

Charity Registration Number: 1100417

Company Registration Number: 04534462

HAMPSHIRE AND 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 31ST DECEMBER 2022



**ANNUAL REPORT
YEAR ENDED 31ST DECEMBER 2022**

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TRUSTEES' REPORT

The Trustees present their report, together with the financial statements of the Charity, for the year ended 31st December 2022. 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 – effective 1 January 2019).

The Hampshire and Isle of Wight Community Foundation (HIWCF) 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 Futchers 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:

The Orchard
White Hart Lane
Basingstoke
Hampshire
RG21 4AF

President

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

Trustees

Rebecca Kennelly MBE – Chair
Peta Joyce (Jo) Ash CBE
Virginia Lovell JP DL (Retired 20/05/2022)
Hugh Mason
Danesh Putty
Jane Sandars
James Kennedy - Company Secretary
Andrew Joy
Krysia Butwilowska
Sukanya (Suki) Sitaram
Michael Smith
Timothy Johnson (Resigned 25/11/2022)
Richard Barton-Wood - Treasurer

Key management personnel

Jacqui Scott –Chief Executive
Linzi Lawrence – Finance Manager (until 31/05/2022)
Andrew Minns – Finance Manager (from 16/06/2022)

Bankers

Coutts & Co
440 Strand
London
WC2R 0QS

Investment Managers

CCLA
One Angel Lane
London
EC4R 3AB

Sarasin & Partners
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Mayfair Capital Investment Management Ltd
55 Wells Street
London
W1T 3PT

Auditors

Alliotts LLP
Friary Court
13 – 21 High Street
Guildford
Surrey
GU1 3DL

Solicitors

Knights Plc (formerly Coffin Mew)
1000 Lakeside
North Harbour
Western Road
Portsmouth
Hampshire
PO6 3EN

Our purpose

The Trustees are committed to building funds and distributing grants to support community projects delivered by local voluntary and community groups across Hampshire (including Southampton and Portsmouth) & the Isle of Wight. We have built endowment funds to over £15m for the long-term benefit of our communities, and in the last 10 years have distributed approximately £13m in grants to support thousands of community projects across Hampshire and Isle of Wight.

Our grant-making programmes support communities throughout Hampshire & the Isle of Wight. We award grants to smaller, lesser-known community groups who offer the support, services and activities that make a tangible difference to the lives of local people – often undertaking work that is not regularly funded by others. Our grants help meet the needs of diverse communities and those facing wide-ranging challenges – particularly the communities which are most deprived. From supporting young people's complex mental health needs, to helping reduce the impact of loneliness and isolation on older people, or funding support for families facing life with a disabled child – and much more - we are fearless in being a grant maker that is helping to achieve real, positive, social change. We have a strong eye towards ensuring that our funding reaches minoritised groups, and equally seek to fund work where the community affected has a clear voice in the design and development of the work that is intended to help them. We make grants to eligible charities, voluntary, community and faith groups and social enterprises because they work at the coal face with the communities facing the toughest of lives. *(Note that henceforth we will refer to all the types of group we support as community groups).*

Unusually for many grant makers, Hampshire & Isle of Wight Community Foundation also actively fundraises within our community. We work with philanthropists, companies and government and other bodies to bring charitable investment into Hampshire & the Isle of Wight. By doing this, our specialist support enables a wide variety of donors to fund projects which make a real difference to the lives of local people across our communities. We do this because Hampshire & the Isle of Wight, despite being a region with pockets of significant wealth, are also home to some of the poorest and most deprived communities in the UK. Our unique ability to leverage funding from such a wide range of donors means that we are also able to reach communities that other funders and donors simply cannot.

We do this by:

- using the income from our endowment funds for grant-making
- working with donors on donor-directed grant-making
- managing flow-through/revenue funds on behalf of local companies, councils and other partners
- working in partnership with government, European Social Fund, local authorities, as well as multinational, national and local companies to target their social impact initiatives and philanthropy where it will be most effective.

We provide a high standard of philanthropy advice, grant-making and support to community groups across our communities.

Achievements and performance in 2022

Following hard on the heels of the COVID crisis, ongoing increases in the cost of living have had a huge impact on community groups and their clients over the past year. With increasing frequency, community groups we support are reporting that they are themselves concerned about their financial situation, at the same time as they are dealing with significant increases in volume and complexity of client caseloads. Community groups are reporting many clients newly seeking their support – people who never imagined they would ever need to turn to charities: this is not just the foodbanks and baby necessity banks, but the mental health services, the family crisis groups, those working to reduce anti-social behavior and more. Frequently, the individuals and families seeking support are in-work – but the additional squeeze on household finances, often layered with caring responsibilities, debt, domestic violence, household disability, or mental health issues, have pushed those who were “just about managing” into true crisis.

