

ANNUAL REPORT 2021





The Covid-19 Pandemic and its impact were ever-present in communities across the country during 2021 and for a second year The Community Foundation for Ireland, its donors and charitable partners responded.

The huge response not just to the virus but also to the other challenges facing our communities made it another record-breaking year with grant-making exceeding €18.7 million. Income in 2021 totalled €20.068m made up of donations of €18.959m and investment income of €1.109M.

While the Pandemic was the unwelcome backdrop to the year, it was not the only challenge facing communities. Brexit, increasing poverty levels, spikes in domestic violence as well as the biggest threat of all, climate change, were all causing deep concern.

On each of these and many other challenges our donors responded generously and strategically. This report details a robust response to support communities during a period of great need.

Internally it was a pivotal moment for the Foundation. The continued growth in grant-making, increased donations, and the growth in Funds to 87 not only required increased resources but also the development of a vision and strategy for the future.

By year-end a new Strategy for The Community Foundation for Ireland was in place. It was developed through a series of interactive workshops attended by Board members, staff, and other advisors. The strategy sets out our ambition to be 'An impactful Philanthropic Hub for Ireland. Delivering for Donors, Grantees and Communities.'

Through the Strategy four thematic priorities have been identified. As a Foundation we will engage with partners to impact on Environment and Biodiversity, Inclusive Communities, Empowering Generations and Accelerating Change.

With grant-making set to reach the milestone of €100 million in 2022 the Foundation is committed to continue working with and supporting donors to address each of these priority areas not only in terms of delivering local on-the-ground impact but also to influence the national narrative by continuing to work with organisations and communities.



MIKE GAFFNEY

Chair
The Community Foundation for Ireland
July 2022



The Community Foundation for Ireland, our donors and our 5,000 voluntary, community and charitable partners responded to the challenges of the Covid 19 virus and its variants right through 2021.

We were again able to provide support to the most vulnerable groups and communities in our society. We are working with donors and media partners to set up a Fund to respond to the impact of the Ukraine war, on both a national and international level.

The pandemic brought domestic, gender-based and sexual violence into sharp focus as our partner frontline agencies reported huge spikes in cases. Our donors responded by ensuring helplines continued to be answered and supporting other safeguarding measures. In one case an anonymous donor provided funding for the first ever domestic violence refuge in West Cork, filling a huge geographical gap in service provision.

Brexit became a reality in 2021. Our pilot All-Island Fund successfully supported 30 new cross-border civil society partnerships. The broad range of this work from equality campaigns to research on human trafficking to immigrant rights was highlighted at a special Oireachtas Committee Hearing on the All-Island Fund.

A highlight of the calendar is the RTÉ Toy Show Appeal. In addition to another year of record-breaking fundraising, November 2021 also saw the publication of Changing Children's Lives for Good, the first impact report on the appeal.

A new feature of our continuing support on Climate Action and Biodiversity was the announcement of Grants for Climate Advocates to coincide with the gathering of activists and world-leaders at COP26. This was in addition to the annual Circular Economy and Biodiversity grants provided to communities through match-funding with Government agencies.

Capturing a year of grant-making is always challenging. We have seen some extra-ordinary acts of generosity, whether locally through the Cork Arts Fund and the Dublin Pride Fund or changing the national narrative with ground-breaking research on Consent and ESRI Research on Poverty and Income Inequality.

With our new strategy and the extra resources put in place The Foundation is well positioned at the end of 2021 to continue its mission of Equality for all in Thriving Communities.



DENISE CHARLTON

Chief Executive,
The Community Foundation for Ireland
July 2022

Impact

€18.6M
in Grants
for 2021

We support
people struggling to
live with Covid-19
and long-standing
equality, social
justice and climate
challenges

5,000
Community
Partners

€86M +
in Grants
in two
decades

All made
possible by
our Donors



Our Four Pillars

SUSTAINABLE
FUTURES

EMPOWERING
GENERATIONS

INCLUSIVE
COMMUNITIES

ACCELERATING
CHANGE

Guiding our mission of equality for all in thriving communities are our thematic pillars. They bring focus to our grant-making while meeting the expectations of donors.



SUSTAINABLE FUTURES

Together with our donors and grantees we recognise the huge threat represented by Climate Change and the Biodiversity Crisis.

The Community Foundation, our donors and grantees are leaders in meeting these challenges.

Three grant rounds were successfully concluded across the year.

Through a partnership with the National Parks and Wildlife Service we backed 45 local Biodiversity Action Plans. Each brings communities, land-owners and experts together to map plants and wildlife and implement effective ways to promote and protect them.

Citizen Scientists were empowered to get involved in a national bat census, bird-watching surveys, protecting our ancient bogs, development of hedgerow skills as well as native tree planting projects.

