

ASSOCIATION OF CHARITABLE FOUNDATIONS

TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

Charity No. 1105412

Company No. 5190466

Chair's introduction

It's been a great year for ACF, with significant progress being made against all our key objectives. In doing so, we have further enhanced our support for foundations, who continue to make a positive difference despite ongoing turbulence, both within the sector and in society more broadly.

On the political front, foundations have had to navigate an environment defined by both polarisation and crisis. Brexit, in particular, has continued to loom large; clogging up the machinery of Westminster and heightening divides across generations and geographies. But foundations recognise that social ruptures don't emerge from the ether, and are considering deeply issues such as inequality, civic participation, democratic deficit and community voice.

Foundations are successfully addressing the culture of deepening distrust in institutions. As holders of significant wealth and power, foundations are not immune to shifts in public opinion around redistribution, tax and economic justice. In fact, in an environment where one of the most prominent political figures in the world can feel confident in declaring that "every billionaire is a policy failure", it's reasonable to conclude that we are moving away from an environment of civic gratitude towards one of civic scrutiny. This represents a real challenge for foundations, but one that they should be confident in meeting head on, aware of the vital contribution they make to the organisations, individuals, movements and causes they support. To the fabric of our communities.

Foundations are also adapting to technological change, both in their own organisations and with regard to those they fund. The continued progress of open data movements has challenged foundations to be more transparent about how and who they fund. Many organisations have responded, citing the dual benefit of driving efficiencies in grant-making and enhancing public trust. Meanwhile, in their role as funders, foundations are becoming increasingly exercised about issues such as how best to fund rapid-scale tech innovation, the implications of artificial intelligence and how automation is shaping the future of work.

Longstanding considerations articulated by the Inquiry in Civil Society are gaining urgency. Questions of power, especially as they relate to diversity, equity and inclusion, are forcing the sector to examine its collective practice and consider what steps it can take to move the needle. Likewise, the role of endowments in furthering charitable mission remains a rapidly evolving conversation, with more foundations than ever before looking to align everything they do with their ultimate social purpose.

All of these considerations sit alongside a regulatory environment which is increasingly shaped by a concern about public trust and confidence in the wider charity sector. High profile scandals around safeguarding, fundraising and governance have sharpened this focus over the last year or so. Foundations are responding extremely positively; meeting and exceeding their legal duties while also seeking to preserve the flexibility and independence they need to deliver their mission.

However, it is certainly not all doom and gloom. Across this range of uncertainties, there are also opportunities, initiatives and a greater range of innovative practice than ever before. I see a sector that is increasingly dynamic, thoughtful and forward-looking, a tendency exemplified by the incredibly positive response to ACF's Stronger Foundation Project. Foundations, through their assets, expertise, convening power and collaborative will, are well positioned to respond creatively to the challenges that society faces, preserving social good that is under threat and catalysing it where it is absent. Trusts and foundations are as diverse as the communities they support and they continue, with energy and commitment, to seek out diverse solutions and new thinking in their work. Long may this passion continue.

.....
Janet Morrison (Chair)

Date

Chief Executive's introduction

2018 has been a big year for ACF. As our trustees' annual report makes plain, over the past twelve months we have made significant progress in pursuit of our mission; to support foundations to be ambitious and effective in the way that they use their resources for social good. In response to feedback from our members we are strengthening our policy voice, being more challenging about foundation practice, and developing our support for foundations.

Two achievements illustrate our progress:

Stronger Foundations Initiative

Over 20% of our members have joined a process of enquiry into what constitutes excellent foundation practice. Four working groups of members heard evidence from experts and those with lived experience on some of the most challenging issues for foundations, including diversity, equity and inclusion, and transparency and engagement. Their interim findings are on our website.

Members' policy forum

The depth and breadth of our advocacy on behalf of foundations increased markedly throughout 2018. To ensure that our policy work continues to be responsive to and in touch with the interests and concerns of our members, we launched a Members' Policy Forum towards the end of the year, which has been enthusiastically received.

As an organisation, ACF needs to thrive and be sustainable so that we can support foundations over the longer term. During the year we have increased our membership, invested in our staff team, and launched an Official Partner Programme. Working with four Partners of such high calibre – Cazenove Charities, CCLA, Mercer and Ruffer - has enabled us to improve the range and scope of our support for foundations as they consider how they can use their endowments to achieve their financial and charitable objectives.

But this is just the beginning. Over the next twelve months we have ambitious plans.

- A key focus will be to develop our support for foundations. We have created a new role of Director of Membership, who will review and strengthen our membership offer – with a focus on improving access to services for all ACF members.
- We will relaunch a new and improved version of our Funder Network knowledge sharing website, which hundreds of grant-makers use regularly to seek peer advice on questions of foundation practice. <https://fundernetwork.org.uk/>
- We will continue to offer more events specifically for trustees.
- We will begin to report the findings from our Stronger Foundations initiative as well as launching two more working groups, on funding practices and intentional investing.
- And we will continue to publish our briefings and magazines, run our Professional Development Programme, and support our vibrant member-led networks.

As we enter ACF's thirtieth year, we remain true to the vision of our founders, that we should be an Association OF Foundations, in which peer exchange, the power of networks, and the generosity of our members in sharing their expertise and innovations, are at the core of everything we do. My sincere thanks, and that of the whole staff team, goes to each and every one of them.

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Carol Mack (Chief Executive)

Date

TRUSTEES' ANNUAL REPORT 2018

During the past twelve months ACF has taken a giant leap forward in pursuit of its mission to support foundations to be ambitious and effective in the way that they use their resources for social good.

Our strategy and activities have been guided by an independent membership survey commissioned in 2016. Members told us to; strengthen our policy voice; be more challenging about foundation practice; and review our membership offer. Essentially the message was; keep doing what you are doing, but do more.

2018 has been the year in which we have truly delivered on that challenge.

We have strengthened our policy voice, investing heavily in an expanded policy and communications team, which has had some notable successes this year as detailed in this report. This has enabled us to positively influence the context in which foundations operate, enhancing ACF's standing and reputation, and broadening the range of resources to support members in their work.

We have participated in challenging conversations on the role and practice of foundations. Some of these we have initiated, while others we have been invited into. Always these conversations are in pursuit of our strategic objectives; to inspire foundations to be ambitious and effective in the way they use their resources for social good.

We have extended our support to members, often in partnership with others. During the year we were delighted to take on the role of convening the SIIG (Social Impact Investors Group of foundations), reflecting the growing interest of many foundations in including social investment as a tool in their toolbox for supporting social good. We have been far more active in attending regional and national funder fora – in all four territories of the UK, as well as across England. We have continued to put more of our content online. We know that this is not enough and that there is more that we need to do. To take this forward we have created a new role of Director of Membership, beginning in January 2019.

As a board of trustees, we all have a connection with a member of ACF. We are acutely conscious that none of the achievements outlined in this report would have been possible without the support of our members, who are at the heart of what we do. They are generous with their time and expertise, supportive of our work, and incredibly willing to lead our networks, write for our publications, speak at our events, and participate in our working groups. We have been delighted that membership has continued to grow steadily throughout the year and now stands at a record high of over 380 grant-making trusts and foundations.

ABOUT ACF

ACF is the membership body for UK foundations and grant-making charities. Founded in 1989, ACF was established as a member-led association that should be fully responsive to the concerns and priorities of the foundation community. We do this through the provision of policy and advocacy, research and information, and a wide-ranging programme of events and learning. Our 380 members include family trusts, corporate foundations, livery companies and broadcasting appeals, both small and local grant-makers, and some of the world's largest foundations.

Our vision is a world that is supported, sustained and strengthened by the effective use of foundation resources.

Our mission is to support foundations to be ambitious and effective in the way that they use their resources for social good.



This annual report provides details of how these strategic objectives have been achieved in 2018.

ACF Supports



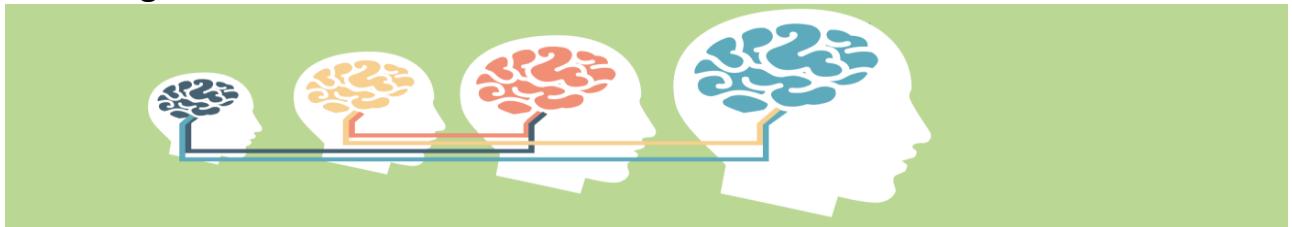
ACF's support for foundations falls into two categories: we provide briefings, news, publications, policy updates and answers to specific member queries; and we run a programme of events on specific areas of foundation practice.

In order to make this work effective, ACF has to ensure that it remains up-to-date about the issues of importance to the sector, as well as remaining sensitive to wider social, cultural and economic trends that may impact the sector in ways that may be less immediately obvious.

