

Community Foundation

serving Tyne & Wear and Northumberland
(A company limited by guarantee)

Directors' report and accounts for the year ended 31 March 2007

Registered company number 2273708

Registered charity number 700510

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Community Foundation

serving Tyne & Wear and Northumberland

(A company limited by guarantee)

Directors' report and accounts for the year ended 31 March 2007

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Community Foundation

serving Tyne & Wear and Northumberland

Annual report for the year ended 31 March 2007

Introduction

The Charity's full name is Community Foundation serving Tyne & Wear and Northumberland, referred to hereafter as The Community Foundation

The Charity registration number is 700510 and the limited company number is 2273708 The principal office and registered office is Cale Cross, 156 Pilgrim Street, Newcastle NE1 6SU

The Community Foundation comprises several separate organisations whose accounts and activities are consolidated within the Group They are -

- Community Foundation serving Tyne & Wear and Northumberland – A Limited Company and main operating Charity,
- Tyne & Wear Foundation Trust – a charitable trust, which holds donations of permanent endowment to the Community Foundation This has enabled several historic charitable trusts to be transferred to the Group,
- Tyne & Wear Foundation Limited – a trading company whose profits are covenanted to Community Foundation The trading company is mainly used for specific large fundraising events such as bi-annual Sunday for Sammy Concerts,
- Joseph Brough Charitable Trust – an endowed trust making grants in the historic counties of Durham and Northumberland, of which the Community Foundation is sole trustee

Community Foundation activities also encompass 3 projects, The Sponsors Club for Arts & Business, Tiny Lives and The Evening Chronicle Sunshine Fund These have separate aims and objectives but are not registered charities in their own right, and form part of the Community Foundation All 3 projects are accounted for under restricted funds

The Community Foundation also administers The Fred Clay Trust which has its own trustees and reports separately to the Charity Commission

The Community Foundation is a member and active supporter of Community Foundation Network which promotes good practice between community foundations in the United Kingdom. The Community Foundation manages two Fairshare programmes on contracts from Community Foundation Network but is not otherwise subject to any governance arrangements with Community Foundation Network.

**Community Foundation serving Tyne & Wear and Northumberland
(A company limited by guarantee)**

Annual report for the year ended 31 March 2007 (continued)

Advisers:

Independent Auditors

PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Bankers

Barclays Bank plc
Newcastle Corporate Services
Barclays House
71 Grey Street
Newcastle upon Tyne
NE99 1LG

Investment Managers

Investec Asset Management
2 Gresham Street
London
EC2V 7QP

Brewin Dolphin
Commercial Union House
39 Pilgrim Street
Newcastle upon Tyne
NE1 6RQ

Solicitors

John O'Neill & Co
8 Portland Terrace
Jesmond
Newcastle upon Tyne
NE2 1QQ

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Structure, Governance and Management

The Community Foundation is a limited company governed by Memorandum and Articles of Association drawn in 1988 and amended in 1990 and 2000. The Articles and Memorandum allow for four categories of members as follows -

Category A - voluntary organisations

Category B - individuals

Category C - statutory authorities

Category D - companies/businesses

Members have voting rights at the Annual General Meeting and receive regular information about Community Foundation activities throughout the year. Members may nominate candidates for election to the Board. Each membership category elects three members to the Board except for Category D where Board members are appointed by mutual consent. The Board may co-opt a further nine members and is required to ensure adequate representation throughout the area of benefit.

Board members serve for a three-year term and may be elected for two further periods of three years each. However, Board members do not normally stand for a third term in order to ensure adequate rotation of membership, unless they have been elected as honorary officers.

There are arrangements for induction and training of Board members, which are reviewed by the Governance Committee. Each new Board Member is given a standard induction pack and attend an induction session with the executive officers and Chair. The Governance committee review training needs of the Directors and arrange training as required. Directors received training on the implications of the new Charities Act this year.

The Governance Committee drafted role descriptions for Board members and Honorary Officers which were approved by the Board in November 2006. It also developed a scheme for periodic appraisal of Board members performance and the first appraisals were made by the Honorary Officers during the year.