We back the Circular Economy. Together with the Environmental Protection Agency we support zero waste fashion, carbon clubs, eco mattresses, recycling of inhalers as well as green apps and a wide range of community projects.

Young voices are leading the calls for change to save our communities, our country and our planet. Our donors believe in strengthening these and other voices. Thanks to one anonymous donor, funding of €217,000 was made available under three themes, Environmental Education and Empowerment, Establishing Strong Roots and Shaping a Brighter Future.

Sustainable Futures represents more than a pillar of work. It is increasingly reflected across all our grant-making and areas of operation. It is now core to everything we do.

EMPOWERING GENERATIONS

All voices must be heard, irrespective of age, if our equality mission is to be achieved.

Covid-19 disproportionately impacts children, younger people and older people.

Empowering Generations gave us the knowledge and know-how to respond to their needs during this time of crisis.

The RTÉ Toy Show Appeal prompted huge generosity from viewers and donors as it touched the heart of the nation in November. It was our largest grant-maker with over €6.6 Million delivering supports to 60,000 children and loved ones.

Young lives were transformed by addressing essential needs, improving wellbeing as well as play and creativity.

Our donors also provided other essential support, including the digital know-how to move health and support services online, access to artistic and therapeutic services for children with long term illnesses as well as the provision of laptops to those impacted by the digital divide.

Listening to young voices is important to inform our work. A Youth Panel has been established with members from across the country. They will advise our grant-making into the future.

The stark reality facing older people during Covid-19 was laid bare in ground-breaking research. The 'Telling it Like it Is' campaign highlighted the impact of the pandemic with many saying they felt 'cancelled'.

The research by an alliance of organisations brought together by our donors informed our grant-making as we sought to bridge the digital divide which can leave older people isolated, alone and fearful. We supported essential services but also those which bring colour, excitement and connectivity with family and friends back into people's lives.

'Telling it Like it Is' captures a chapter of the Covid-19 story which does not make for comfortable reading. It has lessons for us all and will inform our grant-making into the future.



INCLUSIVE COMMUNITIES

We believe no person or community should ever be left behind, on the fringes, or isolated.

Over €1 Million was provided in funding to combat inequality during 2021. Our Covid-19 Recovery Fund provided Equality Grants aimed at ending food poverty, Traveller discrimination as well as bridging the digital divide.

Further Community Resilience funding provided 65 community grants to support fitness courses, community gardens, sewing clubs, computer classes, horse-riding therapy, community radio and many more activities. Alongside this, 17 strategic grants were awarded to increase the ability of charities to recover from the enormous pressure of the pandemic.

Traveller funding gained momentum due to an increase in donor support. Significant beneficiaries include Exchange House, the Galway Traveller Movement to support children and young members of the community and the Free Legal Advice Centre (FLAC) to support the employment of a solicitor dedicated to Traveller Law for a period of three years.

Supported by an anonymous donor The Cork Arts Fund focussed on access to the arts with three ground-breaking projects leading to artists in residence opportunities, exhibitions as well as 10 new stage productions. The Dublin Pride Fund raised vital support to allow regional gatherings and celebrations to go ahead.

Several of our donors were focussed on delivering better futures for those marginalised in society. One donor supported the purchase and refurbishment of a building in Cork City to provide apartments for people exiting homelessness.



ACCELERATING CHANGE

Accelerating Change addresses the root causes of inequality aiming to bring about long-term change.

As Brexit became reality we responded with an innovative All-Island Fund.

Launched by the Minister for Foreign Affairs, Simon Coveney, TD the fund led to the establishment of 30 cross-border civil society partnerships.

Groups North and South are working together to improve accessibility for immigrant women to support services, developing all-island collaborative recycling programmes, examine issues which impact peace for young people and developing shared policies on justice reform, environmental justice, and ending LGBTI+ conversion therapy.

We recognise that Ireland has reached a pivotal moment on sexual and gender-based violence. The Pandemic restrictions coupled with a spike in reports has brought the issue into sharp focus.

Our grant-making funded a long over-due national conversation on consent with Dublin Rape Crisis Centre (RCC) which has shown that most people believe Ireland has an issue around consent. This research is now paving the way for an awareness raising campaign.

An anonymous donor made headlines on International Women's Day by funding the first ever Domestic Violence Refuge in West Cork. This builds on our two-decades of work to combat sexual violence in all its forms both by providing support for victims and supporting campaigns for laws which work.

Funding was also provided to The Sexual Exploitation Research Programme (SERP) at UCD, which has produced reports such as 'Shifting The Burden of Criminality' outlining exit strategies so women can leave prostitution.

Further research 'Confronting the Harm' shone a light on the damage prostitution causes to the health and wellbeing of women and girls. This research has led to policy changes such as the expunging of old criminal records to assist women and girls exiting prostitution.

Accelerating Change requires an awareness of emerging issues on the ground in communities, which we receive through our network of 5,000 partners.