It also requires that the organisation acts as a curator; synthesising where there is an abundance of information and highlighting angles and aspects of particular relevance. This approach, which takes in horizon-scanning, a deep responsiveness to sector need and also pre-emptive trend analysis, underpins all of our communication work as well as structuring much of our training offer.

Through these processes, products and principles, we support foundations in such a way that ACF becomes a "one stop shop" for information, advice, resources and sign-posting.

Informing



Trust & Foundation News and Funders' News

Our flagship publication [Trust & Foundation News \(TFN\)](#) contributes to our mission to help foundations become more effective and ambitious. In 2018 TFN featured articles on how foundations are using data to improve their effectiveness and why foundations are seeking to influence decision makers and government policies. Our range of good practice guidance available to foundations was augmented in 2018 by two new publications: [Safeguarding for Foundations](#), and [GDPR: A Briefing for Foundations](#).

The high level of engagement with [Funders' News](#) and [Trusts & Foundation News](#) shows the value our membership places on these publications. ACF's social media content is increasingly seen as an authoritative source of information for the sector.

Engagement with ACF publications	Winter 2018		
	Digital recipients	Open rate	Click rate
Trust & Foundation News	628	47.5%	23.4%
Funders' News	760	48.0%	23.8%
Sector Average (Mail Chimp)	N/A	21.7%	2.5%

New publications in 2018

- [Foundation Giving Trends 2018](#)
- [Safeguarding for Foundations](#)
- [The Awareness and Effectiveness of Charity Trustees in Grant-Making in England and Wales](#)
- [GDPR: A Briefing for Foundations](#)

Publications still current from previous years

- Introduction to Grant Making, series of four:
 - [Firm foundations: setting your grant-making strategy](#)
 - [Promoting our priorities and how to apply](#)
 - [Assessing and selecting the work we support](#)
 - [Developing decision making processes and tools](#)
- [Good Practice Guide for Corporate Foundations](#)
- [Intentional Investing](#)

Vox Pops

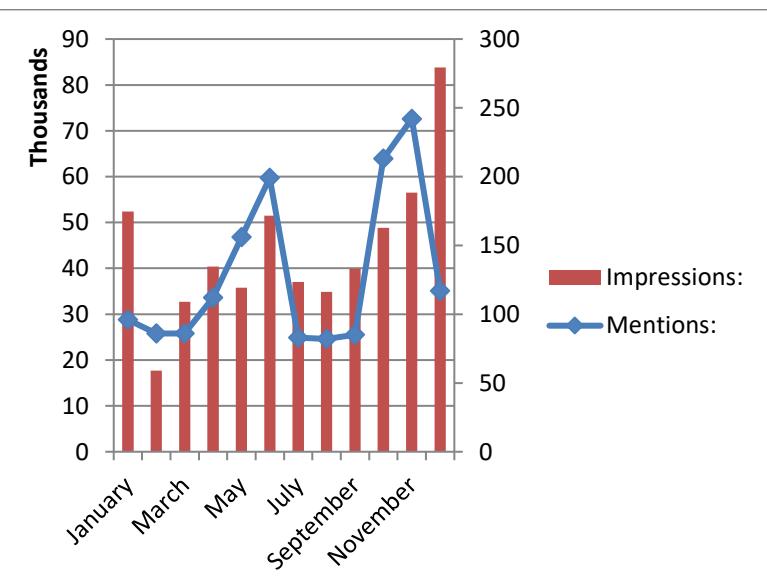
Our three series of Vox Pop Interviews with members in 2018 attracted 365 views.

Funder Network:

ACF's online platform, Funder Network, enables members and other funders to share expertise and problem solve. We have been working hard to prepare for a relaunch in 2019 to the 700 registered users.

Funders' News

Funders' News is our monthly bulletin informing members of issues affecting foundations, as well as updating them on the work and practice of their peers and ACF.



Twitter

Our Twitter reach has continued to grow in both the number of followers, and audience. We are consistently hitting about 80 mentions and 35,000 impressions per month, as the graph shows.

Professional Development



Our [Professional Development Programme](#) supports new foundations as they devise their practice and existing foundations seeking new ideas and good practice. Our Programme also contains specialist elements for corporate foundations, and those seeking to make social investments. The quality of the programme is tested using participants' feedback. 98% said they would recommend their seminar to a colleague and 95% rated their seminar as good or excellent.

The increasing popularity of our Professional Development Programme shows that foundations are seeking the skills to improve their effectiveness and explore best practice. In 2018 we offered an expanded programme with over 70 more people attending than in 2017.

ACF Professional Development Programme	2017	2018	PDP Qualitative feedback
Number of seminars	26	31	"It has given me some strategic aims to change the way we look at things." Exploring core funding, 2018
Number of webinars	1	2	
Total number of members attending	252	296	"The speakers were excellent – it's really helpful to have structure."
Total number of non-members attending	65	94	The how and why of involving grantees in your decision-making processes, 2018
Total number of attendees	317	390	

Advocacy



A key priority for ACF has been to continue developing our policy work and to proactively influence the operating environment for foundations. In doing so, ACF aims to protect, and where possible enhance, foundations' ability to fulfil their individual charitable missions as well as make their irreplaceable collective contribution to a healthy and plural civil society.

ACF's advocacy work can be understood in three main ways. First, we work on a regulatory and legislative level to ensure that foundations are not inhibited in their practice. This often involves deep engagement with consultations, pre-emptive analysis and shaping of regulatory change, and the provision of policy-focused advice and guidance. Second, we work cross-sectorally on issues that impact the environment in which foundations undertake their work, including significant and structural change to settlements within civil society. Lastly, we also work to make the case for foundations per se, using our research and thought-leadership to highlight the role of philanthropy within democracy and the many and various contributions of the sector.

Influencing the operating environment for foundations

During 2018 ACF engaged with a wide range of senior officials and parliamentarians.

In the summer, the Westminster Government published its Civil Society Strategy, a long-term vision for its relationship to organisations working to achieve public benefit. The strategy highlighted the

vital contribution of foundations and included an objective that the UK become 'the global centre for philanthropy practice'. We consulted ACF members in order to draft our response and the Strategy remains a key point of dialogue between ACF and the Department for Digital, Culture, Media and Sport.

ACF has attended several sessions hosted by the Department for Exiting the EU and contributed to the department's thinking about the potential impact on the charity sector. We have also produced a series of analyses on the Westminster Government's No Deal papers.

In April, ACF's board met with the Scottish Deputy First Minister, and discussed how foundations make an invaluable contribution to Scotland's civil society. He commended the role of foundations in supporting innovation and models of best practice to inform policy-makers.

ACF responded to Charity Commission for England and Wales consultations, including that on charities with connection to non-charities, and made an impact on the final outcome. We worked with the regulators in Scotland and England and Wales to produce a new framework for foundations on assessing the safeguarding practices of those organisations that they support with grants. ACF submitted a response to the Independent Charity Tax Commission, to which our CEO is an advisor.

Increasing our visibility through our advocacy, research, and communications activity has resulted in a greater demand for input from ACF – with a growing number of invitations to contribute to sector initiatives, comment on issues affecting foundations and speak at events.

Focused advocacy

In the past year we convened meetings for ACF members and Ministers of both the Ministry of Justice and the Home Office, to discuss foundations' role in prison reform and counter-extremism. ACF was invited to join the Home Office's Voluntary Sector Forum, and we supported the members of our Criminal Justice Network in submitting a response to a consultation by the Ministry of Justice on probation reform.

Building an evidence base

ACF's policy, advocacy and thought-leadership rely heavily on our commitment to taking an expert and evidence-based approach. Our credibility in this area relies on us not only having warm, qualitative data about the activity, concern and priorities of the sector, but also on having recourse to quantitative data about its nature, scale and shape.



For that reason, our work on the *Foundation Giving Trends* series is of vital importance. In 2018, with substantial support from the Pears Foundation, we worked with Professor Cathy Pharoah, Co-Director of the Centre for Charitable Giving and Philanthropy at Cass Business School, and Dr Catherine Walker, Founder and Consultant-in-Chief at The Researchery, to further develop a programme of research that tracked key indicators of the health of the foundation sector: its giving, its income, and the value of its assets.

It is from this platform that we are able to make viable claims about the vital role that foundations play within civil society, as well as making a case that their collective expertise should be considered and consulted on matters of political, legislative and regulatory concern.

Members' Policy Forum

ACF's new [Members' Policy Forum](#) was launched in December 2018, and to date more than 150 foundation representatives have joined. Its two main aims are to engage with members in order to identify and develop policy priorities and positions on technical issues that affect foundations and their operating environment, and to enable ACF to efficiently and effectively connect foundations with Government and other policy actors to inform and influence policy-making.

Connecting



ACF connects members to people, organisations and movements, and this year has seen that work go from strength to strength. The increasing number of our networks and their rising attendance shows the appetite of the sector to meet their peers and explore issues of common concern collectively. Our events programme highlighted the ambition of some members to expand their advocacy work and support for social movements.

We have maintained our links with regional funder networks and continue to share our knowledge with partners from around the world, while participating in international networks with an intention of maintaining engagement with partners abroad after Brexit.

ACF networks

In 2018 we ran a total of 19 networks that held 34 (30 in 2017) meetings with 494 (379 in 2017) people attending, and 87% of these thought the speakers were thought provoking and relevant. Our annual Conference was a great success with excellent feedback with 95% of attendees reporting they would recommend the conference to a colleague (98% in 2017).