The full Board meets four times a year. One of these meetings is normally a longer meeting for reflection and forward planning. Within the annual cycle, the Board -

- Agrees an operating budget
- Receives quarterly management accounts
- Agrees annual objectives
- Reviews five year objectives
- Monitors performance within agreed targets
- Considers risk assessment
- Receives an equality and diversity report
- Considers strategic issues
- Receives reports and minutes from all sub committees listed below

Board meetings normally include at least one presentation on a significant area of operating activities which, in the last year, have included Tiny Lives Fund, Evening Chronicle Sunshine Fund, Sponsors Club for Arts & Business and Fair Share.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Structure, Governance and Management

The Board appoints sub committees, which are responsible for more detailed review of operational activities
The current sub committees are -

- Audit Committee (Audit)
- Development Committee (Dev)
- Equality & Diversity Committee (E&D)
- Finance & General Purposes Committee (F&GP)
- Governance Committee (Gov)
- Grants Strategy Committee (Grants)
- Investment Committee (Inv)

Members of the Board who served during the year and the committees on which they served are -

Hugh Welch - Chair co-opted October 2001, elected 2003	(F&GP, Dev, Gov)
Richard Maudslay CBE –Deputy Chair co-opted October 2003	(Dev)
Jan Worters MBE – Deputy Chair co-opted October 2000	(F&GP, Grants)
John Josephs – Treasurer elected October 2003, re-elected 2006	(F&GP, Inv, E&D)
Lisa Charlton elected October 2004	(Grants, E&D)
Sheila Davidson elected October 2005	(Grants, E&D)
Pamela Denham CB DL co-opted October 2001	(Dev, F&GP, Gov)
Jill Dixon co-opted October 2006	(F&GP)
Chris Drinkwater CBE co-opted October 2006	(Grants)
Alan Ferguson co-opted October 2000, elected 2001, re-elected 2004, retired October 2006	(Dev, Audit)
Rodney James co-opted 2005	(Grants, Audit)
Andrew Kerr appointed 2005 to represent local authorities	(Audit)
Jamie Martin co-opted October 2006	(Dev)
Parmjit Mattu elected October 2002, re-elected 2004, retired October 2006	(Grants)
Roy McLachlan appointed November 1999 to represent health authorities, retired October 2006	(F&GP, Grants, Audit)
John Mowbray co-opted October 2001	(Dev)
John Sands elected 2005	(Dev, Inv)
Trevor Shears co-opted October 2003	(Inv)

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Structure, Governance and Management

Members of the Board who served during the year and the committees on which they served are (continued) -

Michael Spriggs co-opted October 2003, retired October 2006	(Dev)
John Squires OBE, DL appointed 2002, elected 2006	(Audit, Inv, Gov)
Shobha Srivastava co-opted October 2003	(Grants)
Jane Streather elected October 2002, re-elected 2004	(Grants)
Rani Svanberg elected October 2006	(Grants)
William Teasdale elected October 2002, re-elected 2005	(F&GP, Dev, Inv)
Susan Winfield OBE co-opted October 2006	(Grants)
Michael Worthington OBE co-opted October 2000, retired October 2006	(F&GP, Grants, E&D)

The following members of the Board served during the year but retired before the year end, Alan Ferguson, Parmjit Mattu, Roy McLachlan, Michael Spriggs and Michael Worthington. Members who will retire at 2007 Annual General meeting are Pamela Denham and John Mowbray. The following members retire by rotation and are eligible for re-election, Lisa Charlton and Jane Streather.

