

COMMUNITY FOUNDATION FOR LANCASHIRE
UNAUDITED FINANCIAL STATEMENTS
PERIOD ENDED 31 MARCH 2010

Company Number : 06383299

Charity Number : 1123229

COMMUNITY FOUNDATION FOR LANCASHIRE

CONTENTS

	Page
COMPANY INFORMATION	2
REPORT OF THE DIRECTORS/TRUSTEES	3 -10
STATEMENT OF TRUSTEES' RESPONSIBILITIES	11
ACCOUNTANTS' REPORT	12
STATEMENT OF FINANCIAL ACTIVITIES	13
SUMMARY INCOME AND EXPENDITURE ACCOUNT	13
BALANCE SHEET	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 22

COMMUNITY FOUNDATION FOR LANCASHIRE

COMPANY INFORMATION

Bankers:	Lloyds Bank TSB Church Street Blackburn
Solicitors:	Roebucks Solicitors 7 & 12 Richmond Terrace Blackburn BB1 7BG
Investment Managers:	Rensburg Sheppards Investment Management Limited 100 Old Hall Street Liverpool L3 9AB
Accountants:	Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn BB1 7AP
Registered office:	Community Foundation for Lancashire Beever and Struthers Chartered Accountants Central Buildings Richmond Terrace Blackburn BB1 7AP

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

The directors present their Report and the Financial Statements for the period ended 31 March 2010 for the Community Foundation for Lancashire.

REFERENCE AND ADMINISTRATIVE DETAILS

The charity, which is known as Community Foundation for Lancashire, is constituted as a company limited by guarantee and not having any share capital. The company is registered in England and Wales, Number 06383299, and its principal governing document is the company Memorandum and Articles of Association. The charity is also registered with the Charity Commission Number 1123229.

The charity is constituted as a membership organisation. There were members at the period end.

Details of the advisers to the company are shown on page 2.

Directors and senior staff

The persons who have acted as Directors and Trustees during the period are:

PF Robinson	
TA Hoyle	
A Roberts	
DJ Sanderson	
P Butterfield	
SH Weaver	Resigned 7th April 2010
GW Burgess	
T Hephrun	
PG Barker	
VB Chauhan	Resigned 13th May 2010
GB Fitzgerald	Resigned 11th February 2010
D Ashton	Appointed 13th April 2010

The senior staff are:

C Elliott	Chief Executive	appointed 1st August 2009
K Fitzgerald	Development Director	appointed 1st March 2010

OBJECTIVES AND ACTIVITIES

Objectives and aims

As an independent registered charity the Community Foundation connects donors with Lancashire's voluntary and community sector to meet local needs and tackle social issues.

Community foundation grant-making has taken place in Lancashire since 2003 under the management of the Community Foundation for Merseyside, distributing hundreds of grants during that time. The Community Foundation for Lancashire became a registered charity in 2007 with Lord Shuttleworth as President and a Board of Trustees, led by Peter Robinson OBE, DL as Chairman.

We now offer administrative services for our partners and donors who wish to enhance communities and people's lives in Lancashire via philanthropic funds and foundations.

Our community foundations' board, staff, volunteers, donors and stakeholders support, strive for and uphold our vision, mission, strategic view and values which are:

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

Our Vision is to enrich the lives of people in and around Lancashire and through them create united, thriving and prosperous communities.

Our Mission is to provide strategic grant-making that meets the needs of local communities, placing us as the charity of choice for philanthropists and funding partners and the primary grant-maker for local community and voluntary groups.

Our Values are:

- Community Leadership
- Pride
- Transparency
- Working Together

Objects of the Charity

The objects of the charity, as set out in the Memorandum and Articles of Association, are: the promotion of any charitable purposes for the benefit of the community in the county of Lancashire and the boroughs of Blackburn with Darwen and Blackpool and in particular the advancement of education, the protection of good health, both mental and physical, and the relief of poverty and sickness.

Significant activities

The main area of our charitable activity is the awarding of grants within the local community. This is achieved by raising donations from private, public and charitable sources and redistributing them (or the income they generate in the case of invested or endowed funds) as constructive grants to the local community, according to the donors' wishes. Presently, the vast majority of funds raised by the organisation are channelled through restricted revenue (or "flow-through" funds, without being invested for the long-term). The charity has relatively little unrestricted income that it can use for grant-making. Further information on grant-making activities during the year is provided below.