ACF Regional Reach

Our membership base in 2018 showed 50% of members being London based, with the remaining 50% outside of London (including a handful overseas). During 2018 we have continued to build and scale relationships with a number of independent foundation and funder networks across the UK. We have visited: the South West Funders Forum, Scottish Grantmakers, Wales Funders Forum, North East Funders Forum and London Funders. This allowed us to gain insights around the challenges and priorities in the different geographical contexts and extend the reach and impact of our work whilst helping us remain relevant to all members.

Northern Ireland remains a 'special case' with on-going post conflict issues and continued deep divisions, influencing the needs and work of the voluntary and community sector. With a dedicated part-time Northern Ireland development officer ACF has ensured that members can maintain a connection with, and gain a better understanding of, the funding environment and the social, economic and political context in the region.

<p>ACF Networks</p> <p>Funding theme networks</p> <ul style="list-style-type: none"> • Housing and homelessness • Asylum, refugee and migration • Older people • School funders • Mental health • Violence against women and girls • Criminal justice • International funders • Children and young people • Tackling poverty • Woburn Place Collaborative <p>Job role networks</p> <ul style="list-style-type: none"> • Operational support • Finance in grant making • FIRM – Finance, Investment, Resources Management Network <p>Funding practices networks</p> <ul style="list-style-type: none"> • Monitoring and evaluation • Place based learning • SIIG – Social Impact Investors Group <p>Foundation type networks</p> <ul style="list-style-type: none"> • Smaller funders • Corporate foundations <p>Geographical based networks</p> <ul style="list-style-type: none"> • Northern Ireland 	<p>Networks and Partner Networks</p> <ul style="list-style-type: none"> • Finance in Grant-making with Charity Finance Group • UK Venture Philanthropy Steering Group – with Big Society Capital and European Venture Philanthropy Association 	<p>Networks ACF is a member of</p> <ul style="list-style-type: none"> • Corporate Foundations Network • DAFNE (Donors and Foundations Networks in Europe) • WINGS (Worldwide Initiatives for Grantmaker Support)
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International connections

This year, we hosted delegations of foundation representatives from Australia, Croatia, Russia, Saudi Arabia and South Korea, offering insights into best practice and the formation and role of membership associations.

ACF has continued to be an active member of DAFNE (Donors and Foundations Network in Europe). We took part in a symposium on a 'single market for philanthropic capital', helped launch the campaign for the InvestEU social investment programme with the European Commission, and made several contributions to policy development as a member of its Legal Affairs Committee. Early next year, we will host a meeting involving DAFNE to consider how UK foundations might continue to engage with the EU and European foundations post-Brexit.

Our CEO and Director of External Affairs spoke at several international conferences about the philanthropic and policy context in the UK, including Berlin, Finland, Canada and the United States. Our Head of Policy attended the annual conference of the European Venture Philanthropy Association (EVPA) in Warsaw and took part in a session on philanthropic collaboration with statutory bodies. ACF continues to support the UK Venture Philanthropy steering group with EVPA.

Inspired



Although ACF's work is always undertaken in a deeply facilitative spirit, the organisation is also committed to providing challenge to foundations, both in terms of the specifics of their practice and in terms of wider social, political and cultural criticism.

In doing so, we utilise the internal knowledge and expertise of the organisation, while also drawing on national and international thought-leadership and ensuring that the latest thinking is available to our membership. Much of this work is undertaken on a face-to-face level, during the many rich conversations that we undertake and broker. However, over the past few years, mandated by our membership, ACF has become more deliberate in this aspect of our work, retooling our flagship annual conference, speaking and writing publicly on a wider range of issues and also instituting a major work stream specifically aimed at identifying what "excellent" practice looks like for foundations.

Stronger Foundations initiative

A key initiative for ACF, [Stronger Foundations](#) is now well-established, and already generating material and evidence to support the basis of 'key principles of foundation practice'. By the end of the year, four of the six Stronger Foundations working groups had launched, with two more to follow in 2019. The six groups are:

- strategy and governance;
- impact and learning
- transparency and engagement
- equality and diversity
- funding practice
- intentional investing

All the groups are fully subscribed and collectively involve c100 foundations from across the UK.

The working groups have been able to attract high-level external speakers to inform debate and discussion, including the Director of the Cabinet Office's Race Disparity Unit, who discussed the merits and limitations of mandated reporting and change.

Members have contributed a range of 'provocation pieces' to supplement the working group meetings, and ACF has presented content and engaged with members across the UK, including at the Scottish Grant Makers forum, and several of the regional foundation forums.

Addressing the issue of diversity

Recognising that diversity was a pressing issue for the sector, ACF commissioned the most robust evidence possible on the nature and scale of the diversity challenge faced by foundation boards. We worked with Cass Business School, using data held by the Charity Commission for England and Wales, and then published it in full alongside a summary report [The awareness and effectiveness of charity trustees in grant-making in England and Wales](#). As well as ensuring there was significant scope for exploring the issue within the Stronger Foundations initiative, ACF also held a trustee meeting focused on the topic, as well as writing and talking about the issue on a number of prominent platforms, both within the sector and beyond.

ACF's annual conference - Borders, Boundaries and Barriers

Held in November, our flagship annual conference provided a focused opportunity for providing thought-leadership, challenge, learning, engagement and networking to a wide range of our membership with over 369 delegates from 167 organisations.

The conference agenda asked foundations to consider a number of challenging questions, including, but not limited to: what are the implications of the increasingly porous divisions

between the charitable sector, business and the state? How does the notion of borders interact with funding areas such as criminal justice, education, migration, reproductive and sexual health, social mobility and gender equality? And, crucially, how do funders ensure they draw the right lines in the right places when it comes to issues of power, equity and remaining meaningfully connected to the issues, organisations and individuals they fund?

Annual Conference	Borders, Boundaries and Barriers <ul style="list-style-type: none"> • 38 people came to the pre-conference dinner • 369 delegates attended the conference • 167 trusts and foundations were represented • There were 14 breakout sessions, many led by ACF members 	About the ACF Annual Conference plenary session <p>"Brilliant, provocative, engaging."</p>
Northern Ireland Conference	Coping with Chaos <ul style="list-style-type: none"> • 30 delegates attended 	"This was one of the more stimulating sessions we've had at the conference. Particularly useful and important was the level of challenge brought by the speakers to the audience."
Other events	<ol style="list-style-type: none"> 1. Annual chairs event (46 attended) 2. Foundation Giving Trends launch (60 attended) 3. Trustees Reception (43 attended) 4. Advocacy Debate 5. The Role of Philanthropy and Social Movements – with the Social Change Agency 6. Digital Skills Summit – with City Bridge Trust and Mansion House 7. Focus on Wales 	"One of the best plenaries I have ever attended - very well chaired, great content from speakers, fantastic audience engagement."



Thought-leadership, press and public engagement

2018 has seen ACF speak more frequently and more confidently on a range of issues. As well as increasing our own output of blogs and essays, we have also written features or have been featured in: *Alliance Magazine*, *Charity Finance Magazine*, *The Financial Times*, *Third Sector*, *Civil Society*

News, Radio 4's You and Yours as well two academic articles in the *OUP Journal of Philanthropy*. Subjects covered included diversity, equity and inclusion, Brexit, re-framing the technology debate, the role of place in democracy, and broad trends in philanthropy.

In addition, senior members of the team have significantly increased the amount of external speaking engagements they have undertaken, including a number of national conferences and academic events.

Thrives



In order for ACF to effectively support and connect foundations, to inspire the sector and to raise its influence and profile it is essential that as an organisation we have effective systems and processes and are financially stable. 2018 has seen significant improvement in this area.

Ensuring ACF is financially robust

ACF's financial position has been transformed in 2017 and 2018. The successful launch of the Official Partner Programme has brought £170,000 of funding into ACF to strengthen our work with members. Improvements in the services we offer to members, the opportunity to join our [Policy Forum](#) and [Stronger Foundations](#) initiative, and our high-profile advocacy for the sector have brought a steady growth in membership, which contributed to our operating surplus in 2018. The surplus has enabled ACF to meet its target of holding a General Fund which is equivalent to four to six months operating expenditure. Achieving this level of reserves will enable ACF to develop and implement ambitious plans in 2019 and beyond.

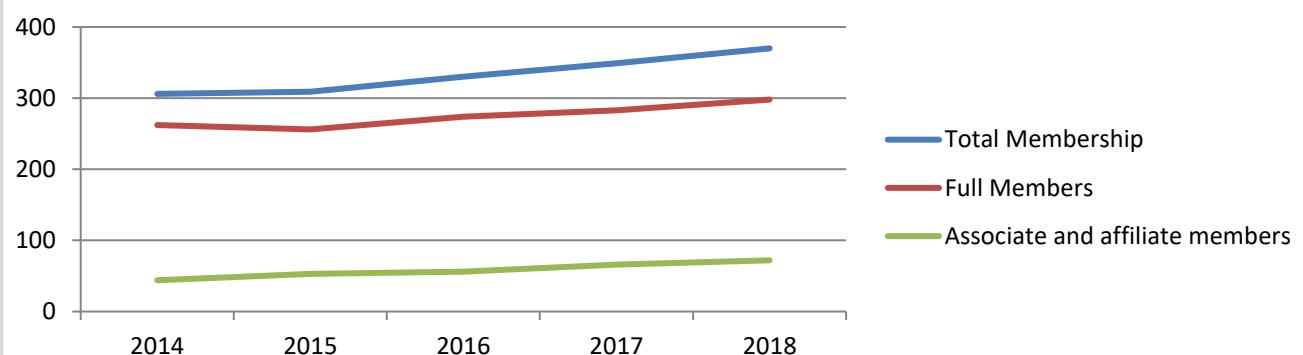
Income to support our services to members

ACF's principal sources of funding are membership subscriptions, grants and fees for its charitable activities and in 2018 for the first-time income from the Official Partner Programme. Members pay an annual subscription on a sliding scale, which is based on their grant expenditure in the previous year.

