2016.

None of the Trustees receive remuneration or other benefit from their work with the charity. We hold a register of interests for all Board members. Any connections between a Trustee and a grantee or potential funding partner are fully disclosed.

**HIWCF's charitable objects** - as defined in the Memorandum & Articles of Association, are:

The promotion of any charitable purposes for the public benefit of the community in the counties of Hampshire and the Isle of Wight and the unitary authorities of Southampton and Portsmouth and in particular the advancement of education, the protection of good health, both mental and physical, and the relief of poverty and sickness; other exclusively charitable purposes in the United Kingdom and elsewhere which are, in the opinion of the Trustees, beneficial to the community, including those in the area of benefit.

The Trustees have given due regard to public benefit guidance published by the Charity Commission in accordance with Section 17 of The Charities Act 2011.

### **Our Vision**

Hampshire & Isle of Wight Community Foundation is about local giving and local engagement - bringing together local donors to support community groups to meet local needs.

### **Our Mission**

Is about building local philanthropy to invest in and empower communities and community-led solutions to local issues to make a lasting difference.

We are committed to building funds and distributing grants to support community projects delivered by local voluntary and community groups across Hampshire & Isle of Wight, Southampton & Portsmouth. We have built an £11m endowment fund for the long term benefit of our communities, and in the last 10 years have distributed £7m in grants to support over 2,000 community projects across Hampshire and Isle of Wight.

Our grant-making programmes support community projects for all ages; those with disabilities; families in crisis; the homeless; those in poor health; people looking to get back into work; those seeking protection; looking to get healthier through sport, drama and singing; people who want to learn about the arts and local culture; those that are isolated or lonely; and local people struggling to cope with their lives.

We award grants to smaller, lesser known charities and community groups who offer the support, services and activities that can really make a difference to local people's lives. We are proud to have reached out to nearly 500,000 people living in our local communities.

Hampshire & Isle of Wight Community Foundation is focused on enabling a wide variety of donors to fund projects which make a real difference to local people's lives across Hampshire & Isle of Wight, Portsmouth and Southampton. We do this by:

- working in partnership with government, Comic Relief, the Big Lottery Fund, European Social Fund, local councils, multinational and local companies to target their social action initiatives where it will be most effective;
- utilising the income from our endowment funds to direct our own grant-making
- working with donors on donor-directed grant-making
- by managing Flow-through/Revenue funds on behalf of local companies, councils and partners

Our aim is to provide a high standard of philanthropy advice, grant-making and support to community organisations across Hampshire and Isle of Wight, Portsmouth and Southampton.

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### Our values

HIWCF staff and trustees are committed to being:

- **Professional** - a high quality service to grant recipients that is trusted and respected, within a well governed and financially secure organisation
- **Bespoke** - a unique service to donors that is customer-focused and flexible, and helps donors to see the impact of their giving
- **Local** – a focus enabling people to engage in helping to build community resources to meet the diverse needs in their area
- **Knowledgeable** - about local needs, and to develop this through research and listening to local people
- **Accessible** – simple grant application processes designed to ensure voluntary groups of all sizes can access funding
- **Innovative** – developing creative ways to deliver our services and meet local community needs to maximise our impact
- **Passionate** – about supporting local communities and changing people's lives through local philanthropy

The Board of Trustees aims to set a level of grant expenditure from the endowed funds which provides a realistic level of grant-making, consistent with the long-term maintenance of the value of the endowed funds, and subject to any conditions imposed by donors.

Every three years the Board reviews a level to be distributed in grants from endowment funds. For funds invested with Brewin Dolphin it was agreed to distribute 5% of the capital value of the fund as at 31 December 2016, with some minor exceptions where slightly more or less was agreed with fundholders for specific projects.

For Community First Funds invested with CCLA we are permitted to distribute the net income and any gains over and above RPI since the inception of the fund. The HIWCF Board has decided to spread the spending of any gains over the subsequent two years. For 2016 this gave an average distribution rate of 4.9% of the value of funds.

As part of our commitment to the Solent Community Grants Programme, many of our fundholders supported this programme in 2016 by contributing towards the match funding of £150,000 made by HIWCF. Other themes supported in response to the 2015 Vital Signs feedback were Wellbeing & Health, Culture and Communities and the Small Grants for Small Items.

The average size of a grant (based on the net amount of money awarded) was £1,836 (excluding Winter campaign individual grants). Most funds managed by HIWCF have a ceiling on the amount awarded in individual grants of between £250 and £5,000. Priority is given to supporting smaller charities and community groups with income of less than £300,000 pa.

### Staff

There are four full-time and four part-time members of staff; and twelve external assessors trained to help with our grant programmes. Pay reviews are conducted each April, within parameters approved by the Finance & Investment Committee.

