

Irish Nonprofits Knowledge Exchange
Directors' report and financial statements

Irish Nonprofits
Knowledge Exchange

Directors' report and
financial statements

For the year ended 31 December 2011

Registered number: 473400

Charity number: CHY19030

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Directors' report

1 Reference and administrative

1.1 Reference details

Name	Irish Nonprofits Knowledge Exchange
Registered office	37 Fitzwilliam Place Dublin 2
Incorporated	23 July 2009
Company registration No.	473400
Charity No.	CHY19030

1.2 Board members

Current directors	Ian Duffy John R. Healy Owen Keenan Sheila Nordon Brian Sheehan Philip Smith (British) (appointed 25 May 2010)
Company secretary	Patricia Quinn

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Directors' report *(continued)*

1.3 Other relevant company information

Principal bankers	Bank of Ireland St. Stephen's Green Dublin 2
Principal solicitors	Arthur Cox Earlsfort Terrace Dublin 2
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2

The directors present their report and the audited financial statements for the year ended 31 December 2011 for Irish Nonprofits Knowledge Exchange ("the Company").

This document is prepared in accordance with the Companies Acts, 1963 to 2009 and, voluntarily in the absence of statutory reporting standards for charities in Ireland, in accordance with international best practice (Statement of Recommended Practice (SORP) (revised 2005)) as recommended by the Charity Commission for England and Wales. This Directors' Report contains the information that is required to be provided in the Trustee's Annual Report under the SORP guidelines.

2 Structure, governance and management

2.1 How the Company is constituted

The Company was established in 2009 by a number of individuals derived from a group that had overseen a pilot project undertaken during 2007 and 2008 to test the feasibility of introducing the 'guidestar' concept to Ireland. Incorporation as a Company limited by guarantee was chosen as the structure best suited to the needs of the organisation.

2.2 Recruiting, appointing and training directors

Following prevailing standards for companies with charitable purposes, membership of the board is entirely non-executive, and no director received any remuneration. One new director, Brian Sheehan, was recruited in the course of the year, and he received detailed briefings and induction. The board kept its own performance under review.

2.3 Organisational structure

The Company is a small organisation with a highly specialised remit. Its work is mainly structured in two programmes – building and maintaining a specialised database of Irish nonprofits, and publishing extracts from the database on a free public website. During 2011, besides staff already engaged in core functions of project management, database management and web development, the company recruited staff with expertise in financial accountancy and communications.

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Directors' report *(continued)*

2.3 Organisational structure *(continued)*

Consulting specialists providing a variety of services on fixed-term and fixed-purpose contracts.

In addition, the company benefited from the contribution of seven people who worked in various capacities as volunteers in the course of the year (approximately 2 whole-time equivalents).

2.4 Internal control and risk

The board has overall responsibility for systems of internal control. These controls aim to safeguard the Company's assets and to maintain the integrity of accounting procedures. They include clearly documented financial procedures and the delegation of the authority of the board to the chief executive.

The major risks to which the Company is exposed, as identified by the directors, have been reviewed and systems or procedures have been established to manage these risks. The board considers the management of risk as a key corporate governance priority.

The Company operates a comprehensive annual planning and budgeting process. Annual budgets are approved by the board, which is provided with regular financial reports comparing actual results to the phased budget. In the course of the year, the company found itself exposed to the unanticipated circumstance of loss of the funding previously agreed; its future approach to risk will be moderated by this experience.

2.5 External relationships

The board considers that the Company is accountable to its funders and to its served communities which are as follows: the nonprofit sector; the general public; donors and funders; policy-makers and regulators; researchers, analysts and media; and the professional service providers.

The Company's business strategy and communications planning includes processes for engaging with each of these stakeholding groups, including very detailed reporting arrangements agreed with each of its principal funders respectively. Notwithstanding these processes, the Company experienced discontinuity and consequent disruption to its business in the course of the year, following the extinguishing of the Department of Community, Equality and Gaeltacht Affairs, on which the company relied for a substantial portion of its funding in 2011.

The Charities Regulation Unit of the former Department of Community, Equality and Gaeltacht Affairs was transferred to the Department of Justice and Equality, which notified the company in the second week of July that the balance of funding previously confirmed would not now be provided. At the end of October, funding was restored by agreement, albeit at a reduced level.

3 Objectives and activities

3.1 Objectives

The Company's vision is to create a knowledge infrastructure to transform the nonprofit sector in Ireland. Its mission is to revolutionise understanding of and support for Irish nonprofit entities by

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Directors' report *(continued)*

producing a body of premium information derived in the first instance from regulatory sources, and providing data-driven services to a variety of users in the private, public and third sectors.

3.2 Activities in furtherance of the Company's objects

2011 was the third year of operation of the Company and this report refers to the second full calendar year of its operations.