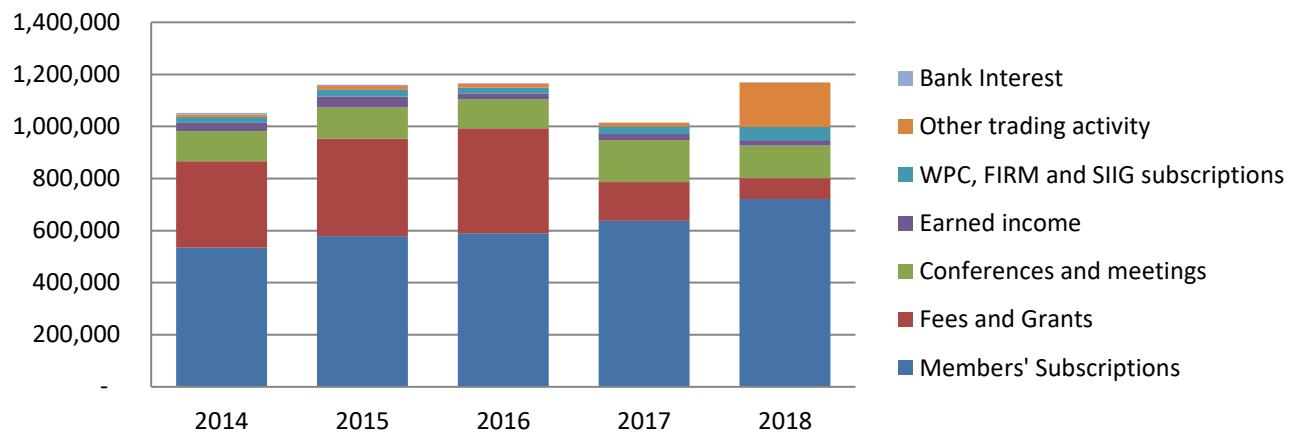
ACF's approach to Fundraising

ACF does not seek funds directly from the public. We do not use commercial or professional fundraisers.

Association of Charitable Foundations - Membership Numbers 2014 to 2018



Association of Charitable Foundations Income Trends 2014 to 2018



Responding to member need and implementing effective systems

2019 will see ACF move to new office accommodation and continue to explore opportunities to create a physical base for institutional philanthropy in the UK as our long-term home. We have a designated fund of £60,000 to support the office move. In 2019 we will develop long term plans to use our £50,000 designated Member Services Fund to further transform how we support our members and the sector, including replacing our membership database and our website. We hope our Official Partners will want to extend their support to ACF beyond 2021 when the current agreement expires.

Remuneration policy

All trustees give of their time freely and no trustee remuneration was paid in the year.

ACF provides a competitive employment offer, which is designed to attract and retain staff with the appropriate skills. Budgetary constraints, the external environment, the wider job market, the values of the organisation and the morale of staff will all be factors in deciding the employment offer, which may include more than just salary. ACF is a London Living Wage employer. The current differential between the highest and lowest paid staff member is 4.3.

The highest paid member of staff was the Chief Executive, receiving a salary in the year of £88,120 (an increase of 3.7% on 2017: £85,000), and a total financial benefit (including employer pension) of £96,432 (an increase of 3.7% on 2017: £93,000).

5 April 2019	Number	Mean	Median
Female	13	£41,198	£41,024
Male	4	£54,484	£53,975

5 April 2018	Number	Mean	Median
Female	9	£41,042	£39,714
Male	3	£52,157	£50,000

These differences are primarily because two of the four male employees in 2019 are Directors. With 4 Directors in total, ACF's Executive Leadership Team has an equal balance of male and female staff. During 2019 ACF is developing a pay policy which will ensure that we continue to attract, retain and motivate our talented staff team, while providing more clarity and transparency about pay differentials between staff.

Balance sheet liabilities

ACF is carrying a Pensions Trust Growth Plan liability on its balance sheet, which is ACF's share of the deficit on the fund. This year has seen a reduction in ACF's liability of £10,345 leaving the balance at £75,377.

Reserves policy and designated funds

The trustees have considered the unrestricted reserves that ACF requires to sustain its operations with reference to the Charity Commission guidance on charity reserves as set out in CC19. They have set a target General Fund of four to six months' budgeted unrestricted expenditure £391,213 to £586,819 (2019 budget). This will provide sufficient funds to underpin the Association's work and ensure that ACF is well placed to deliver services to its members over the longer term. The balance of the General Fund at 31 December 2018 is £491,504, which meets the General Fund target.

In addition to the General Fund the Association has the following designated funds (balances at 31 December 2018) to manage known future costs or possible risks:

- Office move: £60,000 to cover the costs of an office move, which will take place in 2019.
- Membership Services Fund: £50,000 to further transform how we support our members and the sector, which may include replacing our membership database and our website.
- Web developments: £7,669 to cover the balance of costs for rebuild of the Funder Network website.
- A fund of £40,000 to meet part of the cost of buying ACF out of The Pensions Trust should the need arise.

Risk management

ACF actively manages the risks it faces. Key risks are identified and reviewed at the quarterly Finance and Risk Committee and twice a year by the Board. Measures to manage all risks are in place. Key risks being actively managed at 31 December are:

1. ACF fails to secure suitable premises between April 2019 to October 2019. (The current office lease expires in October 2019.)	A plan has been developed to secure new accommodation for ACF, which includes a contingency plan should relocation be required at short notice. Finance and Risk Committee monitors the delivery of the plan. The 2019 revenue budget has provision to meet future premises costs and a designated reserve of £60,000 is in place to meet the cost of leaving the existing accommodation and relocating.
2. ACF under resourced to deliver strategic plan.	The offer to members is being reviewed to ensure resources are sufficient to meet members' future ambitions.
3. Income is reduced because key members leave due to a change in their priorities, or foundation giving collapses impacting on ACF income.	The unrestricted reserves are calculated to be sufficient to smooth the impact of a slowing or stalled growth in member income for a period of two years.
4. Official Partner Programme (OPP) does not meet partner needs.	Regular discussions are held with the OPP to monitor whether their expectations are being met.
5. Major incident disrupts normal operations (e.g. 7/7).	A major incident plan is in place and will be reviewed in 2019. All data and systems are to migrate to the cloud in 2019.
6. Non-compliance with GDPR.	A compliance review was completed in 2018 and will be repeated in 2019.
7. Some activities of the SIIG may require the SIIG to be registered under the Financial Conduct Authority rules.	ACF is applying to the FCA for registration.
8. The Pensions Trust Growth Plan - deficit and buy out cost crystallises.	Provided ACF has a single member of the scheme the deficit will not crystallise. Loss of members from the Plan has halted. We are on standby to add a new member of staff as a member should the need arise. The deficit is reducing due to planned annual contributions.

LEGAL & ADMINISTRATIVE INFORMATION

Status

ACF is a registered charity, with registration number 1105412, and a company limited by guarantee, incorporated 27 July 2004, and registered in England and Wales (registration number 5190466). Its governing document is a Memorandum and Articles of Association. ACF's principal and registered office is: Acorn House, 314-320 Gray's Inn Road, London, WC1X 8DP.

ACF has a wholly owned trading subsidiary, ACF Conferences and Seminars Limited, a company limited by share capital and incorporated on 5 January 2000, registration number 3902450. The surplus achieved by the trading subsidiary is gifted to the Association by covenant at the end of each financial year. From 2018, the trading accounts of the subsidiary have been consolidated into the main accounts of the Association and the 2017 figures restated to give prior year comparisons to 2018.

GOVERNANCE

The Trustee Board

The Board is responsible for the general management and supervision of the work of ACF. The trustees of ACF meet quarterly to set the strategic direction of the charity and monitor its effectiveness.

ACF's trustees are elected by our membership for a term of three years, may be re-elected, but cannot serve for more than six successive years. At least four trustees retire at each AGM. All elected trustees must at the time of their appointment be connected to a member of ACF, for example as a trustee or as a member of staff. Our members are non-Governmental organisations in the UK, whose functions or activities include grant-making for charitable purposes, and endowed charitable foundations.

Trustee Induction

New Trustees are invited to a half day induction where they meet key ACF staff and discuss ACF's objectives, activities and budgets. They receive an information pack as part of their induction which includes the relevant guidance for trustees from the Charity Commission, together with papers from recent Board meetings. Trustees individually also attend ACF's member events and thereby widen their awareness of current issues and concerns amongst ACF's membership.