### Risk Management

The Board receives a risk assessment prepared by the Chief Executive and the Finance & Investment Committee each February. Each Board meeting receives an update on the status of the highest risks as a report from the Finance & Investment Committee.

### Fund Development

Our ability to generate a sustainable annual income for distribution to local voluntary and community groups is achieved by encouraging philanthropy, providing donor-managed services, and by building relationships with current and prospective donors to further grow HIWCF's grant-making potential. Key to this approach is HIWCF's commitment to help donors identify their philanthropic and charitable interests and to offer them opportunities to make a local difference.

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Fund development is measured in HIWCF's ability to increase the number of new funds under its management in order to distribute grants.

During 2016 we had a total of 105 funds under management, and at 31st December 2016 we had 83 endowment funds (2015: 80), providing donors with services tailored to their individual requirements and charitable interests. Three new endowment funds were established during the year, the same as in 2015. In addition, four new Flow-through funds were established, each to be spent within a specified period.

### **New Endowed Funds:**

Cornellius Centre Fund  
Futcher Trust Fund  
Monk Family Fund

### **New Flow-through Funds:**

Solent Community Grants Programme – ESF funded  
Business South  
QJR Gala Dinner  
Kenwood

## **Financial Review**

### Restricted Funds

The biggest achievement in 2016 was the securing of the Solent Community Grants Programme, an ESF funded programme bringing in £500,000 of European Social Funding over two years. This helped us to distribute £1.1m in grants, close to our budget of £1.2m. The shortfall was due to Department for Work and Pensions (the ESF Managing Authority) requesting that Round 1 ESF grants awarded be paid in two tranches, 50% upon award in December 2016 with the remaining 50% due in 2017, carrying forward £211,608 of grants into 2017.

### Unrestricted Funds

Core costs continued to be well managed, with a saving of £27,891 against budget during 2016. Despite a tight control of costs, costs exceeded income after transfers by £12,449 due to a shortfall against budgeted contributions from new endowment funds. Meanwhile the investment market rallied towards the end of the year providing gains on unrestricted funds of £18,323, resulting in a net increase in 2016 of £5,874.

### Endowment Funds

Considerable work took place during 2016 in an effort to secure the transfer of 29 trusts. This has been delayed into 2017 which has left a shortfall against budget on endowment income of £471,000. Due to the good performance of the investment markets the closing balance of endowment funds is £11.3m compared to a budget of £11.1m.

### **Investment policy**

The development of an endowed fund providing sustainable long-term support for local communities is central to the role of HIWCF. The guiding objectives of the Finance and Investment Committee are to maximise long-term total returns (from income and capital growth), while providing annual income to help fund grant programmes. Brewin Dolphin and CCLA were the primary investment managers during 2016, between them managing some 90% of our £11.3m endowment assets.

Property endowed to HIWCF is 8% of our Endowment assets. These properties are held for the long-term with net rental income applied to grant-making.

### **Investment Strategy and Risk Profile**

HIWCF's policy is to invest funds to achieve a balance between capital growth and income using a medium risk investment strategy.

### **Ethical Investment and Other Constraints**

The Board considers that HIWCF's interests are best served by seeking to obtain a sound financial return from a suitably diverse portfolio of investments. The Trustees have considered establishing an ethical investment policy and, whilst not excluding any specific investments, have asked the investment managers to have due regard to not investing in companies whose activities could be detrimental to the objectives and aims of HIWCF.

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### Investment Performance

Despite a politically turbulent year, the investment markets performed very well. Funds invested with Brewin Dolphin showed a total return of 17.6% (Rathbones 2015: 4.2%) and funds invested with CCLA showed a total return of 15.1% (2015: 6.0%). These performances compare with a total return of 17.15% on the WMA Balanced index. Within these figures the income yield on Brewin Dolphin was 3.4% (Rathbones 2015: 3.0%) and CCLA, 3.6% (2015: 3.8%).

### Reserves Policy

The Trustees aim to hold unrestricted reserves to a level which equates to approximately twelve months of staffing and support costs. At 31<sup>st</sup> December 2016 the balance on unrestricted reserves amounted to £243,153 compared with £237,279 in the previous year. At current levels unrestricted reserves equate to about 88% (2015: 85%) of annual running costs.

The Trustees consider that this level should be adequate to sustain HIWCF for the long-term. The Trustees have adopted a break-even budget for 2017, however should the transfer in of the 29 trust transfers be secured a revised forecast will be produced with a view to further improving the reserves position.

### Endowments and Grant-Making

The bulk of HIWCF's expenditure is grant distribution. Funding for this is taken from investment returns and Flow-through donations received for grant-making.

