

FOUNDSDATION

Small Foundation

Annual Report
2013

2013

Small Foundation

(a company limited by guarantee)

Directors' report and financial statements

For the year ended 31 December 2013

Registered number
Charity number

447577
CHY17841

Small Foundation

Directors' Report and Financial Statements

For the year ended 31 December 2013

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Directors and other information

Directors	Tim Brosnan (Chairman) Mary Brosnan Conor Brosnan Anthony Gannon Mick Swift
Charity number	CHY17841
Registered number	447577
Registered office	1 Cavendish Row Upper O'Connell Street Dublin 1
Website	www.smallfoundation.ie
Auditor	KPMG Chartered Accountants Registered Auditors 1 Harbourmaster Place International Financial Services Centre Dublin 1
Bankers	Bank of Ireland Ballsbridge Dublin 4 Coutts & Co. 440 Strand London WC2R 0QS
Executive	Tim Brosnan timbrosnan@smallfoundation.ie Anna Brosnan anna.brosnan@smallfoundation.ie

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Directors' report

The directors present their annual report and audited financial statements of Small Foundation (the "Company" or "SF") for the year ended 31 December 2013, which will be laid before the members at the Annual General Meeting of the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Company's financial statements are required by law to give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing each of the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2013. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts 1963 to 2013.

Principal Activity, Objectives and Review of Business

The Company's main focus is on eliminating the threat of famine from sub-Saharan Africa (SSA). A subsidiary activity is helping disadvantaged Irish people in the areas of poverty alleviation, mental health, suicide prevention and educational opportunities.

In a recent strategy review, SF re-dedicated itself to its main focus. It now states its vision as: Africa permanently free from extreme poverty and chronic hunger by 2030. (People living in extreme poverty and chronic hunger are those at risk of famine.) Hundreds of millions of people in SSA live their lives in extreme poverty under the constant threat of famine. Most of these live in rural areas and, despite growing urbanisation, the rural population numbers are forecast to continue rising until mid-century. SF aims to contribute to the elimination of extreme poverty by catalysing the proliferation of sustainable income-generating opportunities for extremely poor people in rural areas. It will do this by making highly-leveraged interventions that improve the business ecosystem for on-farm and off-farm micro, small and medium rural enterprises (MSMEs) by expanding access to knowledge, finance, technology, and markets. It aims to do this in ways that are effective, sustainable and scalable.

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Directors' report (*continued*)

Principal Activity, Objectives and Review of Business (*continued*)

During the year, SF made grants totalling €65,827 to six organisations. Of this, €05,827 related to Africa and €60,000 related to Ireland.

The Africa-related grants went to four organisations with strategies and operations that open up access to knowledge, finance, technology and markets to MSMEs, including small farms, in rural sub-Saharan Africa. Three of the organisations were existing long-term strategic partners of SF – AgDevCo, Farm Africa and Self Help Africa. The fourth, Root Capital, is a new strategic partner. Root Capital is a non-profit social investment fund that invests in poor, environmentally vulnerable places in Africa and Latin America by lending capital, delivering financial training, and strengthening market connections for small and growing agricultural businesses. Its vision is a thriving financial market serving agricultural businesses that generate long-term social, economic, and environmental sustainability for small-scale farmers and their communities around the world. It aims to play a leadership role in forming industry standards and attracting capital to a market that meets the needs of these agricultural businesses for the ultimate benefit of small-scale farmers and their communities.

All the grants were made under multi-year strategic collaboration agreements aimed at funding the core costs of either the general operations of the organisation or its specific initiatives in SSA.

SF's strategy includes support for research on development policy and practice and for advocacy for development approaches that are likely to be impactful, sustainable and scalable. During the year, the combined investments in these activities amounted to €9,589. These funds were used to:

- support the participation by African experts in a series of conferences on global food security organised by Wilton Park, an executive arm of the UK Foreign and Commonwealth Office
- the ongoing work of the All-Party Parliamentary Group on Agriculture and Food for Development based in the House of Commons and the House of Lords in Westminster
- the promotional costs for Paul Polak's new book, *The Business Solution to Poverty*, co-authored with Mal Warwick
- engage indirectly through one of our consultants and one of our partners with the World Bank's initiative to benchmark the business of agriculture (BBA). This is intended to inform and to leverage policy reforms which lead to a more modern agriculture sector, built primarily on the basis of commercially viable family farms. It will benchmark countries on short term regulatory and implementation issues, plus longer term policy, investments and important metrics.
- develop deeper relationships within entities relevant to SF's objectives across governments, international institutions, NGOs, foundations and business.