It also requires best in class research. Partnering with the ESRI we produced 'Poverty Income Inequality and Living Standards'. This new research warned that we are in danger of becoming a generation which passes on a poorer society to its children.

This research will continue over the next three years and looks set to continue to be a source of national discussion.



NEW STRATEGY

A new strategy for The Community Foundation for Ireland was approved in September 2021.

OUR VISION

We believe in an Ireland where everyone feels they belong. An Ireland where all people are equal, and communities thrive. An Ireland where everyone has a voice. We stand for a fair, caring, and vibrant Ireland for now and the future. We empower people who want to make a difference through a model of strategic giving which is effective and delivers. We connect the generosity of donors with the energy, ideas, and time of people in the community.

OUR PURPOSE

An impact led philanthropic hub for Ireland which delivers for donors, grantees and communities.

OUR AMBITION

- Be at the forefront of change on key issues affecting Irish society and communities
- Harness investment to respond to the needs of communities
- Grow existing assets while opening new pathways to philanthropy
- Curate opportunities for philanthropy around key social and emerging issues
- Ensure systems of connectivity to the sectors supported by robust evidence
- Build on an agile, flexible, and innovative culture, governance and operating model
- Achieve excellence through our people, practice, and systems
- Ensure impact and learning inform practices, policy and create new opportunities
- Invest in knowledge and leadership

VALUES

Integrity, Collaboration, Community Centred as well as Excellence and Impact.

A three-year plan presented to the Board provided projections for income and expenditure together with a funding plan to implement the strategy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Community Foundation for Ireland (“the company”, “CFI”) is a donor services and grant-making organisation, established in 2000, with the support of Government and the business sector.

It has grown with the involvement of individuals, families, businesses, and charitable organisations. CFI is a company limited by guarantee, governed by its constitution, as amended by special resolution on 25 April 2022.

The company is registered as a charity with the Revenue Commissioners and The Charity Regulator. There are currently seven company members, the same number as in 2020; each has agreed to contribute €1 in the event of the charity winding up.

The company is a wholly controlled subsidiary of the Foundation for Investing in Communities. Its sister organisation, Business in the Community Ireland, is also a 100% wholly controlled subsidiary of the Foundation for Investing in Communities

and is also a registered charity, operating from the same premises in Phibsborough. CFI complies with the Charities Regulator (CRA) Governance Code which promotes high standards of governance and transparency in the charity sector.

The Code provides clear guidelines on the roles, duties, and responsibilities of those who run community, voluntary and charitable organisations. In 2021 a complete review of the governance code was undertaken to ensure compliance with the new Code introduced by the CRA. During 2021, CFI continued its commitment to each principle of the CRA Governance Code - leadership, organisational controls, transparency, and accountability, working effectively, and behaving with integrity.

DIRECTORS

The Board of Directors comprises volunteers representing the broad interests of our community who provide the leadership to conduct our affairs. The Constitution dictates that the Directors are nominated by The Foundation for Investing in Communities. The initial appointment is for a three-year term, as recommended by the Chairperson for approval.

A Director can be reappointed for a second three-year term as per the Chairperson’s recommendation to the Board. A Director may be re-appointed for a third three-year term if it is agreed by all of the Directors. In exceptional circumstances, and with unanimous agreement of all Directors, a Director may remain on the Board, having completed three three-year terms, for a specified limited time.

In December 2021 and in compliance with the Company’s Directors Term of Office Policy, the Board approved an extension to the term of the Chair for one year. This extension was considered necessary in the context of the rapid growth, the transition in leadership from a founder CEO to a new CEO in July 2020 and the development of

a new Strategic Plan which the Board approved in September 2021. A succession plan and Nominations Committee were developed to recruit a new Chair and other vacancies on key committees throughout the organisation.

New directors are briefed on their legal and regulatory obligations under charity and company law, the content of the company’s Constitution, the committee and decision-making processes, the business plan, and the recent financial performance of the charity. During the induction process they meet key employees and other directors. The induction process for new Directors was reviewed, evaluated and updated in 2021.

The Board is committed to attaining the highest standards of corporate governance. Accordingly, transparency and accountability are constant priorities of the Board, its dedicated sub committees, and its staff. Detailed information on the Directors’ Code of Conduct and Directors’ Duties and a number of policies and procedures (in relation to conflicts of interest and whistle-blowers etc) are included in the governance section of our website.

