

**Irish Nonprofits Knowledge
Exchange Limited**
(formerly known as Guidestar Ireland Limited)

**Directors' report and
financial statements**

**For the period from incorporation (23 July 2009)
to 31 December 2009**

Registered number: 473400

Charity number: CHY19030

Irish Nonprofits Knowledge Exchange Limited

(formerly known as Guidestar Ireland Limited)

Directors' report and financial statements

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Irish Nonprofits Knowledge Exchange Limited

(formerly known as Guidestar Ireland Limited)

Directors' report

1 Reference and administrative

1.1 Reference details

Name	Irish Nonprofits Knowledge Exchange Limited (formerly known as Guidestar Ireland Limited)
Registered office	From 1 November 2009: 37 Fitzwilliam Place Dublin 2 For period to 1 November 2009: 46 Stephen's Place Dublin 2
Incorporated	23 July 2009
Company registration No.	473400
Charity No.	CHY19030

1.2 Board members

Current directors	Ian Duffy (appointed 23 July 2009) John R. Healy (appointed 23 July 2009) Owen Keenan (appointed 23 July 2009) Sheila Nordon (appointed 23 July 2009) Philip Smith (appointed 25 May 2010)
Company secretary	Patricia Quinn (appointed 23 July 2009)

Irish Nonprofits Knowledge Exchange Limited

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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 period from incorporation (23 July 2009) to 31 December 2009 for Irish Nonprofits Knowledge Exchange Limited ("the Company"), (incorporated on 23 July 2009 as Guidestar Ireland Limited; changed to Irish Nonprofits Knowledge Exchange Limited on 3 February 2010).

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. The founding members appointed four of their number to be the founding board of the Company, and decided that in future membership of the Company would be coincident with membership of the board.

2.2 Recruiting, appointing and training directors

Following prevailing standards for companies with charitable purposes, membership of the board is entirely non-executive.

Prior to incorporation, the directors invited Ian Duffy to join the board, reflecting their recognition of the need for professional and business expertise in information and communications technologies. A competency framework agreed by the board will form the basis for future appointments. The directors will ensure that new members of the board receive appropriate induction support and will address their own training needs on a regular basis.

Irish Nonprofits Knowledge Exchange Limited

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Directors' report *(continued)*

2 Structure, governance and management *(continued)*

2.3 Organisational structure

The Company is a very small organisation and its structures reflect this. The Company was established with a core staff of two, augmented by specialists providing a variety of services on fixed-term and fixed-purpose contracts.

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 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.

The board considers the management of risk as a key corporate governance priority.

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. Processes for engaging with each of these form part of the Company's business strategy and communications planning.

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 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

2009 was the first year of operation of the Company and this report refers to approximately a half-year period, much of which was taken up with activities associated with business start-up.

- Activities in furtherance of the Company's objects

The population of c.8,500 companies limited by guarantee to be included in the first instance in the Company's database was identified, and an agreement to purchase image files and raw data feeds was negotiated and agreed with a data reseller, drawing on files lodged with the Companies Registration Office.

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Directors' report *(continued)*

3 Objectives and activities *(continued)*

3.2 Activities *(continued)*

With the assistance of financial reporting specialists, all relevant data was captured from a sample of 300 financial statements and the resulting dataset was used as the basis to commission a bespoke database.

A web-based seminar with other nonprofit sector knowledge service organisations was convened as a means of promoting peer learning and exchange; involving like organisations in Belgium, Canada, England & Wales, Israel and Japan.

Discussions were undertaken about the utility of their technology and the terms of their offer in a series of meetings with Guidestar International, a UK-registered charity established to assist organisations around the world in providing knowledge services for the benefit of civil society.

- **Fundraising activities**

Fundraising during the year generated a total of €1,050,000 in grants, €150,000 in donations from foundations or trusts, and in-kind donations valued at €7,435. Grants totalling €750,000 from the Department of Community, Equality & Gaeltacht Affairs are to be received over the period May 2009 to December 2011 and are recognised in the period received, as no schedule of payment has been agreed. Grants totalling €300,000 of which €200,000 was received during this period from Irish Aid (a directorate of the Department of Foreign Affairs) are to be spent during the period December 2009 to December 2012 under an agreed schedule. Donations totalling €150,000 from The Atlantic Philanthropies none of which have been received pre period end are to be spent over the period February 2010 to December 2011.