Company Secretary

Kevin Nunn – Director of Finance and Resources

Board of Trustees

Name	Position	Committee membership during the year	Member link
Amanda Jordan OBE	Chair Retired 7.11.18	Officers Group, Nominations & Remunerations Committee	The Baring Foundation
Janet Morrison	Chair 7.11.18 (Appointed to board as Vice Chair from 10.7.18)	Officers Group, Premises Working Group	The Baring Foundation
Kenneth Ferguson	Vice Chair	Officers Group, Nominations & Remunerations Committee, Finance and Risk Committee, Premises Working Group	Robertson Foundation

Paula Kahn	Treasurer Retired 7.11.18	Officers Group, Finance and Risk Committee	Cripplegate Foundation
David Renton	Treasurer Appointed 7.11.18	Officers Group, Finance and Risk Committee, Premises Working Group	Guy's and St Thomas' Charity
Nick Acland			Henry Smith Charity
Andrew Barnett		Premises Working Group	Calouste Gulbenkian Foundation
Gary Beharrell		Nominations & Remunerations Committee	Lloyds Bank Foundation for England & Wales
Fozia Irfan	Appointed 1.2.18		The Wakefield and Tetley Trust
Dr Joanne Knight		Finance and Risk Committee	Triangle Trust 1949 Fund
Michelle Kopczyk	Appointed 7.11.18		The Grocer's Charity
Sara Longmuir	Retired 31.1.18	Finance and Risk Committee	Lankelly Chase Foundation
Sheila Jane Malley		Nominations & Remunerations Committee	Co-operative Community Investment Foundation
Navprit Rai	Appointed 7.11.18	Finance and Risk Committee (as of 11.04.19)	Trust for London
Anthony Tomei CBE		Finance and Risk Committee (as of 11.04.19)	The Bell Foundation; Frederick Bonnart-Braunthal Trust
Muna Wehbe	Retired 7.11.18		Stars Foundation
Tim Wilson	Retired 7.11.18	Finance and Risk Committee	City Bridge Trust
James Wragg		Nominations & Remunerations Committee, Premises Working Group	Esmée Fairbairn Foundation

Directors of ACF Conferences and Seminars Limited

- Kevin Nunn – Company Secretary – Appointed 13 August 2018
- Liz Pepler – Company Secretary – Retired 12 April 2018
- Dr Joanne Knight – Appointed 28 March 2018
- Carol Mack
- Keiran Goddard

ACF's objects and public benefit

ACF's objects are to "further the work of charitable grant-making trusts and institutions for the public benefit by:

- advancing the education of the public in such trusts and institutions and carrying out research and publishing the results of such research;
- promoting the collective and individual effectiveness of such trusts and institutions and better methods of administration and management of their resources"

The trustees have had regard to the Charity Commission's guidance on public benefit in considering what work the charity should undertake and in the performance of their duties.

The Chief Executive, the Directors and Heads of Department are the key managers in charge of directing and controlling the charity on a day to day basis.

The trustees (who are also directors of the Association of Charitable Foundations 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 trustees to prepare financial statements for each financial year which give a true and fair view of the state of the 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 (FRS102);
- 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 charitable company 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 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 audit information of which the charitable company's auditor is unaware; and,
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

1. ACF SUPPORTS foundations in achieving their charitable objectives by:

- Providing information, advice and training
- Gathering, distilling and disseminating learning
- Building and developing resources on foundation practice
- Signposting sources of specialist expertise
- Environment-scanning for trends and debates
- Informing members of issues affecting their practice

2. ACF ADVOCATES on behalf of foundations for an enabling policy, legislative and operating environment by:

- Developing and enhancing an evidence base
- Making the case for philanthropy in civil society
- Closing the ‘knowledge-gap’ around foundations
- Protecting and advancing foundations’ interests
- Building relationships and networks with other policy actors
- Intervening strategically

3. ACF CONNECTS foundations to people, organisations, governments and movements relevant to their work, by:

- Convening members and other actors around issues
- Brokering relationships relevant to members’ work
- Playing a facilitative role in potential collaboration
- Providing a protected space for conversation and exchange
- Optimising our learning and events programme
- Analysing, developing and targeting our member offer

4. ACF INSPIRES foundations to be ambitious and effective in the way that they use their resources, by:

- Developing a set of principles for good foundation practice
- Providing access to national and international thought leadership
- Reflecting societal challenges and external feedback
- Nurturing an environment conducive to self-reflection
- Promoting positive case studies from the UK and beyond
- Showcasing relevant thinkers, debates and provocations

In order to achieve this, we must ensure that ...

5. ACF THRIVES and is sustainable, supporting members over the longer term, by:

- Ensuring we are financially robust
- Responding to member need
- Valuing our people
- Implementing effective systems
- Adapting to technological change
- Nurturing a values-driven culture and prizing environmental sustainability

ADVISERS AND BANKERS

Bankers

Cater Allen Private Bank,
9 Nelson Street,
Bradford, BD1 5AN

CCLA Investment Management Ltd.,
COIF Charity Funds,
80 Cheapside, London, WC2V 6DZ

Unity Trust Bank,
Nine Brindley Place,
Birmingham, B1 2HB

Close Brothers Limited,
10 Crown Place,
London, EC2A 4FT

Solicitors

Farrer & Co,
66 Lincoln's Inn Field
London, WC2A 3LH

Russell-Cooke,
2 Putney Hill
London, SW15 6AB

Auditors

Saffery Champness LLP Chartered Accountants,
71 Queen Victoria Street
London, EC4V 4BE

In preparing this report the trustees report the trustees have taken advantage of the small companies exemption provided by section 415A of the Companies Act.

Approved by the Board and signed on its behalf by:

.....
Janet Morrison (Chair)

.....
David Renton (Treasurer)

Date

Date

OUR THANKS

ACF's work would not be possible without additional support and encouragement from many members and other supporters. We would like to express our particular thanks for these as follows:

ACF's Official Partners:

- Cazenove Charities
- CCLA
- Mercer
- Ruffer

Garfield Weston Foundation for financial support of ACF's core activities.

Barrow Cadbury Trust for financial support of the development of ACF's communications work.

The Pears Foundation for supporting research by Professor Cathy Pharoah, co-Director of the Centre for Charitable Giving and Philanthropy, at Cass Business School, which resulted in the publication by ACF of *Foundation Giving Trends 2018*:

The National Lottery Community Fund for supporting our work in Northern Ireland, including the role of the Northern Ireland Development Officer.

For funding a project on knowledge sharing and learning for funders impacting on housing and homelessness:

- Oak Foundation
- Comic Relief
- The Joseph Rowntree Foundation
- The Nationwide Foundation
- The Rayne Foundation
- and other anonymous funders

A consortium of funders, administered by New Philanthropy Capital for supporting ACF to lead Inspiring Impact's work with funders.

For their part in the Northern Ireland steering group:

- Paddy Sloan, BBC Children in Need (NI)
- Lauri McCusker, Fermanagh Trust
- Joanne McDowell, National Lottery Community Fund (formerly Big Lottery Fund) for Northern Ireland

For serving on the FIRM steering group:

- Mark O'Kelly, Barrow Cadbury Trust
- Arati Patel, Barts Charity
- Amahl Smith, Royal Commission for the Exhibition of 1851
- Fiona Young, Tudor Trust

For participating in the Steering Group of the SIIG (Social Impact Investors Group of foundations):

- Douglas Gunn – Trust for London
- Jo Heywood – Big Society Capital
- Jessica Tyrrell - Bank Workers Charity
- Mark O'Kelly - Barrow Cadbury Trust
- Hamesh Patel – The Clothworkers' Foundation
- Tim Wilson - City Bridge Trust
- Jennifer Gordon / Amir Rizwan – Comic Relief
- Trupti Patel - Esmée Fairbairn Foundation
- Barnaby Wiener / Jessamy Gould – Treebeard Trust
- Jan Doole - Tuixen Foundation

We would also like to thank all those many members who have generously hosted meetings on behalf of ACF or given their time to convene our networks or to speak at our events.

Independent auditor's report to the members

Year ended 31 December 2018

Opinion

We have audited the financial statements of Association of Charitable Foundations for the year ended 31 December 2018 which comprise the consolidated statement of financial activities, balance sheets, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 affairs of the group and the parent charitable company as at 31 December 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 group and the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- the group or parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 to take advantage of the small companies exemption in preparing the Trustees' Annual Report and the Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 17-18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the 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 group's and parent 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 group or the parent 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

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Cara Turtington (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP

Saffery Champness LLP 71 Queen Victoria Street
Chartered Accountants London
Statutory Auditors EC4V 4BE

Date:

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

ASSOCIATION OF CHARITABLE FOUNDATIONS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)
For the year ended 31 December 2018

	Note	Unrestricted £	Restricted £	2018 Total £	2017 Total £
Income from:					
Charitable activities:					
Members' subscriptions		720,828	-	720,828	637,626
Network subscriptions		51,379	-	51,379	27,450
Conferences and meetings		125,257	-	125,257	161,159
Fees and grants	6	-	80,450	80,450	149,113
Earned income		1,155	-	1,155	1,696
Other trading activities	2	170,000		170,000	15,000
Investment income		1,884	-	1,884	1,185
Other income including rental income		19,359	-	19,359	21,944
Total income		1,089,862	80,450	1,170,312	1,015,173
Expenditure on:					
Charitable activities:					
Members' services	5	762,091	-	762,091	605,851
Conferences and meetings	5	101,589	-	101,589	86,393
Project expenditure	5, 6	-	141,435	141,435	270,850
Total expenditure		863,680	141,435	1,005,115	963,094
Net income/(expenditure)	3	226,182	(60,985)	165,197	52,079
Actuarial gains/(losses) on defined benefit pension schemes					
	13	910	-	910	(165)
Net movement in funds	14	227,092	(60,985)	166,107	51,914
Reconciliation of funds:					
Total funds brought forward	14	346,704	95,146	441,850	389,936
Total funds carried forward	14	573,796	34,161	607,957	441,850

All of the above results are derived from continuing activities.