THE DIRECTORS AND SECRETARY, WHO SERVED AT ANY TIME DURING THE FINANCIAL YEAR EXCEPT AS NOTED, WERE AS FOLLOWS:

Michael Gaffney (Chairperson)

Patrick Farrell (resigned 30 September 2021)

Barbara FitzGerald

Richard George (resigned 16 February 2022)

Gráinne Healy

Catherine Mullarkey

Ian Power

Roddy Rowan

Tara Smith

Faye Walsh Drouillard

Art O’Leary (appointed 16 June 2021)

Peter Law (appointed 16 June 2021)

Tim Murphy (appointed 14 December 2021)

Larry Moylan – Company Secretary
(resigned 14 December 2021)

Peter Law – Company Secretary
(appointed 14 December 2021)



SUBCOMMITTEES

In the context of the growth experienced in 2020 and 2021, and as part of a governance review, it was agreed by the Board that two new sub committees be set up and the Finance, Audit, Investment and Governance (FAIG) Committee (which was a sub-committee of CFI's parent company) would be dissolved, as its functionality would be replaced by the new sub-committees.

MEMBERS OF THE FAIG WHICH HELD ITS FINAL MEETING ON 28 JUNE 2021, WERE:

Richard George (Chairperson)
Eamonn Heffernan
Máire O'Connor
Paul McCarville
Michael Gaffney

The new sub committees are the Audit Risk and Governance Committee (ARC) and the Investments Committee (IC).



AUDIT, RISK AND GOVERNANCE COMMITTEE

MEMBERS OF THE NEWLY CONSTITUTED ARC WHICH HELD ITS INAUGURAL MEETING ON 23 AUGUST 2021, ARE:

Ian Power (Chair)	Board member
Michael Gaffney	Chairperson of the Board
Barbara Fitzgerald	Board member
Peter Law	Board member
Denise Charlton	CEO (ex- officio)

The ARC is responsible to and reports to the CFI Board through its Chairperson. As set out in its terms of reference (which were approved by the Board of Directors), the ARC has the absolute discretion and authority to consider any financial and administrative activity, and any other activity, at the request of the Board. The ARC shall, at the request of the Board, put forward nominations of new directors to the Board and other committees and at least one meeting per year will give priority to a review of Board succession.

The ARC met four times in 2021 but in a full year will meet at least six times. The attendance rate at the three meetings in 2021 was 92%.

INVESTMENT COMMITTEE (IC)

THE MEMBERS OF THE IC WHICH MET FOR THE FIRST TIME ON 6 SEPTEMBER 2021, ARE:

Richard George	Chair of Investment Committee and Board member (resigned 22nd February 2022)
Michael Gaffney	Board chairperson
Catherine Mullarkey	Board member
Eamonn Heffernan	Former Board member
Paul McCarville	Clarus Investment Solutions
Denise Charlton	CEO (ex- officio)

The IC, chaired by Richard George, met twice in 2021. Attendance was 90% in 2021. As set out in its terms of reference (which were approved by the Board) the IC has the responsibility to set parameters for the management of CFI portfolio of funds and to consider any other related activity at the request of the Board. The IC will meet at least four times per annum and the Investment Managers of the endowment funds (BJSS), and the term funds (Brewin Dolphin) will each present to the Committee on at least an annual basis.

As reported in the 2020 Directors' report, and following a review initiated by FAIG in late 2020, CFI appointed Banque J Safra Sarasin (BJSS), as Investment Manager from 2021 onwards. The portfolio of securities was transferred to BJSS in July 2021 and BJSS presented to the Investment Committee when they met in September 2021 and in November 2021.

GRANTS AND IMPACT COMMITTEE (GIC)

The GIC was established in 2021, its terms of reference developed, and new members recruited. GIC is mandated by the Board to advise on grant-making priorities, review impact and has delegated authority from the Board to make decisions on grant allocations. The GIC shall satisfy itself on behalf of the Board that:

- The values and vision of CFI are upheld through its grant-making strategy, policies and priorities,
- Grant-making is creating positive impact in society
- Grant-making is being implemented in line with agreed priorities as set out in the strategy

THE MEMBERS OF THE GIC ARE:

Grainne Healy	(Chairperson and Board member)	Tara Smith	Board member
Michael Gaffney	Board member	Ian Power	Board member
Denise Charlton,	CEO (ex- officio)		

GIC met once in 2021. The attendance rate at GIC's inaugural meeting in December was 80%. In accordance with its terms of reference, it will meet as often as necessary but at least four times per year.

WORKING GROUPS

In addition to the sub committees, a Social Impact Working Group was also set up in 2021.

The Social Impact Investing Working Group (“SIIG”) will consider strategy and engagement in Social Impact Investing.

The Committee will also have the responsibility to assess proposals, and other opportunities, in the related area, on behalf of the Board of CFI. It will consider any other re-lated activity at the request of the Board.

As the SIIG is a working group of the Board rather than a sub-committee the working group and its members will operate for an initial period of 18 months, with the option to extend this time or redefine the working group as a sub-committee of the Board.