1. *Building and maintaining a specialised database of Irish nonprofits*

The Company re-uses public domain data derived from non-profit company filings to the Companies Registration Office. Because these are produced in non-standard forms, these are not readily amenable to storage in a database – processes of data cleaning, classifying and organisation are required.

Following the creation of a comprehensive financial data schema onto which data from audited financial statements could be mapped, the Company tendered for and awarded a contract to an Irish firm for the provision of data keying services, and procured the production of two years' financial data. This complemented the regulatory data already procured as a digital feed from a licenced re-seller of Companies Registration Office data.

In addition, the Company built a process for importing data about nonprofits that benefit from tax exempt status from the Revenue website, thereby extending the scope of the database to include all entities that will be deemed to be charities on commencement of the provisions of the Charities Act, 2009.

2. *Publishing extracts from the database on a free public website*

Following consultation with the sector and with stakeholding interests in the policy and research communities, the Company launched the first edition of its website, www.irishnonprofits.ie, on schedule in March 2011. The website is the publishing venue for a five-page mini-website, or microsite, for each of c.8,000 nonprofit companies listed.

The initial release was published only to the 300 nonprofits that had acted as the pilot group. Feedback from this group informed subsequent releases in batches to all of the non-profit companies in scope, with the public site in 'beta' or trial format launched to the public as planned in November.

3. *Using the data to promote better understanding of the sector*

At the end of the year, we began work on a report about the non-profit sector derived from the database.

4. *Fundraising activities*

In the course of 2011, existing funding agreements were varied, which created a requirement to generate funds from other sources. At the end of the year, the three-year agreements with various funders expired and we sought to put in place new funding arrangements for 2012-2014.

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Directors' report *(continued)*

- *Governance activities*

The board met eleven times in the course of the year. Besides discussing and agreeing strategies and overseeing their implementation, the work of the board involved oversight of the implementation of the operational plan and budgets, and the discussion of principles and policies arising from the Company's work.

4 Plans for future years

In November 2011, the Company completed on time, on budget and in advance of specification its project to commission, build, test and launch a live relational database of Irish nonprofits derived from regulatory filings, and to publish extracts on a free searchable public website.

In 2012 and thereafter, the company plans to mobilise the sector in engaging with the potential of a web-based platform to provide a wide range of services and supports benefiting individual organisations and networks, and the sector at large. We also plan to identify and build markets for the data, in the sector, in government, among professional researchers and analysts and in the private sector.

5 Financial review

5.1 Results for the year

The financial results for the year ended 31 December 2010 are shown in the Statement of financial activities on page xx.

The Company generated net incoming resources of €xx for the year (2009: €43,762).

5.2 Income generation

The sources of income during the year/period were grants, donations in cash or kind and earnings from data sales or services. These may be analysed by source as follows:

	Year ended	Year
ended	31 December	31
December	2010	2010
Grants		79.99%
Donations from philanthropies and other nonprofits		16.66%
Corporate donations including donations in kind		3.26%
Earned income		0.09%
		<hr/> 100%

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Directors' report *(continued)*

5.3 Resources expended

The basis of cost allocation is set out in note 1(c) of the financial statements.

An analysis of expenditure in the course of the year illustrates that the Company's activities were as follows:

	Year ended 31 December 2010	5 month period ended 31 December 2010
Activities in furtherance of the Company's objects	85%	89%
Fundraising activities	5%	1%
Governance activities	10%	10%
	<hr/>	<hr/>
	100%	100%

5 Reserve policy

Recommended best practice provides for the establishment of an appropriate reserve policy, stating how much 'free' or unallocated reserves the Company retains. This excludes restricted funds, designated funds and funds that could only be realised by disposing of fixed assets held for use.

Once the exceptional conditions associated with start-up were passed, the board adopted a reserve policy for enforcement in the future of three months, which is the term for which the Company will retain sufficient reserves to ensure the continuity of operations and to absorb periodic setbacks, while committing the maximum amount available for the provision of services. That said, since government grants are the chief source of revenue, the Company has limited capacity to enforce this policy. We strive to maintain a reasonable level of unallocated fund balances to deal with unforeseen circumstances.

6 Statement of the responsibilities of members of the Board in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements

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Directors' report *(continued)*

comply with the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Acts, 1963 to 2009.

The Board's function is to keep under review the adequacy, scope and effectiveness of accounting and internal control systems of all financial activities carried out by the Company.

7 Books of accounts

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function.

The books of account of the Company are maintained at 37 Fitzwilliam Place, Dublin 2.

8 Auditor

In accordance with Section 160 (2) of the Companies Act, 1963, KPMG will continue in office.

On behalf of the Board

Ian Duffy

[Date] 2011

Philip Smith

[Date] 201

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Notes *(continued)*