TRUSTEES' REPORT

We are proud of being able to support the community groups who are continuing their vital work in the face of several challenging years, knowing the difference that they are making to people's lives. We were delighted to achieve the following key impacts during the year:

- Providing grants to a value of £1,911K throughout the year (an increase of nearly £100K on the previous year) reaching over 400 community groups.
- Strategic grants totalling £96K from our "Including Communities" fund, to enable seven groups to address strategic issues impacting their service delivery – this included improving fundraising capacity for a homelessness charity; enabling a domestic abuse charity to focus more effectively on the needs of minoritised ethnic groups; and supporting a youth charity to significantly improve its digital service delivery.
- Grants totaling £178,295 from the Charles Burnett Memorial Fund; this ten-year "spend down" fund was set up to support a wide range of charitable activities in and around the New Forest and surrounds.
- Additional strategic funding through Moneybarn for three groups to receive three-year grants each totaling £24,750. This funding enables them to address defined strategic outcomes in the fields of financial and social inclusion for young people over three years.
- Funding of £65K to address male mental and physical health issues from GVC, reaching eight groups. Funding included work with isolated fathers at risk of losing contact with their families; using music and the outdoors to enable men to address mental health issues in a safe space; developing volunteering opportunities for men to work with animals in a supported environment.
- Funding groups working with Ukraine guests (and their host communities) throughout the region, by British Red Cross and the Masonic Charitable Foundation (this funding crosses 2022 and 2023 and totals £71K).
- Funding of £136K for 22 community groups to mark the Queens Jubilee through artistic or cultural activities, funded by Arts Council England. This funding resulted in hundreds of people from wide ranging communities – including migrant groups, LGBTQ+ groups, people with disabilities, young people – enjoying celebrations of the Queen and her life through activities as diverse as a film by people with learning disabilities; an introduction to the Commonwealth's food with young people; a community concert involving migrant communities; and many other joyful local interpretations.

In addition, near the end of 2022 and into 2023, as well as our own appeals, we managed several funds carefully targeted to alleviate the worst impacts of the cost of living crisis over the winter period. This included funding from DCMS, British Red Cross, M&G and Cubitt & West estate agents. We will report in full in the 2023 accounts, but this funding will total approximately £150K.

Organisational changes

Senior staff saw one change, with Linzi Lawrence, our Finance Manager, leaving in May 2022 after over five years' service, and was replaced by Andrew Minns. Additional staff turnover gave us the opportunity to restructure some elements of the staff team, in particular to ensure that our Grants Management is increasingly focused on supporting and developing our community groups. We welcomed Joanne Davies to the team for this role in January 2023. Late in the year and into 2023, we have been recruiting for a Philanthropy Manager to support the implementation of our philanthropy strategy; at the time of writing this post remained unfilled.

Virginia Lovell, retired as a Trustee, her valuable support to HIWCF is retained by her becoming an Ambassador, to help develop potential funding relationships. Unfortunately, Tim Johnson resigned in November. We launched a search for new Trustees in late 2022, with a particular view to recruiting a cohort of younger trustees, as we had assessed this as a particular area for development. We will welcome five new Trustees in June 2023.

HIWCF's charitable objects and public benefit

HIWCF is an independent grant-making charity and company limited by guarantee. Founded in 2003,

TRUSTEES' REPORT

Hampshire & Isle of Wight Community Foundation serves a population of c.2 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, are:

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 and elsewhere which are in the opinion of the Trustees beneficial to the community including those in the area of benefit.

In achieving these objects, the Foundation has powers 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 and the Isle of Wight, and cities of Southampton and Portsmouth. 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. These charitable objects are achieved through:

- Partnering with Government, the European Social Fund, local councils, national charities, national, 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 and criteria set by funders;
- 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 47 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 members of the Company, however at least three members (or 25% of members if greater) must be in attendance for general meetings to be quorate. 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 Chair, the CEO, key staff with whom they will work and the remaining staff when possible. Induction covers building funds, grant-making, policies and procedures. Trustees meet quarterly, alternate meetings are held in person, 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.

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Business is conducted between Board meetings through five committees which are responsible for reviewing operational activities; Finance and Investment Committee, Grants Committee, Portsmouth Advisory Board, the Isle of Wight Committee and the People Committee. In addition, operational fund development activities are supported by a Philanthropy Working Group. 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 staff.

Monitoring performance

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 2022 as being:

- Uncertainty and downturns in investment markets / economic environment more widely
- Our ability to demonstrate impact of grant making
- The impact of the forthcoming end of ESF Contract (Solent Supporting Employment)
- Reliance on an outdated database for grant making and philanthropy
- The need to improve our profile in the region
- Reliance on key individuals

In May it was agreed to add the potential of grant fraud to the key risks for closest monitoring.

Through quarterly reviews the Trustees are ensuring that all possible steps are being taken to mitigate the risks against achieving the Charity's objectives. The key risks are monitored by the Finance & Investment committee and reported to the Full Board at every quarterly Board meeting. A full Risk Assessment is completed annually or when a specific risk level rises.