In 2016 HIWCF:

- Raised total income of £1.4m (£2.0m in 2015) –and further trust transfers (estimated at £0.7m) are anticipated
- HIWCF distributed a net amount of £1.1m in grants to charities and community groups (£912,000 in 2015)
- Spent £262k (2015: £280k) of unrestricted funds mainly on grant-making and raising funds

### Plans for the Future

The new CEO is developing a four-year strategy that will take us up to December 2020, this will be presented to the full Board in 2017 focusing on the strategic priorities for the Charity, including financial targets for growth to allow us to distribute more grants year on year.

In the short term HIWCF's plans for 2017 include:

- To distribute £1.4m of funding to eligible causes across Hampshire, Isle of Wight, Portsmouth and Southampton;
- To secure new endowments valued at more than £375,000 and new Flow-through funds of £250,000;
- To build an effective Professional Advisers' programme to help us to attract new endowment funds;
- To work with local businesses and Hampshire Chamber of Commerce to promote corporate giving;
- To launch two new grant programmes Youth Social Action and Youth Mental Health;
- To continue to strengthen the management of all aspects of HIWCF's operations for maximum effectiveness and efficiency, for the benefit of our communities.

### Trustees' Responsibilities

The Charity Trustees (who are also directors of Hampshire and the Isle of Wight Community Foundation for the purposes of Company Law) are responsible for preparing the Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Charity Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the financial year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;

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- Make judgments and estimates that are reasonable and prudent;
- State whether applicable U.K. accounting standards have been followed, subject to any material 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 business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

The auditors, Fiander Tovell LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

**Statement of disclosure to auditor**

The Trustees who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are not aware; and each Trustee has taken all the steps that he ought to have taken as a Trustee to make himself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

By order of the Board of Trustees

Approved by the Trustees on \_\_\_\_\_ 2017

\_\_\_\_\_

Mr. Tom Floyd (Chairman)

\_\_\_\_\_

Mr. Adrian Rutter (Trustee)

**INDEPENDENT AUDITORS' REPORT**

**To the members of Hampshire and the Isle of Wight Community Foundation**

We have audited the financial statements of the Hampshire & Isle of Wight Community Foundation for the year ended 31<sup>st</sup> December 2016 which comprise the Statement of Financial Activities, Balance Sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom General Accepted Accounting Practice) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and to the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8 the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (U.K. and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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' exemption in preparing the Directors' Report and the Strategic Report.

**INDEPENDENT AUDITORS' REPORT (cont'd.)**

**To the members of Hampshire and the Isle of Wight Community Foundation**

**Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31st December 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and;
- Have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter 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' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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Paul Meacher FCA (Senior Statutory Auditor)  
for and on behalf of Fiander Tovell LLP

Fiander Tovell LLP  
Registered Auditors  
Chartered Accountants

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2017  
Stag Gates House  
63/64 The Avenue  
Southampton  
Hampshire  
SO17 1XS

## HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION

### STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income & Expenditure Account) for the year ended 31st December 2016

		Unrestricted Funds	Restricted Endowment Funds		2016	2015
		£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and legacies	2	9,119	634,645	329,087	972,851	1,623,583
Investment Income	3	12,097	-	410,545	422,642	378,378
<b>Total income and endowments</b>		<b>21,216</b>	<b>634,645</b>	<b>739,632</b>	<b>1,395,493</b>	<b>2,001,961</b>
<b>Expenditure on:</b>						
Raising funds	5	84,340	-	-	84,340	117,805
Charitable activities	4/5	177,436	1,105,837	28,356	1,311,629	1,108,276
<b>Total Expenditure</b>		<b>261,776</b>	<b>1,105,837</b>	<b>28,356</b>	<b>1,395,969</b>	<b>1,226,081</b>
Net gains on Investment Assets		18,323	-	1,017,392	1,035,715	95,929
<b>Net income/(expenditure)</b>		<b>(222,237)</b>	<b>(471,192)</b>	<b>1,728,668</b>	<b>1,035,239</b>	<b>871,809</b>
Transfers between funds	6	228,111	447,304	(675,415)	-	-
<b>Net movement in funds</b>		<b>5,874</b>	<b>(23,888)</b>	<b>1,053,253</b>	<b>1,035,239</b>	<b>871,809</b>
Fund Balances brought forward		237,279	272,720	10,248,479	10,758,478	9,886,669
<b>Fund Balances carried forward</b>		<b>243,153</b>	<b>248,832</b>	<b>11,301,732</b>	<b>11,793,717</b>	<b>10,758,478</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing operations.

## HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION

<b>Balance Sheet as at 31st December 2016</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible Assets	7	5	991
Investments	9	11,320,040	10,011,423
		<u>11,320,045</u>	<u>10,012,414</u>
<b>Current assets</b>			
Debtors	10	2,842	4,572
Cash at Bank and in hand		483,999	748,102
		<u>486,841</u>	<u>752,674</u>
<b>Creditors falling due within one year</b>	11	(13,169)	(6,610)
		<u>473,672</u>	<u>746,064</u>
<b>Net current assets</b>		<u>473,672</u>	<u>746,064</u>
<b>Net assets</b>	12	<u>11,793,717</u>	<u>10,758,478</u>
<b>The funds of the charity:</b>			
<u>Unrestricted funds:</u>			
General funds		243,153	208,547
Revaluation reserve		-	28,732
	12	<u>243,153</u>	<u>237,279</u>
Endowment funds	12/13	11,301,732	10,248,479
Restricted income funds	12/14	248,832	272,720
		<u>11,550,564</u>	<u>10,521,200</u>
<b>Total Charity Funds</b>	12	<u>11,793,717</u>	<u>10,758,478</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

Approved by the Trustees on \_\_\_\_\_ 2017 and signed on their behalf:

\_\_\_\_\_ Tom Floyd, Chairman

Company Registration Number: 04534462

## HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION

Statement of cashflow for the year ended 31<sup>st</sup> December 2016

		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Cash flows from operating activities	19	(369,876)	413,005
Cashflows from investment activities	20	105,773	(155,636)
<b>Net (decrease)/ increase in cash during the year</b>		<b>(264,103)</b>	<b>257,369</b>
Cash at the beginning of the year		748,102	490,733
<b>Total cash at the end of the year</b>		<b>483,999</b>	<b>748,102</b>

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

**1 Accounting Policies**

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

**Accounting Convention**

The financial statements have been prepared under the historical cost convention and in accordance with the 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 Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The accounts are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £1.

Hampshire and Isle of Wight Community Foundation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

This is the first year of reporting under FRS102, there have been no changes other than to disclosures as a result of adopting FRS102.

**Reconciliation with previous General Accepted Accounting Practice**

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required. No restatements were required, however within note 5 to the accounts expenses have been reclassified for both 2016 and 2015 in order to comply with the requirement to only disclose charitable activities and raising funds within the Statement of Financial Activity.

**Preparation of the accounts on a going concern basis**

The organisation has financial reserves held in investments, together with long-term endowment provided by donors. The organisation has cash at bank of £483,999, as a consequence the Trustees believe that the charity is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Trustees have a reasonable expectation that the organisation will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing these financial statements.

**Incoming Resources**

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' 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 the income will be received and the amount can be measured reliably and is not deferred.

Donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Investment income is recorded in the financial statements on the accruals basis and is allocated to individual endowment funds at the end of each quarter on the basis of the fund value at the end of the previous quarter. Interest earned on current accounts is allocated to core funds. Flow-through funds receive no interest except where the fund is required to be held in a separate account.

**Fund Accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Restricted funds can only be used for the particular restricted grant-making purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose.

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

The unrestricted fund makes a charge on the other funds as follows:

- Flow-through funds – as agreed with the donor
- Endowment funds – 1.5% of the fund balance per annum

**Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the staff time of key members of staff responsible for business development namely the CEO, Isle of Wight Administrator with support from the Financial Controller and the Marketing Administrator, along with directly attributable support costs and a share of overheads proportionate the percentage of staff costs;
- Expenditure on charitable activities includes all grants paid and other costs directly associated with grant-making, including donor and Fund-holder services and marketing and their associated support costs;
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged at cost against the activity for which the expenditure was incurred.

**Allocation of support costs**

Support costs are those functions that assist the work of the charity but do not directly undertake fund raising or charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's objects. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 5.

**Payment of grants**

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the charity. Single or multi-year grants are accounted for when the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition. Grants are paid as soon as they fall due.

Grants which are payable out of future income and where the beneficiaries are aware they are conditional upon that income being received by the charity, are not accrued in advance of that income being received, so that the expenditure is matched with the income as it arises. Details of such future commitments are set out in the notes as contingent liabilities.

**Tangible Fixed Assets**

Assets costing more than £1,000 are capitalised at cost. Provision for depreciation of fixed assets held for use by the charity is made at annual rates calculated to spread the cost of each asset evenly over its useful expected life. The depreciation rates are:

Computer equipment	over 3 years
Furniture, fixtures and equipment	over 3 to 10 years

**Fixed Asset Investments**

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising from disposals throughout the year and revaluation at the year end.

**Financial Instruments**

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**Pensions**

The Charity contributes to defined contribution pension schemes of individual staff members with more than 6 months continuous service, unless the staff member chooses to opt-out of the arrangement. All eligible staff have been written to concerning automatic enrolment and been offered contributions into a NEST company scheme, continuing with existing arrangements or opting out. Pension costs are

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

charged to the Statement of Financial Activities as incurred.