Our Strategic Aims

Our strategic view is that the Community Foundation for Lancashire understands the needs of local communities and donors and, by creating partnerships and involving donors, ensures that these needs are met. We continue to maximise the impact of funds and resources through our extended local and national networks, accessible grant programmes and efficient, cost-effective processes.

Our strategic aims are:

1. To establish the Community Foundation for Lancashire as a registered charity and a company limited by guarantee – This was achieved in 2007
2. To launch a major Challenge Fund campaign by the end of 2008 and to establish a £1 million endowment fund by the end of 2009, £3 million by the end of 2012 and £10 million by the end of year 2019 - The campaign was launched in early 2009 and we are working towards the £3m target by 2011/12.
3. To distribute flow-through funding of a minimum of £500,000 per annum, for the next 4 years, in partnership with Community Foundation for Merseyside - This target is being exceeded currently by around £100,000.
4. To establish good governance models and practices with clear and transparent processes that meet with CFN required standards - This has been established since 2008 and is consistently being reviewed and enhanced.
5. To raise awareness of the new Community Foundation for Lancashire as an excellent means for connecting donors with the causes within their community – Activity in this area has taken place since 2009 and is consistently being reviewed and enhanced.

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

The activities that will achieve the vision and aims are set out in a series of key strategic documents, developed by the board, staff and other stakeholders. Foremost among these is the Business Plan (reviewed annually), which sets out key priorities and objectives, alongside a financial plan for the next three years. The Business Plan is supported by a Fund Development Strategy, an Operations Strategy and a Marketing Strategy.

Public Benefit

The charity benefits the public by securing income for charitable grant programmes from public and private sector, and then distributing them as grants to support charitable activities as an intermediary.

Grant programmes are established and developed in line with the social needs of the local communities we serve which are identified via our local grant panels made up of community leaders, representatives from all sectors and local donors, alongside our local research and consultations on social need with all sectors, especially the voluntary & community sector.

Before any grant is made, we carefully and thoroughly assess the charitable and public benefits of the proposed activities. We have enhanced our monitoring process in 2009/10 to monitor the impact of the activity after the grant has been made to identify the public benefit in the community. The impact of our grant-making is then reported to funders, donors, stakeholders, staff and the Board as a measurement of achievement and social investment undertaken.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. The charity's public benefit is now assessed on an annual basis by the Board and staff to ensure we are continually improving our performance against our charitable objects, vision, mission and strategic aims.

Organisational Structure

Community Foundation for Lancashire is run by a Board of Directors (who are also its Trustees), which is responsible for setting the strategic direction of the organisation, for establishing policy and for maintaining proper governance. It meets quarterly and comprises representatives of the private, public and voluntary sectors. All trustees have job descriptions and person specifications. Peter Robinson OBE, DL was appointed as Chairman at the first board meeting and will serve as Chair until 2012 with Arthur Roberts as Vice Chair until 2012. Chair transition planning is being undertaken by the Board during 2010/11.

Community Foundation for Lancashire has entered into a legal contract with the Community Foundation for Merseyside (registered charity number: 108887) to share staffing and 'back room' resources to maximize charitable funding and gain significant expert support for the Community Foundation as it is established on a cost effective basis.

The Board has appointed a Chief Executive to whom it delegates responsibility for the day-to-day operational management of the organisation. This post is directly responsible to the Board. Until 24 April 2009 this was Dave Roberts who held a joint Chief Executive role for both Community Foundations for Lancashire and Merseyside. On an interim basis Cathy Elliott was appointed Acting Chief Executive for both Community Foundations for Lancashire and Merseyside from 24 April, and following an external recruitment process, Cathy was appointed as Chief Executive on 1 August 2009.

A new Development Director post was created in February 2009, solely dedicated to the Community Foundation for Lancashire to lead on income generation and marketing activities to generate new grant programmes for the benefit of Lancashire's voluntary and community sectors. There was a change in personnel in December 2009 and Karen Fitzgerald has been the Development Director for the Community Foundation since March 2010.

Following a staff restructure which was implemented in January 2010, the Community Foundations for Lancashire and Merseyside brought together the 'back office' staff in the Grants and Finance & Admin. teams to ensure equal focus for both community foundations which has proven successful, efficient and effective in delivering grant programmes strategically in the community.

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

Trustees' recruitment and appointment

The directors are normally appointed by the members of the company and one-third of the directors will normally retire each year and be eligible for re-election at the Annual General Meeting. No places on the board are reserved for specific individuals or representatives of particular organisations.