- **Governance activities**

The board met three times in the pre-incorporation period and three times in the period from incorporation to 31 December 2009. The board has not yet established any sub-committees. Aside from discussing and agreeing strategies and overseeing their implementation, the work of the board involved activities associated with incorporation and the appointment of a full-time CEO. Other governance and management activities included the appointment of a full-time project executive and of consulting specialists in financial reporting, communications and information technology.

4 Financial review

4.1 Results for the period

The financial results for the period ended 31 December 2009 are shown in the Statement of financial activities on page 10.

The Company generated a net surplus of €3,202 for the period.

Irish Nonprofits Knowledge Exchange Limited

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Directors' report (continued)

4 Financial review (continued)

4.2 Income generation

The sole sources of income during the period were grants, and donations in cash or kind. These may be analysed by source as follows:

	2009
Grants	94.26%
Donations from foundations and trusts	1.62%
Other donations including donations in kind	<u>4.12%</u>
	100%

4.3 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 in this first period of trading were as follows:

Activities in furtherance of the company's objects	75%
Fundraising activities	8%
Governance activities	<u>17%</u>
<i>Total</i>	100%

The level of governance costs incurred in 2009 is considered exceptional because of the start-up nature of the activity.

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.

Irish Nonprofits Knowledge Exchange Limited

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Directors' report *(continued)*

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 period. 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 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

KPMG, Chartered Accountants, were appointed as auditor during the period. In accordance with Section 160 (2) of the Companies Act, 1963, KPMG will continue in office.

On behalf of the Board

Ian Duffy

John R. Healy

July 2010

Independent auditor's report to the members of Irish Nonprofits Knowledge Exchange Limited *(formerly known as Guidestar Ireland Limited)*

We have audited the financial statements of Irish Nonprofits Knowledge Exchange Limited for the period from incorporation (23 July 2009) to 31 December 2009 which comprises the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditor

The Directors are responsible for the preparation of the Directors' Report and financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of the responsibilities of members of the Board in respect of the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent auditor's report to the members of Irish Nonprofits Knowledge Exchange Limited *(formerly known as Guidestar Ireland Limited) (continued)*

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Company as at 31 December 2009 and of its net income for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

Other matters

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

Chartered Accountants
Registered Auditor
Dublin

2010

Irish Nonprofits Knowledge Exchange Limited

(formerly known as Guidestar Ireland Limited)

Statement of financial activities

for the period ended 31 December 2009

		5 month period ended 31 December 2009 Unrestricted funds €	5 month period ended 31 December 2009 Restricted funds €	5 month period ended 31 December 2009 Total funds €
Incoming resources				
Grants and donations	3	180,357	-	180,357
		<hr/>	<hr/>	<hr/>
Total incoming resources		180,357	-	180,357
		<hr/>	<hr/>	<hr/>
Resources expended				
Cost of generating funds		(14,359)	-	(14,359)
Charitable activities		(132,328)	-	(132,328)
Governance costs		(30,468)	-	(30,468)
		<hr/>	<hr/>	<hr/>
Total resources expended		(177,155)	-	(177,155)
		<hr/>	<hr/>	<hr/>
Net incoming resources		3,202	-	3,202
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There are no recognised gains and losses for the current period other than those recognised in the statements of financial activities.

The accompanying notes form an integral part of this statement of financial activities.

On behalf of the board

Ian Duffy

John R. Healy

Irish Nonprofits Knowledge Exchange Limited

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Balance sheet

at 31 December 2009

	<i>Note</i>	2009 €
Fixed assets		
Tangible assets	7	3,127
		<hr/>
Current assets		
Cash at bank and short term deposits		222,070
Prepayments		891
		<hr/>
		222,961
Creditors: amounts falling due within one year	8	(222,886)
		<hr/>
Net current assets		75
		<hr/>
Net assets		3,202
		<hr/> <hr/>
Represented by		
Unrestricted funds	9	3,202
Restricted funds	9	-
		<hr/>
Total funds		3,202
		<hr/> <hr/>

The accompanying notes form an integral part of this balance sheet.