2	<b>Donations and Legacies</b>	Unrestricted	Restricted	Endowment	2016	2015
		Funds	Funds	Funds	£	£
		£	£	£		
	Grants receivable, gifts and donations	2,119	431,230	329,087	762,436	1,599,743
	Government Grant Income	-	201,601	-	201,601	-
	Sponsorship	-	-	-	-	3,114
	Donated services and facilities	7,000	1,814	-	8,814	20,726
		9,119	634,645	329,087	972,851	1,623,583
	<i>2015 analysis</i>	<i>80,563</i>	<i>650,256</i>	<i>892,764</i>		<i>1,623,583</i>

In 2016 we secured an ESF funded programme called Solent Community Grants programme running from June 2016 to June 2018. During the life of the programme the new contract will bring in £500,000 of ESF funding, of which £1,601 was received in 2016 together with £200,000 of local authority match funding.

Donated facilities have been valued for 2016 at £7,000 compared to £20,000 the previous year. £20,000 is the full commercial rate, however from April 2017 we will be charged £7,000 per annum being the discounted charitable rate payable.

3	<b>Investment Income</b>	Unrestricted	Restricted	Endowment	2016	2015
		Funds	Funds	Funds	£	£
		£	£	£		
	Dividends received	11,690	-	348,303	359,993	329,113
	Income from investment properties	-	-	62,242	62,242	48,816
	Interest received	407	-	-	407	449
		12,097	-	410,545	422,642	378,378
	<i>2015 analysis</i>	<i>9,077</i>		<i>287,736</i>		<i>378,378</i>

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

4 Charitable Activity	2016 £	2015 £
<u>Institutional Grants Paid</u>		
Institutional Grants Paid	1,083,112	888,768
Grants paid to Individuals (Winter and Summer campaigns)	22,725	23,469
<b>Total Grants Paid (see note 14 for detail)</b>	<b>1,105,837</b>	<b>912,237</b>
Support costs - see detail in note 5	205,792	196,039
<b>Charitable Activities</b>	<b>1,311,629</b>	<b>1,108,276</b>

The largest institutional grant paid in 2016 was £15,000. A full list of grants paid is published in the charity's Annual Review, which is available on request and via our website. The causes supported during 2016 are:

Arts, Culture & Heritage	2%
Community & Family Support	10%
Counselling/Advice/Mentoring	4%
Crime & Anti-social Behaviour	8%
Education & Training	18%
Employment and Labour	13%
Healthy Living & Sport	4%
Housing & Homelessness	1%
Mental or Physical Ill-health & Disability	14%
Poverty & Disadvantage	15%
Rural & Environment	2%
Social Inclusion, Fairness & Equality	5%
Other	4%

5 Analysis of expenditure	2016 Raising Funds £	2016 Charitable Activity £	2015 Raising Funds £	2015 Charitable Activity £	Basis of apportion- ment
<u>General Support Costs</u>					
Staff costs	71,682	113,499	92,294	110,117	Staff time
Recruitment costs	-	11,489	-	-	Actual
Travel, training and subsistence	2,053	4,916	3,562	3,552	CEO time
Marketing costs	1,440	7,971	6,060	4,404	Actual
General office costs	8,640	15,523	15,889	20,310	Staff time
Grant programme costs	525	7,785	-	6,339	Actual
Governance costs (below)	-	14,448	-	15,684	
Investment management costs	-	1,805	-	2,042	
<b>Unrestricted Expenditure</b>	<b>84,340</b>	<b>177,436</b>	<b>117,805</b>	<b>162,448</b>	
Investment management costs	-	28,356	-	33,591	Endowment
<b>Total support costs</b>	<b>84,340</b>	<b>205,792</b>	<b>117,805</b>	<b>196,039</b>	
Restricted grant making	-	1,105,837	-	912,237	
<b>Total Resources Expended</b>	<b>84,340</b>	<b>1,311,629</b>	<b>117,805</b>	<b>1,108,276</b>	

	2016 £	2015 £	
<u>Governance Costs</u>			
Staff costs	7,220	7,324	Staff time
Travel, training and subsistence	784	620	Actual
General office costs	837	1,046	Staff time
Professional fees	5,607	6,694	Actual
	<b>14,448</b>	<b>15,684</b>	

Governance professional fees include auditors' remuneration of £4,800 (2015: £4,800).