Directors are initially nominated and seconded by existing members and their appointment is subject to submitting a CV, which is reviewed by the Directors Appointments Panel, a sub-committee set up for this purpose. The panel then makes a recommendation to the full board regarding the nomination. The panel comprises trustees plus the Chief Executive and a third party advisor, and the process is enshrined in the Memorandum and Articles of Association.

The directors may also appoint additional directors subject to there being a maximum of fifteen in total. They may also co-opt non-voting advisors to boards or sub-committees. The directors benefit from job descriptions and abide by a variety of other procedural documents.

Annually the Board assesses the expertise and skills within the Board membership and proactively recruits new directors with specific experience to ensure a full compliment of expertise and skills in order to govern the charity.

Induction and training of trustees

All new directors are given an induction session by the Chairman and Chief Executive to explain the operation of the charity. Regular training of directors takes place (at least annually) to update them with the relevant laws and regulations and to ensure they are fully engaged with the work of the Community Foundation.

The last training sessions took place in September 2009 and April 2010 in conjunction with Community Foundation for Merseyside trustees and future training is planned for each Board meeting on relevant topics to support the directors in their roles. Select directors (dependant on their role and expertise) attend ad hoc training sessions, including the 2009 national Community Foundation Network Conference in September which is held on a bi-annual basis to improve UK community foundation operations and share best practice.

The Chief Executive leads on the development and delivery of the director training and development programme annually, especially working with the Chair and Vice Chair.

Links to Community Foundation Networks

The Community Foundation has a strong relationship with Community Foundation Network (CFN), the network organisation that represents community foundations in the UK. In particular, the Chairman, Chief Executive and Development Director are active representatives at CFN's relevant forums, such as the Northern Directors and Development Directors forums, and also events, such as the annual CFN House of Lords event.

The Community Foundation works closely with CFN to share best practice and to gain information on research and innovation in philanthropy and grant-making. We are currently planning for the new CFN accreditation standards set by the Charity Commission to attain Quality Accredited status in 2010 as a community foundation, alongside Community Foundation for Merseyside.

In the autumn of 2009 the Board gave permission and funding for the Chief Executive to take up an invitation by the City University of New York to be a Senior International Fellow of their Centre for Philanthropy and Civil Society department which has led to gaining knowledge of global community foundation best practice which is being applied within the Community Foundation. The Chief Executive has also recently been accepted as a member of the Transatlantic Community Foundation Network which provides a regular forum for learning on global best practice which will benefit the Community Foundation as a whole.

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

Key Partnerships

The Community Foundation has 'non-donor' relationships with many key players. Examples include Lancashire's local county and district authorities, Central and Regional Government, Lancashire Police, Rensburg Investment Management Ltd, Roebucks Solicitors and Beever and Struthers (formerly Waterworths) Chartered Accountants.

We have an extensive network of charities and agencies that work with us to raise awareness of our grant programme. We especially have proactive relationships with Lancashire's Councils for Voluntary Services for outreach activities via our Grassroots Small Grants programme for 2008 – 2011.

Risk review

The Board of Trustees has undertaken a detailed review of the risks that the organisation faces. These are published in a formal Organisational Risk Assessment. All risks identified have been addressed and mitigated as far as possible. No identified risks remain unaddressed. The Risk Assessment is subject to formal annual review and update by the trustees, with interim monitoring on a quarterly basis by the staff management team.

The organisation also uses a formal Performance Management Framework to monitor and measure progress against a set of key organisational performance indicators. Progress against the Framework is assessed by the staff management team on a monthly basis and reported to the board and the staff meeting on a quarterly basis, using a scorecard system.

Contribution of Volunteers

The directors are grateful for the contribution made by the volunteers who sit on the grant awarding panels. Panel members number approximately 30 across Lancashire, especially for our Grassroots Small Grants programme. All of our volunteers are inducted and trained and generally contribute up to four or five days a year to the organisation. Their contribution of knowledge and expertise is a crucial ingredient in the success of the organisation's grant-making and in terms of ensuring local ownership and accountability.

The directors are also grateful for the support of ad hoc volunteers that have advised them on the planning, creation and development of the Community Foundation, especially as it develops. Also thanks are extended to the Community Foundation's Patrons and our President, Lord Shuttleworth for his commitment to the work of the charity.

Grant making policies

The policy of the charity is to award grants to organisations that have made a formal application for a grant, that fulfil the requirements of the relevant grant fund and which have the necessary systems in place to administer a grant. All grant applications are subject to a formal appraisal by the charity's staff before being presented to the local grant panel, or the donor, for a recommendation. A scoring system is used to guide decisions. All panel or donor recommendations are ratified by the Community Foundation's trustees prior to any offer being made.