Remits of Committees:

Finance and Investment Committee – the Committee is specially set-up to oversee the administration of the financial and investment transactions and risk. 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 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 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 monitors 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;

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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.

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, Futchner Trust, Cornelius Centre Fund and Portsmouth Civic 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 – this Committee's purpose is four fold: To advise the HIWCF Board on the strategy for grant-making from HIWCF funds which are restricted solely to IOW causes; To advise the HIWCF Board on the unique issues facing the IOW which could influence grant making policy; To convene a Grants Panel to agree appropriate distribution of the above funds on behalf of HIWCF; To support the development of HIWCF's philanthropy on the IOW. The Committee is Chaired by an HIWCF Trustee and has delegated powers from the HIWCF Board to carry out the following responsibilities: Advising the appropriate grant making strategy for IOW funds, reviewing this at least annually; Convening IOW Grants Panel meetings at least once per year; Selecting the appropriate groups for grants, after the standard HIWCF grant application and assessment procedures have taken place; Receive summary reports on the impact of grant making on the IOW. The committee is also encouraged to advise the HIWCF Board and management on: Unfolding community needs and issues on the IOW; Highlighting charitable organisations of particular interest to the committee or HIWCF; Potential philanthropic opportunities on the IOW; Events and promotional activities suitable for HIWCF on the Isle of Wight.

People Committee - The People Committee supports the Board in its responsibilities for issues of HR, Remuneration and Nominations. It has delegated powers from the Board to carry out the following responsibilities: Review and develop the way in which HIWCF remunerates staff to ensure alignment and proportionality; Review with the CEO the plans for the operational organisation of the staff and the employment HR policies, conditions and practices, including annual review of existing policies; Manage the recruitment of the CEO on behalf of the Board; Manage the recruitment of new Trustees on behalf of the Board; Consider and manage succession planning for the Board and key senior management positions; Maintain a skills matrix for the Board and advise on any identified gaps; Consider and monitor staffing requirements necessary to ensure that they are appropriate to the delivery of the HIWCF strategic goals and operational needs; Facilitate and support the CEO on key HR procedures including grievance, disciplinary and staff change processes.

Main Board

The Board is responsible for the overall direction of the Charity, policies, legal compliance and financial assurance. Operational responsibility is delegated to the Chief Executive Officer, who is assisted by a small staff team. The CEO meets regularly with the Chair, and attends all Board meetings and sub-Committee meetings, as well as ad hoc meetings with sub-Committee Chairs and other Trustees when operationally required.

The Board is delighted that His Majesty's Lord-Lieutenant of Hampshire, Mr Nigel Atkinson, has continued to be our President throughout 2022. (The Lord-Lieutenant of the Isle of Wight, Mrs Susie Sheldon, is the President of the Isle of Wight Community Funds.)

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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.

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.

Each year the Board reviews a level to be distributed in grants from endowment funds. For funds invested with Sarasin it was agreed to distribute 3.5% of the capital value of the fund as at 31 December 2021, with some minor exceptions where slightly more or less was agreed with fund holders 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 2022 this gave an average distribution rate of 0.9% of the value of funds (3.3% distributed in 2021).

The average size of a grant (based on the net amount of money awarded) was £4,630. This increase on 2021 reflects the strategic funds made available particularly through the Moneybarn Social Impact fund (Strategic funds) and Including Communities (Strategic Funds); and the higher grant levels available through the Charles Burnett Memorial Fund.

Staff and key management personnel

There are currently two full-time and six part-time members of staff; and nine external grants assessors. Two staff members, the Chief Executive and the Finance Manager are designated as key management personnel. Pay reviews for all staff including key management personnel are conducted with effect from 1st January by the People Committee. Recommendations are then made to the Finance & Investment Committee, and then finally approved by the Board.

Risk Management

The Board receives a risk assessment prepared by the Chief Executive and the Finance & Investment Committee annually. The Finance & Investment meeting receives an update on the status of the highest risks on a quarterly basis and dynamically if risk levels increase.

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 grant making 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.

During 2022 we had a total of 121 funds under management (2021: 131), and at 31 December 2022 we had 100 endowment funds (2021: 98), and 17 flow-through funds (2021:31) providing donors with services tailored to their individual requirements and charitable interests. Two new flow-through funds were established in 2022 and one endowment fund received significant additional funding.

New flow-through funds:

- GVC fund
- Queens Platinum Jubilee Fund (Arts Council England)

New endowment funds:

- Additional funds to the Charles Burnett Memorial Fund
- Rev ET Hoare Charity Fund
- Davis Family Fund

Financial Review**Restricted Funds**

Income in 2022 from new flow-through funds totaled £1,345K (2021: £912K). This together with distributions from endowment funds, helped us distribute £1,911K in grants (2021: £1,814K).

Unrestricted Funds

Unrestricted funds returned a deficit of £37K in 2022 for net income and investment (2021 surplus £15K). This was mainly due to investment losses. Core costs, which totaled £337K in 2022, continued to be well managed and were less than budgeted. Core income of £361K was slightly above budget due to flow-through fund fees.