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

**6 Transfers between funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Endowment Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Transfer from Endowment to Restricted Funds towards the payment of grants	-	509,602	(509,602)
Transfer of approved management fees	165,813	-	(165,813)
Transfer of approved management fees	62,298	(62,298)	-
<b>Net Transfers 2016</b>	<b>228,111</b>	<b>447,304</b>	<b>(675,415)</b>
<i>Net Transfers 2015</i>	<i>177,771</i>	<i>396,634</i>	<i>(574,405)</i>

**7 Tangible Fixed Assets**

	<b>Computer Equipment</b>
	<b>£</b>
<b>Cost</b>	
Cost brought forward	10,681
Additions	-
Disposals	-
Cost carried forward	<u>10,681</u>
<b>Depreciation</b>	
Depreciation brought forward	9,690
Charge for the year	986
Disposals	-
Depreciation carried forward	<u>10,676</u>
<b>Net Book Value</b>	
Net Book Value at 31 December 2016	<u>5</u>
Net Book Value at 31 December 2015	<u>991</u>

<b>8 Financial Instruments</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Investments measured at fair value through net income/ expenditure	10,288,722	8,943,779
Debt instruments measured at amortised cost	-	1,479
<b>Carrying value of financial liabilities</b>		
Accruals measured at amortised cost	13,169	6,610

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

<b>9 Investments</b>	<b>2016</b>	<b>2015</b>
Market value at 1 <sup>st</sup> January	10,011,423	9,385,874
Additions at cost or transfer value	506,900	945,212
Realised gains/(losses) on disposals	37,226	(236,272)
Unrealised gains (losses) on revaluation	991,747	91,535
(Decrease)/ Increase in cash invested	(227,256)	(174,926)
<b>Market value as at 31<sup>st</sup> December</b>	<b>11,320,040</b>	<b>10,011,423</b>
Historical Cost as at 31 December	9,182,296	8,503,872

The investment held at the year end at market value comprise:

		<b>2016</b>		<b>2015</b>
Investments comprise:	%	£	%	£
Listed investments	50%	5,668,509		4,717,144
CCLA investment managed fund	40%	4,507,436		4,113,403
Property income trusts for charities	1%	112,777		113,232
UK investment properties	8%	870,000		870,000
Cash	1%	161,318		197,644
<b>Market value as at 31<sup>st</sup> December</b>	<b>100%</b>	<b>11,320,040</b>		<b>10,011,423</b>

£269,552 (2015: £252,340) of the Investment Assets are unrestricted funds, £200,000 is restricted funds (2015: £nil) with the balance of £10,850,488 (2015: £9,759,083) relating to Endowment Funds.

The UK investment properties are included at the Trustees' estimate of market value. Alderman Joe Davidson Properties were valued in March 2014 as part of the transfer of assets from the linked charity at £600,000. The Isle of Wight property valuation of £270,000 is based on the valuation by Christopher Scott, East Quay, Kite Hill, Wootton Bridge, Isle of Wight on 18th May 2012. The Trustees are not aware of any material changes since the valuations.

<b>10 Debtors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Donations & Grants Receivable	-	1,479
Prepayments	2,842	3,093
	<u>2,842</u>	<u>4,572</u>

<b>11 Creditors</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Accruals	13,169	6,610
Tax & Social Security	-	-
	<u>13,169</u>	<u>6,610</u>

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

**12 Net Assets & Analysis of Funds**

The net assets represent the combined funds of four linked charities:

	<b>Tangible Fixed Assets</b>	<b>Investments</b>	<b>Cash at bank</b>	<b>Other net current assets</b>	<b>Net assets</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Hampshire &amp; the Isle of Wight Community Foundation (the reporting charity – 1100417-0)</b>					
Endowment Funds	-	8,910,006	458,822	(7,578)	9,361,250
Restricted Funds	-	200,000	47,027	-	247,027
Unrestricted Funds	5	269,552	(23,655)	(2,749)	243,153
	<b>5</b>	<b>9,379,558</b>	<b>482,194</b>	<b>(10,327)</b>	<b>9,851,430</b>
<b>Montagu Neville Durnford and Saint Leo Cawthran Memorial Trust (linked charity – 1100417-1)</b>					
Endowment Funds	-	552,166	-	-	552,166
Restricted Funds	-	-	-	-	-
Unrestricted Funds	-	-	-	-	-
	<b>-</b>	<b>552,166</b>	<b>-</b>	<b>-</b>	<b>552,166</b>
<b>The Lord Mayor of Portsmouth's Charity (linked charity – 1100417- 2)</b>					
Endowment Funds	-	535,811	-	-	535,811
Restricted Funds	-	-	221	-	221
Unrestricted Funds	-	-	-	-	-
	<b>-</b>	<b>535,811</b>	<b>221</b>	<b>-</b>	<b>536,032</b>
<b>Alderman Joe Davidson (linked charity – 1100417-4)</b>					
Endowment Funds	-	789,023	-	-	789,023
Restricted Funds	-	-	1,584	-	1,584
Unrestricted Funds	-	-	-	-	-
	<b>-</b>	<b>789,023</b>	<b>1,584</b>	<b>-</b>	<b>790,607</b>
<b>Futcher School Foundation (linked charity – 1100417-5)</b>					
Endowment Funds	-	63,482	-	-	63,482
Restricted Funds	-	-	-	-	-
Unrestricted Funds	-	-	-	-	-
	<b>-</b>	<b>63,482</b>	<b>-</b>	<b>-</b>	<b>63,482</b>
<b>Totals for all Charities Above</b>					
Endowment Funds	-	10,850,488	458,822	(7,578)	11,301,732
Restricted Funds	-	200,000	48,832	-	248,832
Unrestricted Funds	5	269,552	(23,655)	(2,749)	243,153
<b>TOTAL FUNDS</b>	<b>5</b>	<b>11,320,040</b>	<b>483,999</b>	<b>(10,327)</b>	<b>11,793,717</b>