Investment powers

The Charity's Investment Powers are prescribed in its Memorandum and Articles of Association. The Board of Trustees has approved a document called 'Policies on Fund Management and Financial Control', relating to the management of all of its funds and which includes the strategies for the investment of its endowment. The purpose of investment in the endowment fund is to generate a sustainable income for (i) grant-making and (ii) meeting running costs.

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

The organisation has appointed professional investment managers to manage the endowment. The overall objective they have been set is to maintain a balanced return between income and capital. The level of risk they are permitted to take is 'medium'. Presently, the strategy proposes that most of the portfolio is invested in UK equities (40 - 80%) and fixed interest stock (10 - 30%), with cash, non-UK equities and other assets also an option. Investment in derivatives is not permitted without the express consent of the trustees. Investment performance is monitored by the board on a quarterly basis, using benchmarks such as the FT All Stocks Government Index, the FT All Share Index, the FT World Index (excluding UK) and the IPD Index as well as a comparison of the current investment managers' performance with others in the field.

2009/10 ACHIEVEMENTS AND PERFORMANCE

Review of Activities

2009/10 has been a formative and development period for us as a newly formally established community foundation. Our priority is to secure new grant programmes and donors based on our seven-year track record in grant-making due to Community Foundation for Merseyside's previous work. There are many new opportunities to explore, including new private donor support to encourage philanthropy across Lancashire and building on existing public sector programmes.

We currently manage the Lancashire Grassroots Small Grants programme which will distribute £1.75 million into communities by March 2011 and the Lancashire Grassroots Endowment Challenge which offers up to £1.4 million in free matched contributions for private sector donors who wish to establish charitable endowment funds or foundations with the Community Foundation until March 2011. We raised £72,564 during this second year in 2009/10 for the endowment fund from two private donors via the Challenge.

The collaboration with Community Foundation for Merseyside has accelerated our activities due to a valuable 'back-office' team that have equipped us with the required policies, procedures and systems to run effectively. The collaboration has prepared us well for our first Community Foundation Network Quality Accreditation audit, set by the Charity Commission, which will take place during May and July 2010 to establish Community Foundation for Lancashire as Quality Accredited in the UK network which is a great achievement within two years existence for many new community foundations.

In the last year we have brought together key influencers, opinion formers and donors to create a firm platform for the Community Foundation to build on, and we look forward to 2010/11 to take our new community foundation to the next level.

We are grateful to the following organisations and bodies for their support of the creation and development of the Community Foundation for Lancashire, especially via core cost donations:

- Blackpool Council
- Blackburn & Darwen Council
- Lancashire County Developments Ltd
- The Rank Foundation
- Local Borough Councils within Lancashire

Factors within and outside charity's control that are relevant to the achievement of its objectives

Due to the recent economic crisis and greater competition in our market from other intermediaries, we are aware that we will need to work harder, and more creatively, to attract new donors and to ensure that existing donors remain loyal, and even increase their donations, in order to meet the likely increase in demand for services that will occur in parallel with decreases in funding from other sources, including investment income and corporate supporters. We are proactively involved in our national network to improve our practices and 'offer' to donors, particularly with national pilot projects.

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

The continued interest and intervention of government is likely to push philanthropy closer to centre stage, not least in the areas of Welfare and Education, especially due to the new coalition government's 'Big Society' agenda that will encourage community empowerment and the transfer of funds from private wealth to the public good. The legacy left by the outgoing Labour government in May 2010 is evident in the impact that many of our grant programmes have achieved, including Local Network Fund, Community Chest and the Grassroots Small Grants programmes.

Grants Awarded

The following grants programmes have been operating through the Community Foundation for Merseyside in Lancashire during the accounting period, with the number of grants and amounts stated being awarded during this time:

Comic Relief	14	£77,107
Grassroots Grants	177	£519,235
Lancashire Young Transformers	8	£17,312
Real Help for Communities - Targeted Support Fund	3	£112,071
The Jim Hosker Memorial Fund	2	£525
	204	£726,250

Donation in kind

The Community Foundation for Lancashire has been afforded use of an office at 'The Bungalow' in Blackburn, by Blackburn with Darwen borough council, initially free of rent and valued in these accounts as an in kind donation at the annual rental of £2,500 payable from 1 April 2010.

Reserves policy

The Board will endeavour to build and maintain a level of reserves appropriate to its commitments over the coming years, however is keen to maximise its charitable objectives and community benefit.