There were no other recognised gains or losses other than those stated above.

The attached notes form part of these financial statements.

ASSOCIATION OF CHARITABLE FOUNDATIONS
CONSOLIDATED BALANCE SHEET
For the year ended 31 December 2018

	Note	2018 Group	2018 Charity	2017 Group	2017 Charity
		£	£	£	£
Fixed assets:					
Tangible assets	8	1,192	1,192	13,904	13,904
Investments	9	-	2	-	2
		1,192	1,194	13,904	13,906
Current assets:					
Debtors	10	92,163	217,802	60,120	76,014
Cash at bank and in hand		568,401	335,714	331,396	312,244
Short term deposits		322,899	322,899	322,385	322,385
		983,463	876,415	713,901	710,643
Liabilities:					
Creditors: amounts falling due within one year	11	(253,320)	(146,274)	(135,231)	(131,975)
Net current assets		730,143	730,141	578,670	578,668
Total assets less current liabilities		731,335	731,335	592,574	592,574
Creditors: amounts falling due after one year	11a	(48,001)	(48,001)	(65,001)	(65,001)
Net assets excluding pension liability		683,334	683,334	527,573	527,573
Defined benefit pension scheme liability	13	(75,377)	(75,377)	(85,722)	(85,722)
Total net assets		607,957	607,957	441,851	441,851
Funds					
Restricted funds	14	34,161	34,161	95,147	95,147
Unrestricted funds:					
Designated funds					
Pension Trust deficit reduction fund	14	40,000	40,000	30,000	30,000
Pension liability reserve	14	(75,377)	(75,377)	(85,722)	(85,722)
Office move	14	60,000	60,000	60,000	60,000
Member services fund (formerly Capacity Fund)	14	50,000	50,000	50,000	50,000
Web developments fund	14	7,669	7,669	20,000	20,000
General fund	14	491,504	491,504	272,426	272,426
Total unrestricted funds		573,796	573,796	346,704	346,704
Total funds		607,957	607,957	441,851	441,851

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Financial Activities for the charity alone has been presented. The net income of the standalone charity for the year was £165,197 (2017: net income £52,079) before transfers between funds.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the trustees and authorised for use on _____ 2019
and signed on their behalf by:

Janet Morrison
Chair

David Renton
Treasurer

Company registration no. 5190466

The attached notes form part of the financial statements.

ASSOCIATION OF CHARITABLE FOUNDATIONS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	2018 £	2018 £	2017 £	2017 £
Net cash provided by operating activities	15		236,316		211,010
Cash flows from investing activities:					
Purchase of fixed assets		(680)		(1,127)	
Purchase of investments		-		-	
Interest income		<u>1,884</u>		<u>1,185</u>	
Cash provided by investing activities			1,204		58
		237,520		211,068	
Cash flows from financing activities			-	-	-
Change in cash and cash equivalents in the year			237,520		211,068
Cash and cash equivalents at the beginning of the year		653,780		442,712	
Cash and cash equivalents at the end of the year	16		<u>891,300</u>		<u>653,780</u>

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

1a Accounting Policies

The following principal accounting policies have been consistently applied in preparing the financial statements.

Group accounts

The financial statements present the consolidated statement of financial activities (SOFA), consolidated statement of cash flows and the consolidated and charity balance sheets comprising of the consolidation of the charity with its wholly owned subsidiary ACF Conferences & Seminars Limited (company registration number 03902450).

Basis of preparation

These financial statements have been prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS102) (effective 1 Jan 2015), Charities SORP (FRS102) and the Companies Act 2006. The functional currency of the charity is £.

Public benefit entity

The Association of Charitable Foundations meets the definition of a public benefit entity under FRS102.

Critical estimates and areas of judgement

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In making these estimates the charity makes assumptions concerning the future. The Trustees do not believe that there is a significant risk of a material adjustment being made to the carrying amounts of assets and liabilities included in these financial statements within the next financial year. Key estimates include the useful economic life of fixed assets, the recoverability of debtors and the assumptions made by the actuary in valuing the pension liability.

Fund accounting

Unrestricted funds comprise both the General Fund and any Designated Funds. The General Fund comprises donations and other incoming resources received or generated for the objects of the Association without further specified purpose.

Trustees have designated five funds: the Pensions Deficit Reduction Fund, the Pension Liability Reserve Fund, the Office Move Fund, the Member Services Fund, and the Web Developments Fund. All represent funds that the trustees have put aside from general funds to fund particular expenditure and are restricted in an administrative rather than a legal sense.

Restricted funds are to be used for specified purposes as laid down by the donor. Restricted grants are recognised in full in the Statement of Financial Activities in the period in which they are received or receivable whichever is the earlier, unless they are for a specified period in which case they are deferred. These funds and movements in them are described in note 6.

Tangible fixed assets

Expenditure on office equipment of less than £500 is charged to the Statement of Financial Activities when incurred. Expenditure greater than £500 is capitalised and depreciated. Depreciation is provided on capitalised fixed assets at rates calculated to write off the cost of each asset over their expected useful lives as follows (less estimated residual value where this is readily available):

Office Furniture, IT and telecommunications equipment	3 years
Leasehold improvements - Acorn House	5 years

A full year's depreciation is charged in the year an asset is purchased.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to receipt, any performance conditions attached have been met, it is probable that the income will be received and the amount can be measured reliably. Deferred income is income received or recorded before it is earned, and shown in the income statement only when it can be matched with the period in which it is earned.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Wherever possible costs are directly attributed to these headings. Costs common to more than one area are apportioned using a suitable basis.

Allocation of support costs

Indirect costs are those costs incurred in support of the charitable objectives and governance of the Association. These have been allocated to the charitable activities on a basis that fairly reflects the true use of those resources within the organisation.

Financial assets/liabilities

The trust has financial assets/liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value, unless otherwise stated in the relevant account policy note(s), and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

The investment in the subsidiary is stated at cost.

Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Pension Arrangements

ACF is a member of Now:Pensions and enrolls all qualifying staff into the scheme in accordance with the Pensions Regulator's requirements. This is a defined contribution scheme.

ACF also participates in the Pensions Trust Growth Plan scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

1b. Consolidated statement of financial activities 2017 included for comparative purposes

	Note	Unrestricted £	Restricted £	2017 Total £
Income from:				
Charitable activities:				
Members' subscriptions		637,626	-	637,626
Network subscriptions		27,450	-	27,450
Conferences and meetings		161,159	-	161,159
Fees and grants	6	-	149,113	149,113
Earned income		1,696		1,696
Other trading activities	2	15,000	-	15,000
Investment income		1,185	-	1,185
Other income including rental income		21,944	-	21,944
Total income		866,060	149,113	1,015,173
Expenditure on:				
Charitable activities:				
Members' services	5	605,851	-	605,851
Conferences and meetings	5	86,393	-	86,393
Project expenditure	6	-	270,850	270,850
Total expenditure		692,244	270,850	963,094
Net (expenditure)/income for the year		173,816	(121,737)	52,079
Actuarial gains/(losses) on defined benefit pension schemes	13	(165)	-	(165)
Net movement in funds		173,651	(121,737)	51,914
Reconciliation of funds:				
Total funds brought forward	14b	173,053	216,883	389,936
Total funds carried forward	14b	346,704	95,146	441,850

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

2. Analysis of Other trading income

	2018 £	2017 £
Official Partnership Programme fees	170,000	-
Investment seminar sponsorship	-	15,000
	170,000	15,000

3. Net income/expenditure for the year

This is stated after charging:	2018 £	2017 £
Depreciation	13,392	23,569
Auditors' remuneration:		
Audit fees	11,627	11,275
Operating lease rentals: property	44,654	43,326

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

	2018 £	2017 £
Salaries and wages	439,334	447,095
Social security costs	43,994	41,532
Pension contributions	43,834	43,936
Pension Trust finance cost	1,112	1,281
Recruitment & training	31,188	11,387
Temporary staff, consultancy & all other staff costs	74,164	32,642
	633,626	577,873

Staff costs were incurred in the following way:

	2018 £	2017 £
Unrestricted funds		
Members' services	540,317	409,614
Restricted funds		
City Philanthropy Initiative	-	31,456
Effective Foundations Initiative	17,600	-
Inspiring Impact	8,750	16,465
Northern Ireland Development Officer	11,393	11,052
Network Development - Funding Consortium	30,366	36,124
Network Development - Oak	-	24,579
Policy	-	27,883
Comms	12,500	15,000
SIIG	3,000	-
Safeguarding	4,000	-
Foundation Giving Trends	5,700	5,700
	93,309	168,259
Total	633,626	577,873

The above salary costs include redundancy payments of £1,524.