In 2015 we held an unrestricted revaluation reserve of £28,732 in relation to revalued investment assets. The reserves policy of the Charity no longer requires this to be held in a separate designated fund, so the full value of the reserve is now amalgamated within general unrestricted funds.

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2016**

**13. Endowment Funds**

	Note	Balance at 01/01/2016 £	Incoming Resources £	Expenditure £	Transfers £	Investment Gains/(Losses) £	Balance at 31/12/2016 £
<b>Linked Charities</b>							
Alderman Joe Davidson	a.	780,222	45,301	-	(30,015)	(6,485)	789,023
Civic Fund Portsmouth's Charity Funds	b.	507,070	17,539	-	(35,834)	47,036	535,811
Montagu Neville Durnford & St Leo Cawthan Funds	c.	522,662	18,071	-	(37,029)	48,462	552,166
Futcher School Foundation	d.	-	62,006	(140)	(2,740)	4,356	63,482
<b>Other funds &gt; £400k</b>							
BAT Endowment Fund	e.	448,679	16,903	(2,494)	(30,331)	55,946	488,703
Blagrove Capital Funds	e.	492,504	17,692	(1,218)	(34,723)	52,664	526,919
Doris Campbell Memorial Fund	e.	694,956	34,060	(3,351)	(45,305)	72,507	752,867
First Wessex Funds	e.	484,619	16,920	(512)	(35,361)	47,565	513,231
Ford Southampton Fund	e.	487,179	18,097	-	(17,998)	48,529	535,807
Isle of Wight Community Fund	f.	475,623	31,470	(1,715)	(32,487)	28,091	500,982
Penton Grassroots Fund	e.	531,536	20,121	(3,085)	(34,460)	67,148	581,260
Portsmouth City Community Funds	e.	912,225	32,927	(2,860)	(64,571)	100,509	978,230
Rock Bottom Funds	e.	461,531	17,475	(2,682)	(29,925)	58,304	504,703
Other endowment funds		3,449,673	391,050	(10,299)	(244,636)	392,760	3,978,548
		<u>10,248,479</u>	<u>739,632</u>	<u>(28,356)</u>	<u>(675,415)</u>	<u>1,017,392</u>	<u>11,301,732</u>

Endowment funds represent those assets, which are held in the long term by the charity, principally investments. Income arising on the endowment funds can be used in accordance with the objects of the charity or in line with the donor wishes on restricted funds.

Transfers include both transfer of expendable endowments to restricted funds for furtherance of charitable objectives and also management fees charged on endowment funds.

Funds are disclosed individually where considered significant, based on a threshold of 5% of the category totals, and/or the nature of the transactions within the fund. Consideration of the identity of the parties involved in the transactions, and the effect on the disclosure headings such as the opening and closing balances, income, payments and transfers within the fund have also been taken into account when considering whether an individual fund is significant. All other funds not considered individually significant are shown in aggregate.

Notes relating to significant funds:

- a. The Alderman Joe Davidson (linked charity) fund comprises property valued at £600,000 and CCLA investment of £157,195, together with a sinking fund of £20,709 plus a property management account of £2,318
- b. This is a Community First Fund that is focused on small, local voluntary and community groups in Portsmouth;
- c. This is a Community First Fund that is focused on people over 50 with priority given to Naval men, women and their widows in the Portsmouth area;
- d. This is a new fund transferred from Portsmouth City Council for the benefit of Portsmouth groups;
- e. These funds are all expendable endowment funds with linked Revenue funds for annual grant-making;
- f. The Isle of Wight Community Fund includes two properties valued at £270,000 on the Isle of Wight.