Excessive reserves were carried forward from the previous accounting period due to the timing of donations received and engagement of staff, therefore these donations have been utilised to cover the costs intended during this financial period.

Our internal budget forecasting for 2010/11 and beyond evidences our planned activity which includes the investment of reserves into building our capacity to achieve our aims.

FUTURE PLANS

A global community foundation guru, Dorothy Reynolds of the CS Mott Foundation describes a community foundation as:

"Simply put, a community foundation has three functions. It is a grant-maker. It is a vehicle for the philanthropy of individuals, corporations and organisations that have concern for a specific geographic area. It provides leadership in the community it serves as an effective, independent arena for addressing difficult issues and/or advocating for needed programs, services or policies."

For the first time we will aim to combine the three factors of a community foundation which is social investment (grant-making), community philanthropy and social change. By doing this we will achieve our strategic view that the Community Foundation understands the needs of local communities and donors and, by creating partnerships and involving donors, ensure that these needs are met, and we will continue to maximise the impact of funds and resources through our extended local and national networks, accessible grant programmes and efficient, cost-effective processes.

COMMUNITY FOUNDATION FOR LANCASHIRE

REPORT OF THE DIRECTORS FOR THE PERIOD ENDED 31 MARCH 2010

As we move into 2011 the UK voluntary sector faces funding issues and therefore organisational challenges. Central government funding, regional and local government and European funding are all decreasing due to the recession of last year and changes in policy and strategy. Community foundations in the UK will be required to assess their resourcing, business plan and service delivery to adapt during this time of change, especially in light of an emerging two-tier UK network; those that undertake predominately project grant-making funded by major public sector programmes and those that are developing into the global model of community foundations that are not only grant-makers, but facilitators of community philanthropy and contributors to social change. We are the latter and overall the Lancashire-Merseyside collaboration and open-minded Boards to effective organisational development will ensure our survival and a positive path to sustainability.

In April 2011, the central government Grassroots Small Grants programme which has operated since 2008/09 will end. This is a significant reduction in grant programmes and a priority is to secure new grant programmes from April 2011 to maintain a significant level of social investment per year into communities to achieve social change and valued impact as well as to protect valuable in-house resources, staff talent and expertise to achieve our new 2010 – 2013 business plan.

The Board and staff are not only working proactively to secure annual grant programmes, though also on the Endowment Challenge to raise the required £580,000 from April 2010 to March 2011 to unlock around £580,000 as match funding to create significant endowment for the charity's future sustainability. Our aim by 2011/12 is to have created a £3 million endowment fund to support the charity's sustainability.

As a relatively new UK community foundation we are working hard on raising the charity's profile with relevant audiences, holding targeted events, building links with local journalists and sharing stories in the media. Our first donor event was hosted by our President, Lord Shuttleworth in December 2009 which has led to increased levels of donors and a programme of events for 2010. These activities are leading to a greater awareness of the charity to celebrate our investment in communities and local philanthropy.

We are now fostering partnerships and links with a number of high-net-worth individuals, companies, trusts and foundations and public sector bodies, many of which look promising for 2010/11 onwards in terms of becoming new donors and grant programmes for the communities of Lancashire.

AUDITORS

The auditors, Waterworths, merged with Beever and Struthers with effect from 1 October 2009. The combined firm operates under the name of Beever and Struthers.

In accordance with Section 487(2) of the Companies Act 2006, a resolution proposing that Beever and Struthers be appointed as auditors will be put forward at the Annual General Meeting.

SMALL COMPANY

This report has been prepared in accordance with provisions within Part 15 of the Companies Act 2006 as they relate to small companies.

By Order of the Board

Peter Robinson

Trustee

20 July 2010

COMMUNITY FOUNDATION FOR LANCASHIRE

STATEMENT OF THE RESPONSIBILITIES *FOR THE PERIOD ENDED 31 MARCH 2010*

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Community Foundation for Lancashire for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the 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 that period. 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company and enable them to ensure that the financial statements comply with the the Companies Act 2006.

They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware

- there is no relevant information of which the charitable company's accountant's are unaware;
and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant information and to establish that the company's accountant is aware of the information.

ACCOUNTANTS' REPORT ON THE UNAUDITED ACCOUNTS OF COMMUNITY FOUNDATION FOR LANCASHIRE

I report on the accounts of the company for the period ended 31 March 2010, which are set out on pages 13 to 22.