On behalf of the board

Ian Duffy

John R. Healy

Irish Nonprofits Knowledge Exchange Limited

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Notes

forming part of the financial statements

1 Significant accounting policies

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

(a) Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland and, voluntarily in the absence of statutory reporting standards for charities in Ireland, in accordance with best practice (Statement of Recommended Practice (revised 2005)) as recommended by the Charity Commission for England and Wales.

The organisation is a Company limited by guarantee not having share capital.

The Company has charitable status and as such is exempt from Corporation Tax.

(b) Income recognition

Income is recognised in the Statement of Financial Activities when the effect of the transaction or other event results in an increase in the charity's assets.

Income due but not yet received at the year end is included in debtors on the balance sheet and funds already received in relation to future years are shown in creditors as deferred income. All grants are shown as unrestricted because they have been provided for the general purposes of the Company's activities.

Non statutory grants and donations are recognised when there is evidence of entitlement.

The value of benefits in kind have been quantified at the level agreed with the donor.

Activities taken to generate non statutory grants, donations and voluntary income are analysed in note 3 to the financial statements.

(c) Cost allocation

Expenditure is analysed as between resources expended on charitable activities, governance costs and the cost of generating funds. Governance costs are unusually high in the current period because of the activities and costs associated with Company formation.

Resources expended on charitable activities comprise all the resources applied by the Company in undertaking the work of meeting its charitable objectives. These costs include direct costs of undertaking these together with the support costs incurred to enable these activities to be undertaken.

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Notes (continued)

1 Significant accounting policies (continued)

(c) Cost allocation (continued)

Support costs include human resources, finance, information technology and other. Charitable activity costs and the related support costs are analysed in detail in notes 3 and 4 to the financial statements.

The costs of generating funds are costs associated with generating incoming resources from all sources other than from undertaking charitable activities. This includes preparing proposals, meeting the due diligence and reporting requirements of funders, and providing regular reports to them on the progress of the project.

Governance costs include costs that relate to the general running of the organisation. They include strategic planning, audit, costs associated with legal, regulatory and statutory requirements, and an apportionment of staff time involved in supporting governance activities, including start-up activities.

(d) Fixed assets and depreciation

Depreciation is provided for a full year in the year of acquisition and none in the year of disposal.

Fixtures, fittings and equipment are stated at cost and depreciated at 20% straight line per annum on their cost.

Computers are depreciated at 33% straight line per annum on their cost.

(e) Funds

All transactions of the organisation have been recorded and reported as income into or expenditure from funds, which are designated as “restricted” or “unrestricted”.

Income is treated as restricted where the donor/funder has specified that it may only be used for a particular purpose, and all donations in kind have been treated in this way. All other income is treated as unrestricted.

Expenditure is treated as being made out of restricted funds to the extent that it meets the criteria specified by the donor/funder. All other expenditure is treated as being from unrestricted funds.

The balance of unrestricted funds at the end of the year represents the assets held by the organisation for general use in the furtherance of its work.

(f) Cash flow statement

The Company is exempt from preparing a cash flow statement as it qualifies as a small company.

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Notes (continued)

2 Incoming resources/expenses incurred pre-incorporation

The Statement of financial activities includes the following income and expenditure incurred prior to the incorporation of the company (1 May – 22 July 2009).

	3 month period pre- incorporation 2009 Unrestricted funds €	3 month period pre- incorporation 2009 Restricted funds €	3 month period pre- incorporation 2009 Total funds €
Incoming resources			
Grants and donations	2,922	-	2,922
	<hr/>	<hr/>	<hr/>
Total incoming resources	2,922	-	2,922
	<hr/>	<hr/>	<hr/>
Resources expended			
Cost of generating funds	6,625	-	6,625
Charitable activities	20,723	-	20,723
Governance costs	5,763	-	5,763
	<hr/>	<hr/>	<hr/>
Total resources expended	33,111	-	33,111
	<hr/>	<hr/>	<hr/>