THE MEMBERS OF THIS WORKING GROUP ARE:

Michael Gaffney	Chairperson
Faye Walsh Drouillard	Board member
Tim Murphy	Board member
Art O’ Leary	Board member
Denise Charlton	CEO
Jackie Harrison	Director of Philanthropy
David Hickson	Finance manager
Marcus Nascimento	Financial Analyst and Secretariat



In the year ahead (2022) a Development Advisory Group, a Children’s Advisory Committee and an Environmental Advisory committee will also be set up.

ORGANISATION

The Board of Directors, which must have a minimum of eight directors, oversees the operation of the company. The Board meets at least four times per annum, with additional meetings called as needed. There were seven Board meetings in 2021, compared with five in 2020. Two additional meeting were held on strategy development.

In 2021, average attendance was 87%, as compared to 80% in the previous year. CFI shows the cumulative attendance figure by directors rather than individual directors as it believes this would impinge on their privacy. There are no emoluments, or travel expenses, paid to directors.

A Chief Executive is appointed by the directors to manage the day-to-day operations of the company. To facilitate effective operations, the Chief Executive has authority, within terms of delegation approved by the directors, for operational matters such as fund and donor development and grant programme management.

RESOURCES

Against a background of donations increasing by a factor of 3 since 2018/19, CFI has been putting in place the necessary resources and systems to support continued growth and deliver on its agreed Strategy.

Accordingly, headcount grew to 22 employees in December 2021 (up from 11 employees at the start of the year).

Part of the increased headcount relates to the setting up of a separate finance function—previously a shared finance service was provided

by CFI’s parent company which also provided services to Business in the Community.

To better serve CFI’s developing business it was agreed by the Board that a more focussed and bespoke finance function was required. The new function was set up on 1 July 2021, and by year end had taken over all finance functions and activities.

In 2021 a senior leadership team (SLT) was put in place, to work with the CEO, and to provide leadership and direction.

THE FOLLOWING EMPLOYEES MAKE UP THE SENIOR LEADERSHIP TEAM:

Denise Charlton	CEO
Larry Moylan	Head of Operations and Compliance
Jackie Harrison	Director of Philanthropy
Frances Haworth	Head of Grants, Donor Care, and Impact
Jerry O Connor	Head of Communications and Public Affairs
Maeve McDonnell	Chief Financial Officer

In addition to recruiting extra staff and reorganising the internal reporting structures, an outside agency has been appointed to undertake a Branding and Corporate Reputation project which will be delivered in 2022. Investment in new internal systems for donations and grant-making, and for an upgrade of CFI’s CRM system is also provided for in the budget for 2022 and planning for these upgrades is underway.

The Foundation for Investing in Communities, Business in The Community Ireland and CFI continue to share services for Human Resources, Information Technology and Reception.



FINANCIAL REVIEW

Income and expenditure

Our principal funding source comes from private donations (which can be from individuals, families, corporates, and other charitable organisations).

There are three types of Donor Advised Funds to which donors can contribute, namely, the endowment funds, the term funds and the flow through (current) funds. All of these funds are restricted funds and so can only be applied in discharge of the charitable purposes for which they were set up. A fund agreement is put in place with each donor and these fund agreements set out the terms and conditions of the funds.

Grants are issued from the donations received in accordance with the wishes of the donor and as set out in the fund agreements.

Operating costs are resourced in the main through fees which are set out in each donor fund agreement.

From time to time some donors may provide unrestricted funding to CFI which can be used to defray some elements of the operating spend.

The Board may also designate certain elements of the unrestricted funding so that it can only be used to defray specific nominated expenses.



FINANCIAL ACTIVITY IN 2021

Donations of €19m were received in 2021 and while this has decreased from €27.7m received in 2020 (in what was an extraordinary response to the onset of the Pandemic) the 2021 donations are three times that received by CFI in 2018, as can be seen from the table included below:

	2018	2019	2020	2021
	€ Millions	€ Millions	€ Millions	€ Millions
Donations	6.267	6.921	27.657	18.959
Grants	7.568	8.307	15.305	18.134

In addition, investment income of €1.1m (up from €884k in 2020) was earned (on the endowment and term funds) giving overall income of €20.1m (€28.6m in 2020).

€6.6m was raised through the RTÉ Toy show appeal in December 2021. Thirteen new funds were set up in the year.

Grants made in 2021 totalled €18.1m (up from €14.8m in 2020) and this was the highest amount of grant aid issued in any one year.

By the end of 2021, CFI and its donors had made grants of €86.89 million (exclusive of expenses) to communities and charitable causes in Ireland and overseas since its inception in 2000.

CFI earned fees of €1.3m in 2021, with €737k of

this being earned on donations made to donor advised funds and the remainder being fees drawn down from the endowment funds.

Operating spending increased to €1.5m for 2021 (up from €1m in 2020). Headcount and related headcount costs account for 77% of operating spending.

Net assets on our Balance Sheet as of December 31st, 2021, totalled €82.7m – up from €75.4m in 2020. The main reason for the increase in net assets was due to the strong performance of equities in the period and an unrealised gain of €7m was recorded in 2021, based on the market values of the securities held for the endowment and term funds.