Respective responsibilities of trustees and reporting accountants

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this period under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed. I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 43 of the 1993 Act;
to follow the procedures laid down in the general Directions given by the Charity Commission under section
- 43(7)(b) of the 1993 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with section 386 of the Companies Act 2006; and
- to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Leslie Bury

Date: 20 July 2010

Beever and Struthers
Chartered Accountants
Central Buildings
Richmond Terrace
Blackburn
Lancashire
BB1 7AP

COMMUNITY FOUNDATION FOR LANCASHIRE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 MARCH 2010

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2010 £	2009 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	29,700	-	72,564	102,264	95,414
Investment Income	2	74	-	47	121	-
Incoming resources from charitable activities	2	22,220	44,500	-	66,720	45,459
Total incoming resources		<u>51,994</u>	<u>44,500</u>	<u>72,611</u>	<u>169,105</u>	<u>140,873</u>
Resources expended						
Cost of generating funds						
Cost of generating voluntary income	3	24,230	26,833	-	51,063	13,799
Investment management costs	3	-	-	290	290	-
Charitable activities	3	28,249	22,500	-	50,749	17,674
Governance	3	17,896	-	-	17,896	6,644
Total resources expended		<u>70,375</u>	<u>49,333</u>	<u>290</u>	<u>119,998</u>	<u>38,117</u>
Net (outgoing) / incoming resources before other recognised gains and losses		(18,381)	(4,833)	72,321	49,107	102,756
Net gains on investment assets	10	-	-	698	698	-
Net movement in funds		<u>(18,381)</u>	<u>(4,833)</u>	<u>73,019</u>	<u>49,805</u>	<u>102,756</u>
Reconciliation of funds						
Total funds brought forward		64,264	25,000	13,492	102,756	-
Total funds carried forward		<u>45,883</u>	<u>20,167</u>	<u>86,511</u>	<u>152,561</u>	<u>102,756</u>

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

Income and Expenditure Account

	2010 £	2009 £
Gross income from all sources	169,105	140,873
Total Income	<u>169,105</u>	<u>140,873</u>
Total expenditure	<u>(119,998)</u>	<u>(38,117)</u>
Net income for the year	<u>49,107</u>	<u>102,756</u>

All amounts relate to continuing operations.

COMMUNITY FOUNDATION FOR LANCASHIRE

BALANCE SHEET AS AT 31 MARCH 2010

	Notes	31 March 2010		26 March 2009	
		£	£	£	£
Tangible assets	9		328		492
Investments	10		84,948		-
			<u>85,276</u>		<u>492</u>
Current Assets					
Debtors	11	3,562		11,662	
Cash at bank and in hand		<u>134,643</u>		<u>93,518</u>	
		138,205		105,180	
CREDITORS: amounts falling due within one year	12	<u>(70,920)</u>		<u>(2,916)</u>	
Net Current Assets			<u>67,285</u>		<u>102,264</u>
Net Assets			<u><u>152,561</u></u>		<u><u>102,756</u></u>
The Funds of the Charity					
Endowment Funds	15		86,511		13,492
Unrestricted Funds	14		45,883		64,264
Restricted Funds	13		20,167		25,000
Total Charity Funds			<u><u>152,561</u></u>		<u><u>102,756</u></u>

For the financial period ended 31 March 2010 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 286 of the Act and for preparing financial statements which give a true and fair view of the state of the affairs of the company as at the end of the financial period and of its profit or loss for the financial period in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

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 and with the financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board of Trustees and authorised for issue on 20 July 2010.

Peter Robinson

Trustee

Company Registration No. 06383299

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2009

1 ACCOUNTING POLICIES

1.1 Accounting basis

- (a) The financial statements have been prepared under the historical cost convention modified by the inclusion of investments at market value and in accordance with applicable accounting standards, the Companies Act 2006, the Statement of Recommended Practice "Accounting and reporting by Charities" (SORP 2005) updated June 2008 and the Financial Reporting Standard for Smaller Entities (effective April 2008).
- (b) Incoming resources are included in the Statement of Financial Activities (SOFA) when they become receivable, except donations and gifts in kind. Donations are included when they are received. Gifts in kind are valued at an estimate of market value.
- (c) Resources expended are included in the SOFA on the accruals basis based on work done or services provided in the period.
- (d) Grants payable are recognised as expenditure when the commitment is made.
- (e) Costs of Generating Funds includes the cost of brochures, advertising, fundraising and other promotional events designed to increase public awareness of the Foundation, together with other costs directly attributable to fundraising activities.
- (f) Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes costs that can be allocated directly to such activities and those costs of an indirect nature necessary
- (g) Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include costs linked to the strategic management of the charity.
- (h) All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis as set out in note 3.
- (i) Voluntary help received by the Foundation has not been valued, in accordance with the SORP.