Endowment Funds

In 2022 there were two new endowment funds, the Davis Family and The Rev E T Hoare Charity and additional funds were added to the Charles Burnett Memorial Fund. Investment markets slumped in 2022 due to the war in Ukraine and mini budget with our endowment ending the year with a net loss (mostly unrealised) of £1,833K. After income and grant distributions and transfers, the closing balance of endowment funds at 31 December 2022 was £14.8m compared to £16.9m at the end of 2021.

Investment policy

The development of an endowment 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. The committee is experienced in and tasked with monitoring risk and market volatility.

Sarasin and Partners (who replaced Brewin Dolphin in January 2021) and CCLA were the primary investment managers during 2022, between them managing over 90% of our £15.22m endowment assets. Property endowed to HIWCF is approximately 4.7% of our endowment assets and net rental income is applied to grant-making.

The CCLA funds are managed through a 'central' contract established by the Government and UKCF.

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 ask the investment managers to have due regard to not investing in companies whose activities could be detrimental to the objectives and aims of HIWCF; these include tobacco, fossil fuel extraction, gambling and arms and munitions.

Investment Performance

2022 saw a period of international market volatility that had not been seen since 2008/9. UK economics were particularly impacted due to the ongoing effects of Brexit, Covid and the impact of the war in Ukraine and the mini budget of September 2022. As stated above, although we do not specifically exclude any class of investment, our lack of investment holdings into fossil fuels, generally a high performer during the year, impacted on our overall performance. The markets have since stabilized and we expect improvements in our holdings in 2023. Over the year our main funds recorded returns as follows: funds invested with Sarasin showed a total return of -10.8% (2021: +11.7%) and funds invested with CCLA a total return of -9.7% (2021: +16.8%). Within these figures the income yield on Sarasin was 3.3% (2021: 2.2%) and CCLA, 3.1% (2021: 2.8%). Our benchmarks ARC Steady Growth, Morningstar UK Target and Morningstar Moderately Active showed declines of 6.9%, 9.3% and 7.3% respectively.

Reserves Policy

The Trustees aim to hold unrestricted reserves to a level which equates to approximately twelve months of staffing and support costs. At 31st December 2022 the balance on unrestricted reserves amounted to £370,068 compared with £407,385 in the previous year. At current levels unrestricted reserves equate to just under budgeted annual running costs for 2023. The Trustees consider that this level should be adequate to sustain HIWCF for the medium-term.

Endowments and grant-making

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

In 2022 HIWCF:

- Raised donations and legacies of £2.0m (£1.2m in 2021)
- Generated investment income of £425K (£402K in 2021)
- Distributed a net amount of £1.9m in grants to charities and community groups (£1.8m in 2021)
- Spent £337K (2021: £339K) of unrestricted funds mainly on grant-making and raising funds.

Plans for the future

We are very proud of the achievements in 2022, in particular that we have been able to sustain our grant making at nearly £2m, and at a slightly increased level over 2021. The staff team have consolidated well after a period of change, and we have a strong, skilled and committed Board of Trustees. That said, the risks identified for our investments in 2021 were realistic: continued macro-economic impacts mean we must remain alert to the challenges of a potential continued decrease in investment values. Endowment growth is vital, yet we are aware of how difficult that is to achieve during difficult economic times. But the commitment we make to our communities – that we will be there for them, now and in the future – is the driver towards building the endowment funds. We will continue to work hard at this whilst at the same time effectively managing new and repeat flow through funds, to ensure we fulfil our promise to the diverse communities of our region.

Our strategy (approved by the Board of Trustees in November 2018) continues to aim to

1. make our communities a better place by increasing philanthropic behaviour and managing our assets efficiently
2. improve our communications so that communities, partners and donors recognise HIWCF as the key grant making and fundraising charity locally
3. target grant-making at communities most in need
4. establish HIWCF as the first choice for grant giving, known for its collaborative approach and knowledge of local community need.

We have made progress against all of these aims, each of them being inextricably linked to each other. We have maintained grant making at nearly £2m again in 2023, exceeding our pre-Covid averages. However, the economic environment makes raising funds for both endowment and flow-through particularly challenging, and we call on all our donor and funder partners to increase their funding wherever they can for our communities. Our external communications have had a thorough-going over and we are proud to now present ourselves in a more modern and representative style. The last, and largest, part of this work is our website, which is a priority for improvement in 2023.

Underpinning much of this work has been our need to improve the application process for our grantees, and equally to improve our data collection on grant making. An ongoing project during 2023 has been the development of a new CRM database that will facilitate both those aims, and we are confident that in time this will enable us to make an even stronger, more data driven, case for the importance of supporting HIWCF. But we remain conscious that our impact is limited by the funding we have available, and need to continually develop our philanthropic relationships to maintain and build this.