ANALYSIS OF RESERVES AS OF 31 DECEMBER 2021

Reserves at CFI are classified as restricted (Endowment, Term funds and Donor advised) and unrestricted (General and Designated).

AS OF 31 DECEMBER 2021, THE RESTRICTED RESERVES WERE VALUED AS FOLLOWS:

Endowment fund	€55.34m - funds held at and managed by BJSS
Term funds	€ 3.41m - funds held at and managed by Brewin Dolphin
Flow-Through Funds	€22.29m - funds held in cash at domestic banks

AS OF 31 DECEMBER 2021, UNRESTRICTED RESERVES WERE AS FOLLOWS:

Unrestricted funds	€1.50m - funds held in cash at domestic banks
Designated funds	€ 0.16m – funds held in cash at domestic banks.

ENDOWMENT FUND

Since its inception, CFI has operated a civic endowment fund with the aim of delivering a consistent and sustainable amount each year for grant-making, in perpetuity. The Endowment Fund is a tax-exempt fund and is held in trust by the Board of Directors. The operation of the fund is governed by the company's constitution which also sets down the powers and responsibilities of the Directors in relation to the fund.

The main purpose and priority of the Fund is to support a consistent and sustainable amount each year from the Fund's income and/or capital growth for grant-making. With effect from 1st January 2015, the Board decided to adopt a 'total return' policy for the management of the Fund i.e., no distinction drawn between income and capital return. This approach defines net investment return over any period as the total change in the overall value of the Fund over that period, including both net current income (i.e., interest, dividends etc.) and net realised and unrealised capital gains and losses, less all investment related costs.

The primary long-term investment objective of the Fund is to seek to maximise the total net investment return having regard to the performance of stock markets generally, and the Fund's tolerance for risk.

At the same time, the level of drawdown for grant-making is set with the objective of protecting indefinitely the nominal value of the Fund's capital and providing a buffer against future inflation,

but the need to withdraw part of the capital may arise. Specifically, other than in exceptional circumstances, an amount of 4% of the average end of year Fund values for each of the previous 5 years is made available each year for grant-making, regardless of the income or capital returns generated by the fund in that year.

In addition, 1% per annum of the Fund was deducted to cover the administrative and other overheads as well as providing philanthropy management services to donors.

As reported in the 2020 Directors' Report, and following a review initiated by FAIG in late 2020, CFI appointed Banque J Safran Sarasin (BJSS), as investment manager from 2021 onwards. The portfolio of securities was transferred to BJSS in July 2021 and BJSS presented to the Investment Committee when they met in September 2021 and in November 2021.

In 2021 the fund under management at BJSS earned a return of close to 15% in the year.

The fund was valued at €55.3m at the end of the year (up from €49.9m at the end of the previous year). Of the total valuation of €55.3m, €37.3m generates funds for grant-making purposes for CFI, funds derived from the remaining €18m are used for grant-making purposes by donor advised funds. There were new donations of €100,000 to the fund in 2021 and investment income earned on the fund totalled €1.073m in the year.

A Statement of the Endowment Fund's Investment Policy Objectives and Guidelines reflecting the policy, mandate and performance objectives of the manager is available on CFI's website for inspection.

TERM FUNDS

In 2016, CFI established a second type of fund, a Term Fund, to receive donations from individuals, businesses, and other foundations. As with the Endowment Fund, the Term Fund is a tax-exempt fund which is held in trust and invested by the Board of Directors. The operation of the fund is governed by the company's Constitution which also sets down the powers and responsibilities of the Directors in relation to the Fund. The fund is effectively a donor advised fund and it differs from the Endowment Fund in that the amount originally donated by each donor, and the investment return earned, will be spent over an agreed period of years by making available for grant-making, on a regular basis, amounts pre-agreed with the donor. There are currently three Term Funds at CFI. The Term Funds are managed by Brewin Dolphin.

The term funds performed well in the year, earning a return of 14.7% on average. Investment income of €36k was earned on the funds in the year. The funds were valued at €3.4 m at the end of the year. New donations totalled €283k in the year and funds drawn in the year for grant-making totalled €615k.

A Statement of the Fund's Investment Policy Objectives and Guidelines reflecting the policy, mandate and performance objectives of the manager is available on CFI's website for inspection. This specifies that the asset allocation must have regard to the expected life of the fund, as well as the anticipated grants.

FLOWTHROUGH FUNDS

These are donor advised funds where CFI has agreed with the donor on the short- and medium-term plans for making grants from these funds. As the funds will be issued in the short- and medium-terms for grant-making, they are held in bank accounts.