1.2 Tangible fixed assets

Depreciation is provided to write off the cost of each asset over its expected useful life using the following rates and methods:-

Office equipment	25% per annum
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Tangible fixed assets under £500 are not capitalised.

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS *FOR THE PERIOD ENDED 31 MARCH 2009*

1 ACCOUNTING POLICIES (continued)

1.3 Fixed asset investments

Investments are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

1.4 Pensions

The company contributes to individual personal pension policies for its employees. Contributions are charged to the SOFA in the period in which they relate.

1.5 Fund accounting

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and which can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Endowment funds are held for long term income generation for the Foundation. Income generated from the funds is distributed in accordance with the wishes of the original donor.

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

2 INCOMING RESOURCES	2010	2009
	£	£
Voluntary Income		
Endowments Received	72,564	13,492
Donations	27,200	81,922
Gifts in kind - use of office	2,500	-
	<u>102,264</u>	<u>95,414</u>
 Incoming Resources from Charitable Activities		
Chorley Council	-	2,200
Wyre Borough Council	25,000	-
Grassroots Grant	19,720	18,259
Rank Foundation Grant	22,000	25,000
	<u>66,720</u>	<u>45,459</u>
 Investment Income		
Bank Interest	74	-
Investment Income	47	-
	<u>121</u>	<u>-</u>
 Total Incoming Resources	<u>169,105</u>	<u>140,873</u>

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

3 TOTAL RESOURCES EXPENDED

	Basis of Allocation	Voluntary Income	Charitable Activities	Investment Costs	Governance	Total 2010	Total 2009
Grants Paid (see note 4)	Direct	-	22,500	-	-	22,500	2,000
Staff Costs (see note 6)	Direct	26,883	7,681	-	3,840	38,404	8,272
Training	Direct	1,819	520	-	260	2,599	-
Recruitment	Direct	565	161	-	81	807	3,195
Subscriptions	Direct	-	391	-	-	391	283
Website	Direct	-	437	-	-	437	3,690
Printed Materials	Direct	51	50	-	-	101	274
Board Meeting exps	Direct	-	-	-	372	372	373
Publicity & Advertising	Direct	1,420	-	-	-	1,420	3
Investment Management costs	Direct	-	-	290	-	290	-
Grants Management - CFM*	Direct	-	2,500	-	-	2,500	200
Sundry expenses	Direct	63	18	-	9	90	-
Consultancy CFM*	Usage	15,459	15,458	-	6,875	37,792	17,500
Consultancy other	Usage	-	-	-	-	-	750
Legal & Professional	Usage	-	-	-	3,699	3,699	-
Independent Examination Fees	Usage	690	-	-	2,760	3,450	-
Bank Charges	Usage	-	5	-	-	5	7
Travel exps	Staff time	1,685	421	-	-	2,106	1,213
Postage, Stationery & Telephones	Staff time	297	74	-	-	371	73
Office costs (Rent in kind)	Staff time	2,000	500	-	-	2,500	120
Depreciation	Staff time	131	33	-	-	164	164
		<u>51,063</u>	<u>50,749</u>	<u>290</u>	<u>17,896</u>	<u>119,998</u>	<u>38,117</u>

*Community Foundation for Merseyside

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

4 GRANTS PAID

	Grant total 2010 £	Grant total 2009 £
Grassroots grants	-	2,000
Wyre Young Transformers	22,500	-
	<u>22,500</u>	<u>2,000</u>

5 NET INCOMING RESOURCES

	2010 £	2009 £
Net incoming resources are stated after charging:-		
Staff costs	38,404	8,272
Depreciation	164	164
	<u>38,568</u>	<u>8,436</u>

6 STAFF

	2010 £	2009 £
Wages and salaries	34,116	7,436
Social security costs	3,388	836
Pension contributions	900	-
	<u>38,404</u>	<u>8,272</u>

No employee earned £60,000 p.a. or more

7 STAFF NUMBERS

The average number of employees during the year was as follows:

	2010 No.	2009 No.
Management	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

8 TAXATION

As a registered charity, the company is exempt from taxation on the income and gains arising out of its charitable activities.