TRUSTEES' REPORT

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;
- 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, Alliotts 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 8th June 2023

Signed:

Mrs. Rebecca Kennelly (Chair) *R Kennelly*
R Kennelly (Sep 20, 2023 17:18 GMT+1)

Mr. Richard Barton-Wood (Treasurer): *Richard Barton-Wood*
Richard Barton-Wood (Sep 23, 2023 10:05 GMT+1)

TO THE TRUSTEES OF HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

Opinion

We have audited the financial statements of Hampshire and the Isle of Wight Community Foundation (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial activities, the Balance Sheet, the Statement of Cash Flows and the 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 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 December 2022 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 charity 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

TO THE TRUSTEES OF HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 Statement of Trustees' Responsibilities, the Trustees, who are also the directors of the charity for the purpose of 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

TO THE TRUSTEES OF HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with Trustees and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, the Charities Act 2011, the Charities SORP, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Audit response to risks identified

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- reviewed all transactions listed;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF HAMPSHIRE AND THE ISLE OF WIGHT COMMUNITY FOUNDATION

Use of our report

This report is made solely to the charity's Trustees, 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 Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Meredith BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Alliotts LLP

25/09/2023

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Chartered Accountants
Statutory Auditor

Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

Financial Statements

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31st December 2022

		Unrestricted reserves	Restricted Funds	Endowment Funds	2022	2021
		£	£	£	£	£
Income and endowments from:						
Donations & legacies	2	62	1,345,879	672,845	2,018,786	1,198,046
Investment Income	3	16,051	-	409,238	425,289	401,654
Total income and endowments		16,113	1,345,879	1,082,083	2,444,075	1,599,700
Expenditure on:						
Raising funds	5	130,908			130,908	104,662
Charitable activity	4/5	205,923	1,911,224	-	2,117,147	2,120,414
Total Expenditure		336,831	1,911,224	-	2,248,055	2,225,076
Operating Income		(320,718)	(565,345)	1,082,083	196,020	(625,376)
Net (losses)/gains on Investment Assets		(77,637)	-	(2,050,953)	(2,128,590)	2,149,243
Net (expenditure)/income		(398,355)	(565,345)	(968,870)	(1,932,570)	1,523,867
Transfers between funds	6	361,038	681,369	(1,042,407)	-	-
Net movement in funds		(37,317)	116,024	(2,011,277)	(1,932,570)	1,523,867
Fund balances brought forward		407,385	677,697	16,855,601	17,940,683	16,416,816
Fund balances carried forward		370,068	793,721	14,844,324	16,008,113	17,940,683

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

All income and expenditure derive from continuing operations.

SUMMARY INCOME AND EXPENDITURE ACCOUNT

for the year ended 31st December 2022

	2022	2021
	£	£
Gross income	1,361,992	922,729
Gains/(Losses) on investments	(77,637)	9,776
Total income in the reporting period	1,284,355	932,505
Total expenditure from income funds	2,248,055	2,155,003
Transfers from expendable endowment	1,042,407	767,826
Net expenditure for the year	78,707	(454,672)

Balance Sheet as at 31st December 2022

		2022 £	2021 £
Fixed Assets			
Investments	8	13,421,660	14,921,749
Properties		-	1,185,000
		<u>13,421,660</u>	<u>16,106,749</u>
Current assets			
Properties	9	990,000	-
Debtors	10	128,348	176,397
Cash at bank and on hand		1,506,839	1,700,766
		<u>2,625,187</u>	<u>1,877,163</u>
Creditors falling due within one year	11	(38,734)	(43,229)
Net current assets		<u>2,586,453</u>	<u>1,833,934</u>
Net assets	12	<u>16,008,113</u>	<u>17,940,683</u>
The funds of the charity			
unrestricted funds:			
General funds		370,068	407,385
revaluation reserve		-	-
	12	<u>370,068</u>	<u>407,385</u>
Restricted Funds			
Endowment funds	12/13	14,844,324	16,855,601
Restricted income funds	12/13	793,721	677,697
		<u>16,008,113</u>	<u>17,940,683</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 20/09/2023 2023 and signed on their behalf:

Rebecca Kennelly, Chair: *R Kennelly*
R Kennelly (Sep 20, 2023 17:18 GMT+1)

Statement of Cashflow for the year ended 31st December 2022

		2022	2021
		£	£
Cashflows from operating activities	21	(168,432)	(849,565)
Cashflows from investment activities	22	(25,495)	724,095
Net (decrease)/increase in cash during the year		<u>(193,927)</u>	<u>(125,470)</u>
Cash at the beginning of the year		<u>1,700,766</u>	<u>1,826,236</u>
Total cash at the end of the year		<u>1,506,839</u>	<u>1,700,766</u>

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 2019) – (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).

Preparation of the accounts on a going concern basis

The organisation has financial reserves held in investments, together with long-term endowments provided by donors. The organisation has cash at bank of £1,506,839 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 and debt 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 trust transfers and new endowments is recognised when funds are received.

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.

Accounting Policies (continued)

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.