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

	2018	2017
£80,000 and £89,999	1	1
£70,000 and £79,999	-	-
£60,000 and £69,000	-	-

The highest paid member of staff was the Chief Executive, receiving a salary in the year of £88,120. The total financial benefit (including employer pension) awarded to the Chief Executive was £96,432.

The total employee benefits including pension contributions of key management personnel were £198,632 (2017: £250,265).

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2018	2017
Charitable Activities	10	11
Governance	1	1
	11	12

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

	2018	2017
Charitable Activities	9	10
Governance	1	1
	10	11

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

5. Resources Expended

Analysis of Total Resources Expended

	Staff Costs	Indirect Costs	Governance Costs	2018	2017
	£	£	£	£	£
Unrestricted Funds					
Members' Services	540,317	206,114	15,660	762,091	605,851
Conferences and Meetings	-	98,825	2,764	101,589	86,393
Total Unrestricted RE	540,317	304,939	18,424	863,680	692,244
Restricted Funds					
Project Expenditure	93,309	48,126	-	141,435	270,850
Total Restricted RE	93,309	48,126	-	141,435	270,850
Total Resources Expended	633,626	353,065	18,424	1,005,115	963,094
	(Note 3 and 4b)	(Note 4a)	(Note 4c)		

5a. Analysis of Indirect Costs

	Members' Services	Conf & Meetings	Project Expenditure	2018	2017
	£	£	£	£	£
ICT & Communications					
	37,385	6,597	237	44,219	23,399
Printed Matter etc	35,042	2,399	32,545	69,986	76,973
Meetings & Events	-	75,058	584	75,642	62,746
Other & staff expenses	49,986	-	405	50,391	96,536
Property Related Expenditure	83,701	14,771	14,355	112,827	111,612
	206,114	98,825	48,126	353,065	371,266

Indirect costs, where relevant, have been allocated based on actual expenditure. IT & property costs have been apportioned between Members' Services and Conferences & Meetings based on income percentages.

5b. Analysis of Staff Costs

	Members' Services	Project Expenditure	2018	2017
	£	£	£	£
Salaries and wages				
	370,188	69,146	439,334	447,096
Social security costs	43,481	513	43,994	41,532
Pension contributions	42,559	1,275	43,834	43,936
Pension Trust deficit contributions	1,112	-	1,112	1,281
Recruitment and training	31,188	-	31,188	11,387
Temporary staff, consultancy & all other staff costs	51,789	22,375	74,164	32,642
	540,317	93,309	633,626	577,874

5c. Analysis of Governance Costs

	2018	2017
	£	£
Audit Fee - current year	11,627	11,275
Internal & External Meetings	4,786	2,170
Trustee expenses	1,055	483
Sundries	956	26
	18,424	13,954

Governance cost apportioned based on income percentages.

6. Restricted Funds

Group and charity

6.1 Current year

Project	Effective Foundations	Inspiring Impact	Northern Ireland Devmt Officer	Network Development (2017-18)	Communications	Foundation Giving Trends	Social Impact Investors' Group (SIIG)	Safeguarding	Total 2018
	£	£	£	£	£	£	£	£	£
Grant income	-	7,500	-	10,250	7,500	48,200	3,000	4,000	80,450
Expenditure									
Staff & consultancy	17,600	8,750	11,393	30,366	12,500	5,700	3,000	4,000	93,309
Direct project costs	-	-	642	584	-	32,545	-	-	33,771
Overheads	4,400	-	-	-	-	9,955	-	-	14,355
Total Expenditure	22,000	8,750	12,035	30,950	12,500	48,200	3,000	4,000	141,435
Net Income	(22,000)	(1,250)	(12,035)	(20,700)	(5,000)	-	-	-	(60,985)
As at 1.1.18	56,162	1,250	12,034	20,700	5,000	-	-	-	95,146
As at 31.12.18	34,162	-	(1)	-	-	-	-	-	34,161

6.2 Prior year

Project	Effective Foundations	Inspiring Impact	Northern Ireland Devmt Officer	Network Development (2017-18)	Communications	Foundation Giving Trends	City Philanthropy Initiative	Network Development (2014-17)	Policy	Good Grant-Making Guides	Total 2017
	£	£	£	£	£	£	£	£	£	£	£
Grant income	-	15,000	13,497	57,416	15,000	48,200	-	-	-	-	149,113
Expenditure											
Staff & consultancy	-	16,465	11,052	36,124	15,000	5,700	31,456	24,579	27,883	-	168,259
Direct project costs	-	-	6,040	592	-	33,637	33,219	8,830	-	4,590	86,908
Overheads	-	-	-	-	-	11,395	4,288	-	-	-	15,683
Total Expenditure	-	16,465	17,092	36,716	15,000	50,732	68,963	33,409	27,883	4,590	270,850
Net Income	-	(1,465)	(3,595)	20,700	-	(2,532)	(68,963)	(33,409)	(27,883)	(4,590)	(121,737)
As at 1.1.17	56,162	2,715	15,629	-	5,000	2,532	68,963	33,409	27,883	4,590	216,883
As at 31.12.17	56,162	1,250	12,034	20,700	5,000	-	-	-	-	-	95,146

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

6. Restricted Funds**Group and Charity****Effective Foundations Initiative**

The Effective Foundations Initiative is legacy funding from The Diana, Princess of Wales Memorial Fund and the Tubney Charitable Trust.

Inspiring Impact

Funded by a consortium of funders and administered by the New Philanthropy Capital, Inspiring Impact aims to enable trusts and foundations to map the impact of their grant-giving.

Northern Ireland Development Officer

Funded by The National Lottery Community Fund (formerly Big Lottery Fund) to support the work of ACF's members in Northern Ireland.

Network Development (2014-17)

Prior year only. Funding from the Oak Foundation for a project on knowledge sharing and learning for funders impacting on housing and homelessness, and asylum, refugee and migration issues.

Network Development (2017-18)

Funding for the continuation of the above, funded by Comic Relief, Joseph Rowntree Foundation, Nationwide Foundation, Rayne Foundation, and two anonymous funders.

Joseph Rowntree Foundation	£6,500 (including a contribution towards poverty work)
Anonymous	£3,750
Total received in current year	£10,250

Communications

Funding from Barrow Cadbury Trust to support the development of ACF's external affairs and communications work.

Foundation Giving Trends

Funding from the Pears Foundation to support research by Professor Cathy Pharoah resulting in the annual publication by ACF of Foundation Giving Trends.

Social Impact Investors' Group (SIIG)

Funding towards the costs of a part-time administrator for the Social impact Investors' Group, from The City of London Corporation's charity, City Bridge Trust.

Safeguarding

Anonymous funding for the consultancy costs of the development of a safeguarding framework for members.

City Philanthropy Initiative

Prior year only. City Philanthropy Initiative was funded by the City Bridge Trust and aimed to promote and encourage philanthropy within the City of London.

Policy

Prior year only. Funding from Esmée Fairbairn Foundation and Barrow Cadbury Trust to support the development of ACF's policy work.

Good Grant-Making Guides

Prior year only. Funding from the Santander Foundation for the print of the Introduction to Grant-Making series of publications.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

7. Trustee Board Expenses

The Trustee Board members received no remuneration.

The amount of travel and other expenses reimbursed to, or paid on behalf of six Trustee Board members was £1055 (2017: three members at £483).

All elected trustees must have a current association (e.g. trustee, staff member, advisor etc.) with a UK foundation that is a member of ACF. Membership fees to these members have been raised on an arms-length basis.

There were no related party transactions requiring disclosure in the year.

8. Tangible Fixed Assets

Group and charity	Acorn House Leasehold Improvements	Office Furniture, IT and telecoms equipment	Total
	£	£	£
Cost			
At 1 January 2018	60,386	112,980	173,366
Additions in the year	-	680	680
Disposals in the year	-	-	-
At 31 December 2018	<u>60,386</u>	<u>113,660</u>	<u>174,046</u>
Depreciation			
At 1 January 2018	(47,966)	(111,496)	(159,462)
Disposals in the year	-	-	-
Charge for the year	(12,051)	(1,341)	(13,392)
At 31 December 2018	<u>(60,017)</u>	<u>(112,837)</u>	<u>(172,854)</u>
Net Book Value			
At 31 December 2018	<u>369</u>	<u>823</u>	<u>1,192</u>
At 31 December 2017	<u>12,420</u>	<u>1,484</u>	<u>13,904</u>

All tangible fixed assets are used for direct charitable purposes.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

9. Investment in subsidiary undertaking	2018	2017
	£	£
	2	2

The charity holds 100% of the issued ordinary share capital of the following company:

Subsidiary	ACF Conferences and Seminars Ltd
Country of registration	England and Wales
Class	Ordinary
Shares held	100%

The aggregate amount of capital and reserves and result of this undertaking for the last relevant financial year were as follows:

Subsidiary	ACF Conferences and Seminars Ltd	
Principal activity	Conferences	
Capital and reserves	£2	
Profit for the year	£nil	
		2018
		£
Turnover for the period	180,118	54,150
Cost of sales	55,457	35,724
Gross profit	124,660	18,426
		2017
		£
Profit on ordinary activities before taxation	124,660	18,426
Tax on profit on ordinary activities	-	-
Profit for the year	124,660	18,426

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

10. Debtors

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£	£	£	£
Amounts due from subsidiary undertaking	-	159,639	-	23,426
Prepayments and accruals	13,240	13,240	9,682	9,682
Taxation	-	-	4,532	-
Other debtors	78,923	44,923	45,906	42,906
	92,163	217,802	60,120	76,014

£5,000 of the total owed by ACF Conference and Seminars Ltd is a loan and is repayable at the option of the charity and is non interest-bearing.