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

9 TANGIBLE FIXED ASSETS	Office Equipment	Total
	£	£
Cost		
At 26 March 2009 & 31 March 2010	656	656
Depreciation		
At 26 March 2009	164	164
Charge for year	164	164
At 31 March 2010	<u>328</u>	<u>328</u>
Net book value		
At 31 March 2010	<u>328</u>	<u>328</u>
At 26 March 2009	<u>492</u>	<u>492</u>
10 INVESTMENTS		
	2010 £	2009 £
Listed Investments		
Additions	38,755	-
Revaluation	698	-
Market value at 31 March 2010	39,453	-
Cash deposits in the UK	45,495	-
Total investments	<u>84,948</u>	<u>-</u>
Listed Investments		
UK investments	26,890	-
Overseas investments	12,563	-
	<u>39,453</u>	<u>-</u>
11 DEBTORS		
	2010 £	2009 £
Grants	-	2,200
Other debtors	3,562	9,462
	<u>3,562</u>	<u>11,662</u>
12 CREDITORS: amounts falling due within one year		
	2010 £	2009 £
Other creditors	70,920	2,916
	<u>70,920</u>	<u>2,916</u>

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2010

13 RESTRICTED FUNDS	As at	Movement in Resources		As at
	27th March 2009	Incoming	Outgoing	31 March 2010
	£	£	£	£
Wyre Young Transformers	-	22,500	22,500	-
Rank Foundation	25,000	22,000	26,833	20,167
	<u>25,000</u>	<u>44,500</u>	<u>49,333</u>	<u>20,167</u>

The Wyre Young Transformers fund supports groups actively tackling the issue of substance misuse, that are helping young people to become positively and actively engaged in their Wyre local communities.

The Rank Foundation grant is to support a development and fundraising post within the Community Foundation.

Funds that cannot be distributed are returned to the donor.

14 UNRESTRICTED FUNDS	As at	Movement in Resources		As at
	27 March 2009	Incoming	Outgoing	31 March 2010
	£	£	£	£
Unrestricted Funds	<u>64,264</u>	<u>51,994</u>	<u>(70,375)</u>	<u>45,883</u>

15 ENDOWMENT FUNDS	As at	Movement in Resources		Net gain on	As at
	27 March 2009	Incoming	Outgoing	investment assets	31 March 2010
	£	£	£	£	£
Endowment Funds	<u>13,492</u>	<u>72,611</u>	<u>(290)</u>	<u>698</u>	<u>86,511</u>

Endowment funds are invested to generate income each year, which is used for grant making in line with the donors' wishes.

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Tangible		Net Current	Total
	Fixed Assets	Investments	Assets	
	£	£	£	£
Endowment Funds	-	84,948	1,563	86,511
Restricted Funds	-	-	20,167	20,167
Unrestricted Funds	328	-	45,555	45,883
	<u>328</u>	<u>84,948</u>	<u>67,285</u>	<u>152,561</u>

COMMUNITY FOUNDATION FOR LANCASHIRE

NOTES TO THE FINANCIAL STATEMENTS *FOR THE PERIOD ENDED 31 MARCH 2010*

17 TRUSTEES' EXPENSES

No trustees have received remuneration. During the period one trustee was reimbursed travelling expenses amounting to £78.

18 RELATED PARTY TRANSACTIONS

Mr T Hoyle is a trustee and company secretary, and has also acted in a legal capacity on behalf of the Foundation. The Foundation has incurred costs of £3,699 (2009: £nil) regarding the legal services provided by Roebucks Solicitors, a firm in which Mr T Hoyle is a partner.

Mr DJ Sanderson is a trustee and Director of Grants and Special Projects with the Rank Foundation which has awarded the Community Foundation for Lancashire with grant funding for a development and fundraising post over a three year period.

Mr T Hephrun, a trustee, is Chief Officer of Burnley, Pendle and Rossendale CVS who provide outreach and support services for the Grassroots Grants programme administered by the Community Foundation for Merseyside.

Mr GW Burgess, a trustee, is the Chief Executive Officer of Blackburn with Darwen Borough Council who have contributed towards the set up costs of the Foundation, and afforded use of office space, initially without charge.

Mr SH Weaver, a trustee until 7 April 2010, is Chief Executive Officer at Blackpool Council who have also contributed towards the set up costs of the Foundation.

Mrs VB Chauhan, a trustee until 13 May 2010, is employed by Lancashire County Council who have contributed towards the Foundation's set up costs through Lancashire County Developments Ltd.

Mr GB Fitzgerald, a trustee until 11 February 2010, is employed by Lancashire County Council, who have contributed towards the set up costs of the Foundation.