The Irish-related grants went to two organisations: Ashoka Ireland (€50,000) for the continuation of its Change Nation programme (this is the second instalment of a 3-year commitment) and a one-off donation of €10,000 to St Vincent de Paul for its work in the north inner city of Dublin.

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Directors' report *(continued)*

Reserves policy

The aim of the reserves policy is to maintain free reserves in unrestricted funds to enable the Company to implement its strategy by funding specific investments as they arise. In addition, the Chairman has given the Company a formal undertaking that he will personally ensure that SF will have sufficient funds to honour any financial commitments that the board decide to make on foot of investment recommendations made by him. In addition, during the year, the Company and Chairman executed a €2m revolving standby facility under which unsecured bridging advances may be drawdown by the Company as needed.

Under the terms of its charity license, the Company is required to spend any funds received by it within two years of receipt. Its current policy is to demonstrate compliance with this by allowing the funds held by the Company to reduce to low levels every two years. This policy will be kept under review.

Taking account of the funding commitments it has, it is judged that there are sufficient resources to allow the Company to implement its strategy over the next few years.

Company limited by guarantee

The Company is a company limited by guarantee and was formed for promoting charity and intends to apply its profits, or other income, in promoting its objectives.

Principal risks and uncertainties

The Company bears reputational risk arising from supporting organisations and activities that might bring the Company into ill repute with negative consequences for its capacity to alleviate extreme poverty in sub-Saharan Africa. There is also financial risk. It was originally envisaged that, in its initial years, the Company would be funded only by the founding members and directors, and their close associates, and that the Company would then be open to other donors coming forward in later years. It was perceived that there was the risk that such donors might not materialise at a time when their funds were needed thus curtailing the Company's activities. It is currently expected that outside donors attracted to the Company's activities are more likely to co-invest directly in those activities rather than through the Company and that the founding members and directors will continue to fund the company indefinitely. While it is expected that their resources will be sufficient for this, it is recognised that the risk of a calamitous reverse of fortunes is ever-present. The opposite risk also exists: that the Company will fail to find sufficient uses for its available resources consistent with its policies and investment and donation criteria. This has proved to be the effective constraint on the Company's activities since its foundation in 2007.

Results and dividends

The operating deficit for the year amounted to €322,979; (2012: €208,275). The Company prohibits payment of dividends to its members.

Post balance sheet events

There are no post balance sheet events which require disclosure in, or adjustments to the financial statements.

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Directors' report *(continued)*

Directors

The names of the persons who were directors at any time during the year ended 31 December 2013 are set out on page 1. In accordance with the Articles of Association, one third of the directors are required to retire by rotation at each annual general meeting. The directors to retire in every year shall be those who have been longest in office since the last election but as between persons who became directors on the same day, those to retire shall be determined by lot. A retiring director shall be eligible for re-election.

Books of account

The directors are responsible for ensuring that proper books and records, as outlined in Section 202 of the Companies Act, 1990 are kept. The directors through the use of appropriate procedures and systems and the employment of competent persons have ensured that measures are in place to secure compliance with these requirements. These books and records are maintained at the Company's registered office at 1 Cavendish Row, Dublin 1.

Auditors

The auditors, KPMG have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

Taxation status

The Company has received an exemption from taxation as a charitable organisation and is registered under No. CHY17841. The Company has also received approval for the Scheme of Tax Relief for Donations to Eligible Charities and other Approved bodies under Section 848A of the Taxes Consolidation Act 1997.

Thanks

The Directors would like to thank all the Company's service providers, with a special thanks to those who worked pro bono. Thanks are also due to the SF team in Dublin and London. Above all, we would like to thank our partners who give us valuable insights and inspiration as well as doing all the work on the ground.

On behalf of the board

Director

Director

3 September 2014

Independent auditor's report to the members of Small Foundation

We have audited the financial statements of Small Foundation for the year ended 31 December 2013, which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013.

Independent auditor's report to the members of Small Foundation *(continued)*

Matters on which we are required to report by the Companies Acts 1963 to 2013

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The financial statements are in agreement with the books of account and, in our opinion, proper books of account have been kept by the company.