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
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**14. Restricted Funds**

	Note	Balance at 1/1/2016	Net Income	Grants paid	Transfers	Balance at 31/12/2016
		£	£	£	£	£
<b>Linked charities- revenue funds</b>						
Alderman Joe Davidson (linked charity)	aa.	7,387	-	(27,082)	21,279	1,584
Civic Fund Portsmouth (linked charity)	aa.	2,868	-	(19,275)	16,628	221
Montagu Neville Durnford & St. Leo Cawthan Funds (linked charity)	aa.	2,474	-	(29,777)	27,303	-
Fletcher School Foundation	aa.	-	-	-	-	-
<b>Flow-through contracts</b>						
Solent Community Grant - match	bb.	-	200,000	(105,811)	135,471	229,660
Solent Community Grant - DWP	bb.	-	1,601	(105,804)	(14,529)	(118,732)
Comic Relief Flow Through Fund	cc.	37,518	80,321	(111,552)	(6,287)	-
Sports Relief Community Cash	cc.	-	87,002	(82,750)	(4,252)	-
Police Commissioner	cc.	90,000	-	(68,437)	-	21,563
Other grant revenue and flow through funds		132,473	265,721	(555,349)	271,691	114,536
		<u>272,720</u>	<u>634,645</u>	<u>(1,105,837)</u>	<u>447,304</u>	<u>248,832</u>

Restricted funds are funds that have been given for particular purposes and projects in order for the charity to fulfill its charitable objectives. Restricted Funds are held for future grant-making, all funds held at 31<sup>st</sup> December 2016 will be distributed during 2017.

Funds are disclosed individually where considered significant based on the volume of grant-making and/or balance at the year end, or where the fund is a linked charity. Consideration of the identity of the parties involved in the transactions, and the effect on the disclosure headings such as the opening and closing balances, income, payments and transfers within the fund have also been taken into account when considering whether an individual fund is significant. All other funds not considered individually significant are shown in aggregate.

Transfers include transfers from Endowment Funds to linked Revenue funds for annual grant-making totalling £509,602, and contributions to core costs charged on Flow-through contracts totalling £62,298.

aa. These show income transferred from Endowment funds to Revenue funds to support charitable grant making on behalf of Linked Charities

bb. Solent Community Grants Programme is a new Flow-through fund covering the period June 2016 to June 2018. The contract is worth £1m over two years, 50% of which is funded by the Department for Work and Pensions (DWP) and is paid quarterly in arrears, £200,000 was matched by Local Authority partners with the remaining £300,000 being matched by existing HIWCF fundholders over two years. The liability on the DWP fund of £118,732 represents £5,520 for quarter 3 2016 paid on 3<sup>rd</sup> January 2017 with a balance of £113,212 received on 16<sup>th</sup> March 2017.

cc. These are all Flow-through funds distributed in accordance with their defined charitable purposes.

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
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<b>15 Staff Costs and Emoluments</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	174,245	187,679
Social security costs	12,742	15,226
Pension costs	5,414	6,830
	<u>192,401</u>	<u>209,735</u>

The average headcount during the year was as follows:

	<b>2016</b>	<b>2015</b>
Senior management	2	2
Managers	2	1
Office/ Administration	4	5
	<u>8</u>	<u>8</u>

At 31<sup>st</sup> December there were 4 full-time staff and 4 part-time staff, making 6 (2015:6) full-time equivalent staff.

The aggregate remuneration of key management personnel was £94,302, with no employee receiving more than £60,000 per annum.

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. No staff received any benefits in kind.

**16 Trustees' Remuneration**

The trustees did not receive any remuneration during the year (2015:£nil). Two Trustees (2015:2) were reimbursed for travel expenses totaling £441 (2015: £565).

**17 Pensions**

The charity contributes to individual staff's defined contribution pension schemes. The contributions due for the year were £5,414 (2015 £6,830). At the year-end there was a pension creditor of £127 (2015 £183).

**18 Grant Commitments**

The charity has contingent liabilities in respect of future grant commitments of £223,417 payable in 2017 (£17,707 in 2015 payable in 2016). Contingent liabilities have increased significantly due to Solent Community Grants Programme where Round 1 grants were paid 50% upon award in December 2016, with 50%, £211,608 being payable half-way through the project subject to satisfactory interim monitoring, projected as June 2017.

**19 Cashflow from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Net income/ (expenditure)	1,035,239	871,809
Add back depreciation charge	986	1,474
Decrease in debtors	1,730	18,455
Increase / (decrease) in creditors	6,558	(8,820)
Investment income (note 3)	(422,642)	(378,378)
Unrealised gains/ losses	(991,747)	(91,535)
	<u>(369,876)</u>	<u>413,005</u>

**HAMPSHIRE & THE ISLE OF WIGHT COMMUNITY FOUNDATION**  
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<b>20 Cashflow from investment activities</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Investment income (note 3)	422,642	378,378
Investment additions at cost of transfer value (note 8)	(506,900)	(945,212)
Disposal at carrying value (note 9)	(37,225)	236,272
Decrease in cash invested (note 9)	227,256	174,926
	<u>105,773</u>	<u>(155,636)</u>

**21 Related party transactions**

During the year we paid £483 to Coffin Mew (2015: £1,686) for legal fees concerning leases on investment properties. Miles Brown was a trustee during the year and Senior Partner at Coffin Mew.