11. Creditors: amounts falling due within one year

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£	£	£	£
Accruals	15,433	33,005	16,984	15,184
Meeting fees received in advance	10,299	10,299	8,017	8,017
Subscriptions received in advance	71,283	71,283	81,725	81,725
Trading income received in advance	100,000	-	-	-
Staff leave carried forward	10,007	10,007	6,687	6,687
Staff wages	1,574	1,574	-	-
Other taxation and social security	25,355	735	-	-
Staff pensions	4,866	4,866	3,932	3,932
Other creditors	14,503	14,505	17,886	16,430
	253,320	146,274	135,231	131,975

For both 2017 and 2018, meeting fees, subscriptions and trading income received in advance entirely relate to the next financial year.

11a. Creditors: amounts falling due after one year

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£	£	£	£
Subscriptions received in advance	-	-	25,000	25,000
Dilapidations provision	48,001	48,001	40,001	40,001
	48,001	48,001	65,001	65,001

In 2013 trustees created an annual dilapidations provision to cover the costs of future expenses that may arise if the premises that the charity operates from falls into a state of disrepair. The charge for 2018 is £8,000 (2017: £8,001).

Subscriptions received in advance in 2017 related entirely to 2019.

12. Taxation

The Association is exempt from tax as all its income is charitable and is applied for charitable purposes.

ASSOCIATION OF CHARITABLE FOUNDATIONS**Notes to the financial statements****For the year ended 31 December 2018****13. Pension liability**

The Association participates in the Pensions Trust Growth Plan scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Reconciliation of opening and closing liabilities

Group and charity	2018	2017
Provision at 1 January	£ 85,722	£ 94,516
Unwinding of the discount factor	1,112	1,281
Deficit contribution paid in year to the Pensions Trust	(10,547)	(10,240)
Impact of changes in the Pensions Trust's fund valuation assumptions	(910)	165
Amendments to the contribution schedule	-	-
Provision at 31 December	75,377	85,722

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

14a. Unrestricted funds

Group and Charity

Current year	Pension		Pension		Office	Member	Web		2018
	General Fund	Trust Deficit Fund	Reserve Fund	Liability			Services Fund	Developments Fund	
	£	£	£	£	£	£	£	£	£
Balances at 1 January 2018	272,426	30,000	(85,722)		60,000	50,000		20,000	346,704
Net income before transfers	226,182	-	-		-	-		-	226,182
Actuarial gains/(losses) on defined benefit pension scheme	910	-	-		-	-		-	910
Transfer from/(to) General Fund	(8,014)	10,000	10,345		-	-		(12,331)	-
Balance at 31 December 2018	<u>491,504</u>	<u>40,000</u>	<u>(75,377)</u>		<u>60,000</u>	<u>50,000</u>		<u>7,669</u>	<u>573,796</u>
Prior year	Pension		Pension		Office		Web		2017
	General Fund	Trust Deficit Fund	Reserve Fund	Liability	Move Fund	Capacity Fund	Developments Fund		
	£	£	£	£	£	£	£	£	£
Balances at 1 January 2017	247,569	20,000	(94,516)		-	-		-	173,053
Net income before transfers	173,816	-	-		-	-		-	173,816
Actuarial gains/(losses) on defined benefit pension scheme	(165)	-	-		-	-		-	(165)
Transfer from/(to) General Fund	(148,794)	10,000	8,794		60,000	50,000		20,000	-
Balance at 31 December 2017	<u>272,426</u>	<u>30,000</u>	<u>(85,722)</u>		<u>60,000</u>	<u>50,000</u>		<u>20,000</u>	<u>346,704</u>

General Fund

The general fund is the value of unrestricted funds after future pension liabilities have been accounted for and comprises fixed assets, current assets and liabilities.

Pension Trust Deficit Reduction Fund

In 2015 trustees decided to create a designated fund to build a reserve fund to cover ACF's Pension Trust liability. It is the trustees' current intention to designate the first £10,000 of any operating surpluses for this fund. The first transfer was made in 2015. The transfers in from 2016-2018 were £10,000pa. This policy will continue until the fund is sufficient to cover ACF's share of the liability. The amount transferred will be reviewed every few years.

Pension Liability Reserve Fund

To reflect the very low probability that the liability is crystallised in one go a corresponding negative designated reserve fund has been created to show the true level of general funds.

Office Move Fund

In 2017 the trustees designated £60,000 for the costs of an office move, initially expected to take place in 2018 but now to take place in 2019.

Member Services Fund (formerly Capacity Fund)

To cover the costs of one-off activities in 2019 to strengthen member services, the trustees have designated £50,000.

Web Developments Fund

In 2017 the trustees designated £20,000 to cover the costs of a rebuild of the Funder Network website and developments to the ACF website. Most of this work took place in 2018 with the remainder to be completed in 2019.

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

14b. Analysis of net assets between funds

Group and Charity

Current year	Fixed Assets & Investments	Current Assets	Creditors	Pension Deficit Liability	Net Assets 31.12.18
	£	£	£	£	£
Restricted Funds					
Project Funds	-	34,161	-	-	34,161
Unrestricted Funds					
Designated Funds					
Pension Trust deficit reduction fund	-	40,000	-	-	40,000
Pension Liability reserve	-	-	-	(75,377)	(75,377)
Office move	-	60,000	-	-	60,000
Member services fund	-	50,000	-	-	50,000
Web developments fund	-	7,669	-	-	7,669
General Fund	<u>1,192</u>	<u>791,633</u>	<u>(301,321)</u>	<u>-</u>	491,504
Total unrestricted funds	<u>1,192</u>	<u>949,302</u>	<u>(301,321)</u>	<u>(75,377)</u>	573,796
Total funds	<u>1,192</u>	<u>983,463</u>	<u>(301,321)</u>	<u>(75,377)</u>	607,957

*After fixed assets have been accounted for, ACF's general fund is £490,312 which forms ACF's free reserves. This is calculated as follows:

$$\begin{array}{rcl} \text{Total general fund} & 491,504 \\ \text{Less fixed assets & investments} & \underline{1,192} \\ & 490,312 \quad (\text{£258,520 in 2017}) \end{array}$$

Prior year	Fixed Assets & Investments	Current Assets	Creditors	Pension Deficit Liability	Net Assets 31.12.17
	£	£	£	£	£
Restricted Funds					
Project Funds	-	95,147	-	-	95,147
Unrestricted Funds					
Designated Funds					
Pension Trust deficit reduction fund	-	30,000	-	-	30,000
Pension Liability reserve	-	-	-	(85,722)	(85,722)
Office move	-	60,000	-	-	60,000
Member services fund	-	50,000	-	-	50,000
Web developments fund	-	20,000	-	-	20,000
General Fund	<u>13,904</u>	<u>458,754</u>	<u>(200,232)</u>	<u>-</u>	272,426
Total unrestricted funds	<u>13,904</u>	<u>618,754</u>	<u>(200,232)</u>	<u>(85,722)</u>	346,704
Total funds	<u>13,904</u>	<u>713,901</u>	<u>(200,232)</u>	<u>(85,722)</u>	441,851

ASSOCIATION OF CHARITABLE FOUNDATIONS

Notes to the financial statements

For the year ended 31 December 2018

15. Reconciliation of net expenditure to net cash flow from operating activities

	2018	2017
	£	£
Net income for the reporting period as per the statement of financial activities	165,197	52,079
Depreciation charges	13,392	23,569
Interest income	(1,884)	(1,185)
(Increase)/decrease in debtors	(32,043)	87,007
Increase/(decrease) in creditors	101,089	58,499
Non-cash movement on defined benefit pension liability	(9,435)	(8,959)
Net cash provided by operating activities	236,316	211,010

16. Analysis of cash and cash equivalents

	At 31		
	At 1 January		December
	2018	Cash flows	2018
	£	£	£
Cash in hand	331,396	237,005	568,401
Notice deposits (less than three months)	322,385	514	322,899
Total cash and cash equivalents	653,781	237,519	891,300

17. Operating Lease Commitments

Group and Charity

At 31 December the charity had the following commitments payable relating to non-cancellable leases:

	2018	2018	2017	2017
	£	£	£	£
	Office	L&B	Office	L&B
Within one year	19,670	1,439	49,175	5,760
Between 2 and 5 years	-	-	-	1,439
5 years +	-	-	-	-
	19,670	1,439	49,175	7,199

18. Related party transactions

The charity has a wholly owned subsidiary, ACF Conferences and Seminars Limited. For the year ended 31 December 2018 the subsidiary declared a gift aid distribution of £124,660 to the charity (2017: £18,426). Bidirectional recharges have also been made between the charity and the trading subsidiary relating to trading activities (the trading subsidiary was charged £29,979 by the charity and the charity was charged £23,246 by the trading subsidiary), meaning at the year end the subsidiary owed the charity a total of £159,639 inclusive of gift aid, and the charity owed the trading subsidiary £23,246.

There were no other related party transactions requiring disclosure in the year.