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 and liability 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 Finance Manager and the Marketing Officer, 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 fundraising 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 any such future commitments are set out in the notes as contingent liabilities.

Tangible Fixed Assets

Assets costing more than £3,000 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 3 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 charged to the Statement of Financial Activities as incurred.

Financial Statements

2 Donations and Legacies	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 £	2021 £
Grants receivable, gifts and donations	63	918,328	672,845	1,591,236	622,796
Government Grant Income		427,551		427,551	575,250
Sponsorship				-	-
Donated services and facilities				-	-
	63	1,345,879	672,845	2,018,787	1,198,046
2021 analysis	-	911,554	286,492		1,198,046

3 Investment Income	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 £	2021 £
Dividends received	13,121		390,951	404,072	374,287
Income from investment properties	-		18,190	18,190	27,178
Interest received	2,930		97	3,027	189
	16,051	-	409,238	425,289	401,654
2021 Analysis	11,175	-	390,479		401,654

4 Charitable Activity	2022 £	2021 £
Institutional Grants Paid	1,906,664	1,801,614
Grants paid to individuals	4,560	12,474
Total Grants Paid	1,911,224	1,814,088
Support costs - see detail on note 5	336,831	306,326
Charitable activities	2,248,055	2,120,414

The largest grant paid in 2022 was £25,000 (2021 25,000). A full list of grants is available on request and via our website. The causes supported during 2022 are:		
2022 Issues	Amount funded % 2022	Amount funded % 2021
Arts culture and heritage	3%	1%
Community & Family Support	14%	10%
Counselling/Advice/Mentoring	3%	3%
Crime & antisocial behaviour / domestic violence	4%	3%
Education and Training	12%	14%
Employment and Labour	30%	18%
Environment and rural	0%	0%
Healthy living and sport	1%	19%
Housing & Homelessness	2%	1%
Mental or Physical Ill-health & Disability	21%	9%
Poverty & Disadvantage	7%	12%
Social inclusion, Fairnes & Equality	3%	10%
This is based on all the grants for 2022 who recorded this data		
	100%	100%

Financial Statements

5 Analysis of Expenditure	2022	2022	2021	2021
	Raising Funds	Charitable Activity	Raising Funds	Charitable Activity
<u>General Support Costs</u>				
Staff costs/Consultant costs	115,316	152,570	78,031	179,583
Recruitment costs	1,680	3,487	8,019	3,701
Travel, training and subsistence	1,393	2,741	699	329
Marketing Costs	4,067	4,067	3,643	3,643
General office costs	8,213	17,450	14,183	17,048
Grant programme costs	-	-	-	8,895
Governance costs (below)		25,100	-	20,187
Bank charges	239	508	87	1,431
Investment management costs			-	1,436
Unrestricted expenditure	130,908	205,923	104,662	236,253
Investment management costs				70,073
Total support costs	130,908	205,923	104,662	306,326
Restricted grant making		1,911,224		1,814,088
Total Resources Expended	130,908	2,117,147	104,662	2,120,414

	2022	2021
	£	£
<u>Governance Costs</u>		
Staff costs	10,542	8,867
Recruitment costs	83	617
Travel, training and subsistence	218	298
General office costs	521	1,345
Professional fees	13,736	9,060
	25,100	20,187

Governance professional fees include auditors remuneration of £7,800 (2021: £6,280)
Investment consultants £4,200 (2021: £0) to advise the Finance & Investment Committee

Financial Statements

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £
6 Transfer between funds			
Transfers from Endowment to Restricted Funds towards the payment of grants		824,451	(824,451)
Transfer of approved quarterly management fees	217,956		(217,956)
Transfer of approved flow-through management fees	143,082	(143,082)	
Net Transfers 2022	361,038	681,369	(1,042,407)
Net Transfers 2021	334,922	432,599	(767,826)

	2022 £	2021 £
7 Financial Instruments		
Carrying amount of financial assets		
Investments measured as fair value through net income/expenditure	13,421,660	14,921,749
Debt instruments measured as amortised cost	1,635,187	1,867,844
Carrying value of financial liabilities		
Accruals measured at amortised cost	38,734	43,230

	2022 £	2021 £
8 Investments		
Market value at 1st January	14,921,749	13,892,423
Additions at cost or transfer value	497,286	274,908
Realised gains/(losses) on disposals	17,283	212,475
Unrealised gains/(losses) on revaluation	(1,950,873)	1,351,767
(Decrease)/Increase in cash invested	(63,785)	(809,824)
Market Value as at 31st December	13,421,660	14,921,749
Historical Cost at 31st December	10,931,202	10,480,416

The investments held at the year end at market value comprise

		2022 £		2021 £
Investments comprise	%		%	
Listed investments	49%	6,545,112	50%	7,552,184
CCLA investment managed funds	50%	6,765,879	49%	7,238,235
Property value at 31st December	1%	110,669	1%	131,330
	100%	13,421,660	100%	14,921,749

£199,383 (2021: £241,333) of the Investment Assets are unrestricted funds, £200,000 is restricted funds (2021: £200,000) with the balance of £13,022,297 (2021: £14,480,416) relating to Endowment Funds.