In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Hubert Crehan

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

Date: 3 September 2014

1 Harbourmaster Place

IFSC

Dublin 1

Small Foundation

Statement of Financial Activities (including Income & Expenditure Account) for the year ended 31 December 2013

	<i>Notes</i>	Total funds 2013	Total Funds 2012
Incoming resources			
Incoming resources from generated funds:			
Voluntary income:			
Donations	2	-	-
Activities for generating funds:			
Investment income and foreign exchange gain/(loss)	4	(23,718)	76,952
		<hr/>	<hr/>
Total (outgoing) / incoming resources		(23,718)	76,952
		<hr/> <hr/>	<hr/> <hr/>
Resource expended			
Donations to NGOs	3	965,827	1,548,082
Other resources expended	5	89,589	67,649
Governance costs	5	1,397	1,088
		<hr/>	<hr/>
Total resources expended		1,056,813	1,616,819
		<hr/>	<hr/>
Net incoming resources		(1,080,531)	(1,539,867)
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of funds		2013	2012
Total funds brought forward		1,115,586	2,655,453
Total funds carried forward		35,055	1,115,586

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities and arise from investment funds. The accompanying notes form an integral part of the financial statements.

On behalf of the board:

Chairman

Director

3 September 2014

Small Foundation

Balance Sheet

as at 31 December 2013

	<i>Notes</i>	2013 €	2012 €
Current assets			
Cash and cash equivalents		209,871	1,772,685
Interest receivable		184	105
		<hr/>	<hr/>
Net current assets		210,055	1,772,790
Accrued expenses		(175,000)	(657,204)
		<hr/>	<hr/>
Net assets		35,055	1,115,586
		<hr/> <hr/>	<hr/> <hr/>
Unrestricted funds	8	35,055	1,115,586
		<hr/>	<hr/>
Total funds		35,055	1,115,586
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of the financial statements

On behalf of the board:

Chairman

Director

3 September 2014

Small Foundation

Statement of Cash Flows

for the year ended 31 December 2013

	2013 €	2012 €
Cash flows from operating activities		
Net (outgoing) / incoming resources	(1,080,531)	(1,539,867)
Interest	23,718	(32,453)
	<hr/>	<hr/>
Net cash (outflow) / inflow from operating activities	(1,056,813)	(1,572,320)
Changes in operating assets and liabilities		
Increase in liabilities	(482,204)	654,339
	<hr/>	<hr/>
Cash (used in) / provided by operations	(1,539,017)	(917,981)
Interest received	(23,796)	32,847
	<hr/>	<hr/>
Net cash (used in) / provided by operating activities	(1,562,813)	(885,134)
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents for the year	(1,562,813)	(885,134)
Cash and cash equivalents at the beginning of the year	1,772,685	2,657,819
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	209,872	1,772,685
	<hr/> <hr/>	<hr/> <hr/>

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Notes forming part of the Financial Statements *for the year ended 31 December 2013*

1 Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

(a) Basis of accounting

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

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The Company has presented the statement of financial activities and the balance sheet in the format set out in "Accounting and Reporting by Charities – Statement of Recommended Practice (revised 2005)".

(b) Fund accounting

- Unrestricted funds are available for use at the discretion of the directors in furtherance of the general objectives of the charity.
- Designated funds are unrestricted funds earmarked by the Board for particular purposes.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Incoming resources

All incoming resources are recognised by inclusion in the statement of financial activities only when the Company is legally entitled to the income, virtually certain of receipt, and the amounts involved can be measured with sufficient reliability. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable.
- Donated services and facilities are included at the value to the Company where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

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Notes (continued)

1 Accounting policies (continued)

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the Company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Company and may include the audit fees and costs linked to the strategic management of the Company.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities 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.

(e) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the statement of financial activities.