Irish Nonprofits Knowledge Exchange Limited

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Notes (continued)

3 Grants and donations include the following

	5 month period ended 31 December 2009 Unrestricted funds €	5 month period ended 31 December 2009 Restricted funds €	5 month period ended 31 December 2009 Total funds €
<i>Grants</i>			
- Department of Community, Equality and Gaeltacht Affairs (formerly known as Department of Community, Rural and Gaeltacht Affairs)	150,000	-	150,000
- Irish Aid	20,000	-	20,000
	<hr/>	<hr/>	<hr/>
Total grants	170,000	-	170,000
	<hr/>	<hr/>	<hr/>
<i>Trusts and foundations</i>			
Atlantic Philanthropies	2,922	-	2,922
	<hr/>	<hr/>	<hr/>
Total trusts and foundations	2,922	-	2,922
	<hr/>	<hr/>	<hr/>
<i>Other donations, legacies and similar incoming resources</i>			
Donations in kind			
- Arthur Cox	7,435	-	7,435
	<hr/>	<hr/>	<hr/>
Total donations, legacies & similar incoming resources	7,435	-	7,435
	<hr/>	<hr/>	<hr/>
Total voluntary income	180,357	-	180,357
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Irish Nonprofits Knowledge Exchange Limited

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Notes (continued)

4 Staff costs

The average weekly number of employees, including part-time staff, but not including volunteers, during the period was 2.

	5 months period ended 31 December 2009 €
Staff costs comprises:	
Wages and salaries	80,445
Social welfare costs	8,648
Pension costs	3,878
	<hr/>
	92,971
	<hr/> <hr/>

The number of higher paid employees was:

	5 months period ended 31 December 2009
€100,000 - €110,000 p.a.	1
	<hr/> <hr/>

Remuneration includes basic pay and excludes employer pension and PRSI contributions.

5 Board member expenses

These relate to the costs of convening meetings of the members and directors during the year, and totalled €493.

Irish Nonprofits Knowledge Exchange Limited

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Notes (continued)

6 Statutory and other information

5 months period
ended
31 December
2009
€'000

Net incoming resources for the period is arrived at after charging:

Auditor's remuneration	-
Depreciation	1,159
Rentals payable under an operating lease	8,664
	<u> </u>

7 Tangible fixed assets

	Fixtures and fittings €	Computer equipment €	Office equipment €	Total €
Cost				
At 23 July 2009	-	-	-	-
Additions	2,430	1,650	206	4,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2009	2,430	1,650	206	4,286
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 23 July 2009	-	-	-	-
Charge for the year	486	632	41	1,159
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2009	486	632	41	1,159
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book amounts				
At 31 December 2009	1,944	1,018	165	3,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Irish Nonprofits Knowledge Exchange Limited

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Notes (continued)

8 Creditors: amounts falling due within one year

	31 December 2009 €
Trade creditors	30,251
Other creditors	4,874
Accruals	7,761
Deferred income	180,000
	<hr/>
	222,886
	<hr/> <hr/>

Funds received in relation to future years but not yet expended are included in deferred income.

Deferred income

	€
Grant received in the period	200,000
Grant released in the period	(20,000)
	<hr/>
	180,000
	<hr/> <hr/>

9 Statement of movement on funds

	Unrestricted fund €	Restricted fund €	Total €
Balance at beginning of period	-	-	-
Net incoming resources	3,202	-	3,202
	<hr/>	<hr/>	<hr/>
Balance at end of period	3,202	-	3,202
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Irish Nonprofits Knowledge Exchange Limited

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Notes (continued)

10 Commitments

Annual commitments exist under non-cancellable operating leases as follows:

	2009
	Land and buildings
	€
<i>Expiring:</i>	
Between two and five years	13,000

11 Non-recovery of VAT

All resources expended are classified under activity headings that aggregate all costs related to the category, including Value-Added Tax. Because the Company has received charitable tax exemption, it is unable to recover VAT expended. Like other companies with charitable status, the Company elects to report this figure, which was €6,046 for the period.

12 Post balance sheet events

There have been no significant events since the balance sheet date.

13 Approval of financial statements

The directors approved the financial statements on July 2010.