9 Investment Properties	2022	2021
	£	£
	<u>990,000</u>	<u>1,185,000</u>

The investment properties were included in Fixed Assets at a professional valuation of £1,185K in last year's accounts. Having taken professional advice the Trustees have reduced the value of the portfolio of properties by £195K to reflect market conditions. The properties have been reclassified in the accounts as Current Assets following the Trustees' decision to divest.

10 Debtors	2022	2021
	£	£
Donations and grants receivable	121,849	174,067
Prepayments	<u>6,499</u>	<u>2,330</u>
	<u>128,348</u>	<u>176,397</u>

11 Creditors	2022	2021
	£	£
Accruals	33,756	38,274
Tax & Social Security	<u>4,978</u>	<u>4,956</u>
	<u>38,734</u>	<u>43,230</u>

Financial Statements

12 Net Assets & Analysis of Funds

The net assets represent the combined funds of four linked charities

	Investments	Cash at bank	Other net current assets	Net assets
	£	£	£	£
Hampshire & Isle of Wight Community Foundation (the reporting charity - 1100417-0)				
Endowment Funds	11,587,284	832,027		12,419,311
Restricted Funds	200,000	443,062	121,849	764,911
Unrestricted Funds	199,363	202,940	(32,235)	370,068
	<u>11,986,647</u>	<u>1,478,029</u>	<u>89,614</u>	<u>13,554,290</u>
Montagu Neville Durnford and Saint Leo Cawthan Memorial Trust (linked charity - 1100417-1)				
Endowment Funds	611,234			611,234
Restricted Funds				-
Unrestricted Funds				-
	<u>611,234</u>	<u>-</u>	<u>-</u>	<u>611,234</u>
The Lord Mayor of Portsmouth's Charily (linked charity - 110417-2)				
Endowment Funds	593,250			593,250
Restricted Funds				
Unrestricted Funds				
	<u>593,250</u>	<u>-</u>	<u>-</u>	<u>593,250</u>
Alderman Joe Davidson (linked charity -110417-4)				
Endowment Funds	1,159,423			1,159,423
Restricted Funds		28,810		28,810
Unrestricted Funds				
	<u>1,159,423</u>	<u>28,810</u>	<u>-</u>	<u>1,188,233</u>
Futcher Schools Foundation (linked charity - 110417-5)				
Endowment Funds	61,106			61,106
Restricted Funds				
Unrestricted Funds				
	<u>61,106</u>	<u>-</u>	<u>-</u>	<u>61,106</u>
Total for all Charities Above				
Endowment Funds	14,012,297	832,027	-	14,844,324
Restricted Funds	200,000	471,872	121,849	793,721
Unrestricted Funds	199,363	202,940	(32,235)	370,068
	<u>14,411,660</u>	<u>1,506,839</u>	<u>89,614</u>	<u>16,008,113</u>

Financial Statements

13 Endowment Funds

	Note	Balance at 1/1/2022 £	Incoming resources £	Transfers £	Investment gains/(Losses) £	Balance at 31/12/2022 £
Linked charities						
Alderman Joe Davidson	a	1,382,891	38,266	(21,516)	(240,218)	1,159,423
Civic Fund Portsmouth Capital Charity Fund (Linked)	b	705,695	17,932	(52,427)	(77,949)	593,251
Montague Neville Durnford St Leo Cawthan (Linked) Capital Fund	c	727,088	18,475	(54,016)	(80,312)	611,235
Futcher School Foundation	d	72,215	1,439	(3,281)	(9,267)	61,106
Other funds > £400k						
BAT Endowment Fund	e	528,192	12,312	(26,609)	(66,526)	447,369
Blagrove Capital Funds	e	640,577	15,729	(41,282)	(74,795)	540,229
Doris Campbell Memorial Fund	e	822,121	21,881	(40,098)	(108,141)	695,763
Vivid Funds	e	650,843	16,309	(45,659)	(73,599)	547,894
Ford Southampton Fund	e	747,094	18,984	(55,505)	(80,461)	630,112
Isle of Wight Community Fund	f	608,796	14,132	(29,535)	(77,202)	516,191
Penton Grassroots Fund	e	621,849	14,428	(30,483)	(78,832)	526,962
Portsmouth City Community Funds	e	1,157,828	28,139	(70,989)	(137,426)	977,552
Charles Burnett Memorial Fund	e	1,009,971	522,122	(186,795)	(96,379)	1,248,919
Hampshire Playing Fields Association	e	660,003	18,219	(41,895)	(78,837)	557,490
Rock Bottom funds	e	546,611	12,688	(26,517)	(69,319)	463,463
Other Endowment Funds		5,973,827	311,028	(315,800)	(701,691)	5,267,364
		<u>16,855,601</u>	<u>1,082,083</u>	<u>(1,042,407)</u>	<u>(2,050,953)</u>	<u>14,844,324</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 and 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 as 'Other endowment funds'.