2 Donations	Unrestricted	Restricted	2013 Total
	€	€	€
Donations	-	-	-
	-----	-----	-----
	-	-	-
	=====	=====	=====
	Unrestricted	Restricted	2012 Total
	€	€	€
Donations	-	-	-
	-----	-----	-----
	-	-	-
	=====	=====	=====

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Notes (continued)

3 Donations to NGOs	Unrestricted	Restricted	2013 Total
	€	€	€
Acumen	-		-
Africa Agriculture Development Company	388,739		388,739
Ashoka	50,000		50,000
Farm Africa	265,138		265,138
Ireland Fund of Great Britain	-		-
Self Help Africa Group	125,000		125,000
Unreasonable Institute	-		-
Root Capital	126,950		126,950
Society of St. Vincent de Paul	10,000		10,000
	<hr/>	<hr/>	<hr/>
	965,827		965,827
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted	Restricted	2012 Total
	€	€	€
Acumen	144,247	-	144,247
Africa Agriculture Development Company	665,348	-	665,348
Ashoka	50,000	-	50,000
Farm Africa	211,899	-	211,899
Ireland Fund of Great Britain	11,945	-	11,945
Self Help Africa Group	451,380	-	451,380
Unreasonable Institute	13,263	-	13,263
	<hr/>	<hr/>	<hr/>
	1,548,082	-	1,548,082
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
4 Total incoming resources		2013	2012
		€	€
Investment income			
Interest earned		10,290	32,453
(Loss)/gain on foreign exchange		(34,008)	44,499
		<hr/>	<hr/>
		(23,718)	76,952
		<hr/> <hr/>	<hr/> <hr/>

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Notes (continued)

5 Total resources expended	2013	2012
	€	€
Supported costs allocated to activities:		
Other Resources Expended		
Conferences and Seminars	29,718	26,145
Research & Consultancy	51,800	41,302
Advocacy	8,071	202
	<hr/>	<hr/>
	89,589	67,649
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
	€	€
Governance Costs		
Rent	-	-
Bank charges	1,397	1,088
	<hr/>	<hr/>
Total Governance Costs	1,397	1,088
	<hr/> <hr/>	<hr/> <hr/>

6 Directors and Management Remuneration & Related Party Transactions

No members of the board of directors received any remuneration during the year (2012: Nil).

No member of the board of directors or other person related to the charity had any personal interest in any contract or transaction entered into by the Company during the period apart from the standby credit facility referred to in note 10 hereof.

7 Taxation

The Company has exemption from taxation as a charitable organisation and is registered under Charity number CHY17841. The company also has approval for the Scheme of Tax Relief for Donations to Eligible Charities and other Approved bodies under Section 848A of the Taxes Consolidation Act 1997.

Small Foundation

Notes (continued)

8 Movement in funds	At 31 December 2012	Income resources (incl. gains)	Outgoing resources	Transfers	31 December 2013
	€	€	€	€	€
Restricted funds	-	-	-	-	-
<i>Total restricted funds</i>	-	-	-	-	-
Unrestricted funds:					
Designated fund					
General funds	1,115,586	(23,718)	(1,056,813)	-	35,055
<i>Total unrestricted funds</i>	1,115,586	(23,718)	(1,056,813)	-	35,055
Total funds	1,115,586	(23,718)	(1,056,813)	-	35,055
	At 31 December 2011	Income resources (incl. gains)	Outgoing resources	Transfers	31 December 2012
	€	€	€	€	€
Restricted funds	-	-	-	-	-
<i>Total restricted funds</i>	-	-	-	-	-
Unrestricted funds:					
Designated fund					
General funds	2,655,453	76,952	(1,616,819)	-	1,115,586
<i>Total unrestricted funds</i>	2,655,453	76,952	(1,616,819)	-	1,115,586
Total funds	2,655,453	76,952	(1,616,819)	-	1,115,586

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Notes (continued)

9 Operating (deficit/surplus)	€
Beginning balance as at 31 December 2012	(208,275)
Movement during year ending 31 December 2013:	
Investment income	(23,718)
Less: Governance costs and other resources expended	(90,986)
	<hr/>
Ending balance, as at 31 December 2013	(322,979)
	<hr/> <hr/>
	€
Beginning balance as at 31 December 2011	(216,490)
Movement during year ending 31 December 2012:	
Investment income	76,952
Less: Governance costs and other resources expended	(68,737)
	<hr/>
Ending balance, as at 31 December 2012	(208,275)
	<hr/> <hr/>

10 Standby credit facility

During the year, the Company and Chairman executed a €2m revolving standby facility under which unsecured bridging advances may be drawn down by the Company as needed. At 31 December 2013, the Company had not drawn down any amounts from this facility.

11 Post balance sheet events

No significant events have taken place since the year end that that would result in adjustment to the financial statements or inclusion of a note thereto.

12 Approval of financial statements

These financial statements were approved by the Board of Directors on 3 September 2014.