UNRESTRICTED FUNDS

These are funds which can be used in accordance with the charitable objects at the discretion of the directors and are used to fund capital expenditure and operating costs. These funds are earned through service fees applied on donations (across all fund types) and the balance of €1.50m as at 31 December 2021, represents the excess of fees earned over expenses paid by CFI to date.

DESIGNATED FUNDS

These are funds which have been set aside for purposes by the company itself, in furtherance of the company's charitable objectives. The total value on December 31st, 2021, is €158k and €100k of this represents monies designated by the directors to fund system upgrades at the company.



RESERVES POLICY

The reserve policy in place enables the organisation to fund working capital shortfalls (caused by income/expense variations against budget), and fund development capital. The reserves policy for unrestricted reserves takes account of risks associated with each stream of income and expenditure being different from that budgeted, timing of fee recognition, planned activity level and the organisation's commitments to grants and other commitments.

CFI has a budgeting system in place which allows it to forecast its operating costs with a high degree of accuracy, especially given that 75-80% of operating costs are headcount related and so can be reliably quantified.

All unrestricted funds are held in cash. Reserves may be required to invest in implementing the strategic plan, make organisational improvements and bridge the gaps between spending on the

above- mentioned activities and income, should current funding flows change materially from expected income streams.

Considering the above and taking account of the fact that Donor Advised Funds service fees in the main, are earned in advance of associated grants being issued, the directors have established the level of reserves (that is those funds that are freely available) that the charity ought to retain, as being between 9 months and 12 months operational costs. The operating costs for 2022 have been budgeted at €1.9m. CFI expects €100k of this to be funded from donors (by means other than service fees.) The unrestricted reserves total €1.5m as of December 31st, 2021 complies with the reserves policy.



INTERNAL CONTROLS AND RISK MANAGEMENT

Principal risks and mitigating controls:

Investment losses:

A substantial loss in its investment portfolio would reduce the amount of money available for grant-making over the longer-term and the impact of CFI through the grants it awards. To address this, CFI's Investment Committee, assisted by its investment advisors, has built a diversified investment portfolio, the performance of which is reviewed on a quarterly basis which helps minimise the likelihood of substantial losses.

Discovery of fraud:

CFI has a well-resourced finance team which monitors internal financial controls on an ongoing basis, ensures full compliance with all of our statutory obligations, and separates key duties and responsibilities in accordance with best practice to both detect and prevent fraud.

Cyber-attack:

CFI has engaged suitable expertise, both internally and from external professional firms as appropriate, to ensure that all IT systems operate in accordance with best practice and that the risk of cyber attackers gaining access to confidential data is kept to a minimum. Anti-virus software and firewalls are in place on all IT systems and ongoing cyber security awareness training. A Business Continuity and IT Disaster Recovery Policy is also in place.

CFI undertook a cyber security risk assessment. The assessment recommended a separation of IT infrastructure from Business in the Community for Ireland. This will be progressed in 2022, with a cyber security implementation plan, inclusive of regular risk assessment.

Compliance failure:

A strong compliance culture exists throughout the organisation. This is supported and led by the senior leadership team, which ensures that ongoing training is provided to staff to enable them to perform their duties and responsibilities in accordance with best practice.

The Directors have developed a risk management strategy which comprises:

- Regular review of the risks the charity may face and recording of these on a risk register.
- A risk register to assess the likelihood and potential impact of those risks and to identify the principal risks.
- The establishment of systems and procedures to mitigate those risks identified in the reviews.
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.



Risk analysis of the new Strategy:

As part of the strategy development process, the Board and SLT risk assessed the strategy to consider any issues that needed to be addressed. On-going risk assessment is built into the evaluative process for the strategy, with regular oversight by the SLT, and bi-annual consideration by the Board.

Accounting systems

The company installed a new accounting system in the year which facilitates the preparation of its SORP accounts. This has delivered increased time efficiencies and has improved the quality and timeliness of the management and financial information available to the business and to inform decision making. The new system further enhances internal controls on procurement, disbursement of funds etc.