Notes relating to significant funds:

- The Alderman Joe Davidson (linked charity) fund comprises property valued at £990,000 and CCLA investment of £138,637, together with a sinking fund of £25,000 plus a property management account of £5,786
- This is a Community First Fund that is focused on small, local voluntary and community groups in Portsmouth;
- 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;
- This is a fund transferred from Portsmouth City Council for the benefit of Portsmouth groups;
- These funds are all expendable endowment funds with linked revenue funds for annual grant-making;
- The Isle of Wight Community Fund includes proceeds from the sale of two properties on the Isle of Wight.

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14 Restricted Funds

	Note	Balance at 1/1/2022 £	Net income £	Grants paid £	Transfers £	Balance at 31/12/2022 £
Linked charities - revenue funds	aa					
Alderman Joe Davidson (linked charity)	aa	7,791		(4,042)	25,062	28,811
Civic Fund Portsmouth Revenue Fund	aa	900		(1,200)	300	-
Montague Nevolle Durnford St Leo Cawthan Funds (linked charity)	aa	-		(31,495)	44,258	12,763
Futcher School Foundation	aa	-		-	2,528	2,528
						-
Flow-through contracts						-
						-
Solent Employment Grant -match	bb	422,707	115,000	(332,037)	(45,420)	160,250
Solent Employment Grant -DWP	bb	-	396,093	(332,027)	(50,519)	13,547
IWILL	cc	-	34,111		38,986	73,097
British Red Cross Ukraine fund			43,560		(3,960)	39,600
GVC			71,500	(65,000)	(6,500)	-
Masonic Charitable Foundation Ukraine fund			35,000	(10,000)	(3,500)	21,500
Moneybarn		-	142,888	(74,750)	(18,632)	49,506
NHS		-	250,000	(185,425)	(17,500)	47,075
Kenwood		-	27,500	(23,008)	(2,500)	1,992
ACE		-	146,058	(128,970)	(10,819)	6,269
Cost of Living Appeal		-	31,293	(21,251)	(1,470)	8,572
Other grant revenue and flow through funds		246,299	52,876	(702,019)	731,055	328,211
		677,697	1,345,879	(1,911,224)	681,369	793,721

Restricted funds are funds that have been given for particular purposes and projects in order for the charity to fulfil its charitable objectives. Restricted Funds are held for future grant-making, all funds held at 31st December 2022 are expected to be distributed during 2023.

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 comprise transfers from endowment funds to linked revenue funds for annual grant-making totalling £646,156 less contributions from restricted funds to core costs charged on flow-through contracts totalling £143,082.

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

bb. Solent Employment Grant Programme is a Flow-through fund covering the period April 2021 to March 2023. The balance from Solent Community Grants Programme was transferred to the Solent Employment Grant Programme

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

15 Staff Costs and Emoluments

	2022	2021
	£	£
Wages and Salaries	178,444	182,823
Social security costs	16,498	11,974
Pension costs	9,685	4,921
	<u>204,627</u>	<u>199,718</u>

The average headcount during the year was as follows:

	2022	2021
Senior management	2	1
Managers	2	3
Office/ Administration	5	3
	<u>9</u>	<u>7</u>

At 31st December there were 2 full-time staff and 8 part-time staff, making 7 full-time equivalent staff (2021: 7).

The aggregate remuneration of key management personnel was £108,178 (2021: £120,490) with one employee receiving more than £65,000 per annum (2021 no employee receiving more than £60,000).

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 (2021: £nil). No trustees (2021: 1) were reimbursed for travel expenses. (2021: £244).

17 Pensions

The charity contributes to individual staff's defined contribution pension schemes. The contributions due for the year were £9,685 (2021: £4,921). At the year-end there was a pension creditor of £1,436 (2021: £324).

18 Grant Commitments

There are no contingent liabilities in respect of future grant commitments in 2022 (£0 in 2021 payable in 2022).

19 Capital Commitments

At the year-end there was one capital commitment for Fund Management Software Development of £86,000.

20 Related Party Transactions

There were no related party transactions during the year or prior year.

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21 Cashflow from operating activities	2022	2021
	£	£
Net income/(expenditure)	(1,932,570)	1,523,868
Unrealised gains on property	195,000	(585,000)
Decrease in debtors	48,049	(46,487)
Increase/(decrease) in creditors	(4,495)	11,475
Investment income (note 3)	(425,289)	(401,654)
Unrealised gains (note 8)	1,950,873	(1,351,767)
	<u>(168,432)</u>	<u>(849,565)</u>
 22 Cashflow from investment activities	 2022	 2021
	£	£
Investment income (note3)	425,289	401,654
Investment additions at cost or transfer value (note 8)	(497,286)	(274,908)
Realised gain on disposal	(17,283)	(212,475)
Decrease in cash invested (note 8)	63,785	809,824
	<u>(25,495)</u>	<u>724,095</u>