GOING CONCERN

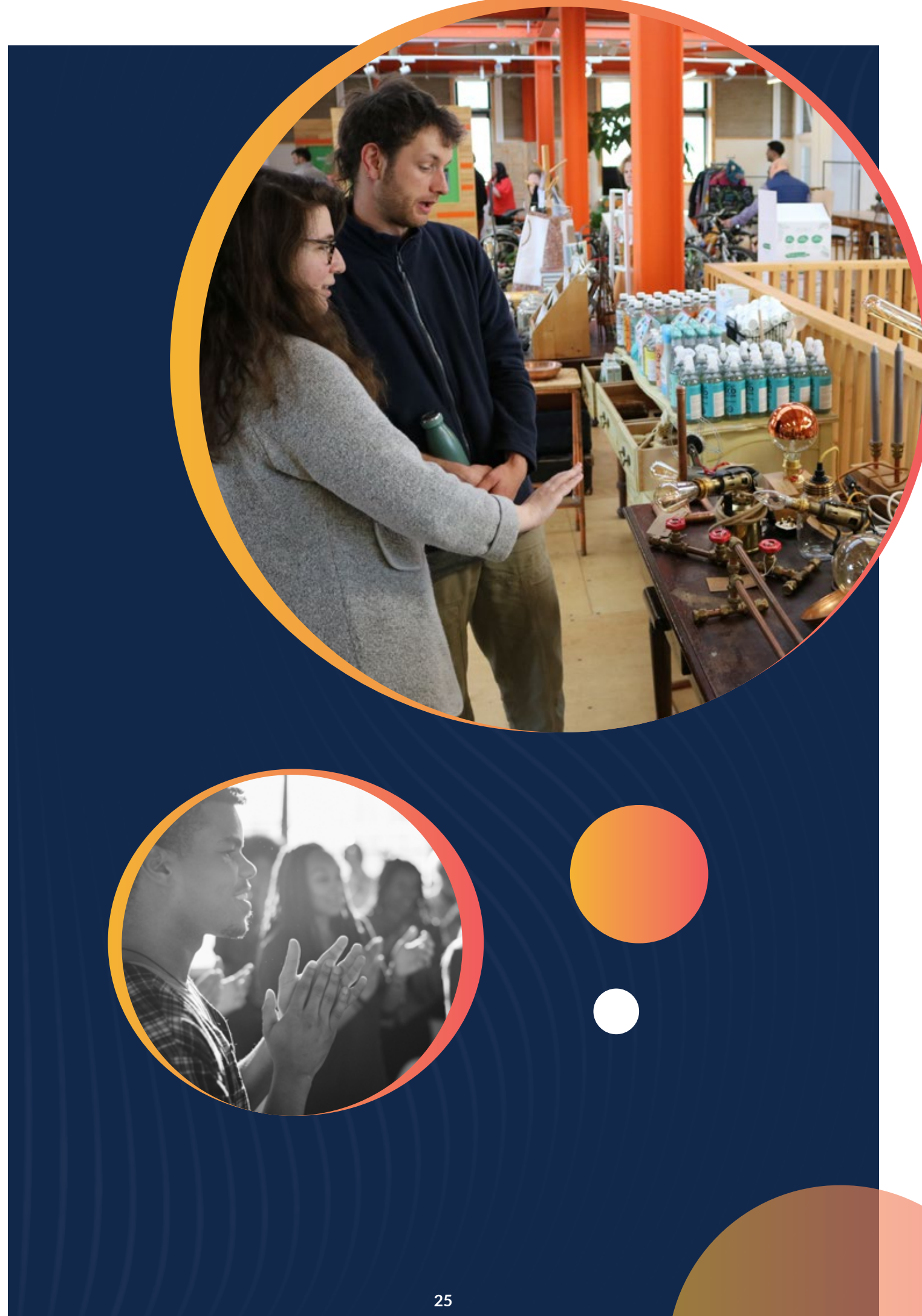
The Financial Statements have been prepared on a going concern basis, that is, that the charity will be able to continue normal operations for the foreseeable future. The foreseeable future is defined as a period not less than 12 months from the date the Financial Statements were signed.

Having reviewed the company's budgets and forecasts, funding requirements for the foreseeable future, availability of unrestricted reserves, and cashflow projections for the next 12 months, the Directors are satisfied that the company has adequate resources available to continue normal operations for the foreseeable future.

The Directors have also considered broader events such as the Covid pandemic, the recent invasion by Russia in the Ukraine, and the broader economic outlook for Ireland. As in prior years the Directors note that the Covid-19 pandemic has had no adverse impact on the company's activities.

The recent invasion by Russia of the Ukraine and the consequential adverse impact on the supply and price of fuel combined with increased volatility of stock markets, is likely to adversely impact the valuation of Endowment Funds held by the company over the short to medium-term. As it is not known how long the war between Russia and Ukraine will continue, the ultimate impact on the valuation of endowment funds is difficult to determine. However, due to the unrealised gains achieved on the endowment funds of €10,440,433 since the 1 of January 2020 (2020 €3,831,807; 2021 €6,608,626) the directors are satisfied that any diminution in the funds value will not impact the initial capital investment.

The Directors note that that company has access to sufficient liquid funds to enable it to continue operations unhindered for the foreseeable future and are therefore satisfied that it remains appropriate that the Financial Statements to be prepared on a going concern basis.



POST BALANCE SHEET EVENTS

There have been no events after the year-end that require any adjustment to, or additional disclosure in the 2021 financial statements.

ACCOUNTING RECORDS

The measures that the Directors have taken to secure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems.

The company's accounting records are maintained at the company's business office at 3rd Floor, Phibsborough Tower, Phibsborough Road, Dublin 7, D07 XH2D.





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