The Board also appoints a President, Vice Presidents and Patrons in recognition of their distinguished service to the community or contributions to the Community Foundation. These are honorary positions with no formal powers or duties and the office holders are listed in the yearbook. Michael Worthington was appointed as a Vice President during the year, in recognition of his distinguished service as a Board member over the past fifteen years. He will have specific responsibility for the continued involvement of former Board members who meet for annual briefing events and continue to act as ambassadors for the Community Foundation.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Structure, Governance and Management

The senior members of staff responsible for day to day management of the Charity as delegated by the Charity Directors are -

George Hepburn OBE	Chief Executive
Sandra King	Development Director
Derry Nugent	Grants Director
Sonia Waugh	Finance Director

The Chief Executive was granted sabbatical leave from January to March 2007 in recognition of 18 years service and the Finance Director was Acting Chief Executive during this period. As part of his sabbatical, the Chief Executive considered the long term future of community foundations with help from Community Foundation Network and Coutts Bank.

At the year end there was a total of 22 core staff and 7 project staff. The core staff are divided into three operational teams for development, grantmaking and finance and administration.

Members of the Board are supported by a number of grants panels responsible for recommending individual grant awards from the different funds held at the Community Foundation. Panel members either provide expert knowledge – for example, members of the Local Network Fund - or represent donors' interests – for example a number of corporate donors have staff committees. Grants panels recommend grant awards which are ratified by the Grants Strategy Committee on behalf of the Board. In this way, about 200 people are involved in grantmaking at the Community Foundation and provide invaluable expertise.

Risk Assessment

The Board receives an annual assessment of risk prepared by the Executive Directors and agrees steps to minimise risk. Board members are involved in a more comprehensive risk assessment undertaken every third year and completed this during the year ended March 2007. The main risks identified were -

- Stock market crash
- Unable to generate sufficient new donors
- Failure to deal with adverse publicity

Since the last company review the Community Foundation has become aware of greater evidence of fraudulent use of funds. Whilst this only occurs in a very small minority of cases, further measures have been introduced to monitor grant awards. The board is satisfied that appropriate procedures are in place to mitigate these risks to an acceptable level, within the resource constraints of the Community Foundation.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Objectives and activities

The Community Foundation's mission is to help build stronger communities by encouraging local giving. It offers a cost-effective way for donors to make a long-term difference to the causes close to their heart. Through its understanding of local issues, the Community Foundation can make perceptive and well-targeted grants that secure the future for generations to come.

The Community Foundation is established for the support or promotion of any charitable purpose for the relief of poverty, the advancement of education (including training for employment or work), the advancement of religion, or any other charitable purpose for the benefit of the community in the area of Tyne & Wear and its immediate neighbourhood.

During the year the Board agreed to recommend an amendment to the Memorandum of Association to provide powers to make grants outside of Tyne & Wear and Northumberland. Most other community foundations have a similar power which enables donors to occasionally make grants in other parts of the country in relation, for example, to their business interests or personal loyalties. The Board believes that this change will encourage donors to set up funds at the Community Foundation whose primary purpose will be to benefit the local community. By the end of the year, the necessary permission from the Charity Commission had been granted and a resolution to amend the Memorandum and Articles was approved by the membership after the year end, in July 2007. The membership also approved a number of minor amendments to the Memorandum and Articles in order to bring them up to date.

The Community Foundation is a generalist grantmaker to a wide range of community groups. Some of the funds have more restricted purposes – for example The Lyndhurst Fund only makes grants in one area of Gateshead. The Community Foundation accommodates donors' wishes in respect of grant awards wherever possible. The Board has agreed certain exclusions for grants awarded with its general funds and these are detailed in grant application materials available on request.

The Board agreed a five year development plan in 2004 and works within these objectives which are -

- To recruit more donors and involve them more effectively
- To become a more effective and influential grantmaker
- To become a well governed and cost effective organisation

A mid term review of the development plan was undertaken in summer 2006 which included a facilitated review day for Board and staff members. The review confirmed the broad objectives and identified a number of new measures to implement them.

The predominant activity is grantmaking but the Community Foundation also devotes resources to development and donor education which aim to increase local philanthropy. It also manages a small number of projects on current social issues. For example, during the year the Community Foundation started a two year project on social capital, in partnership with University of Northumbria, with primary funding from ONE North East.

The Community Foundation was appraised for professional standards as part of a national exercise organised by Community Foundation Network in February 2007. The Community Foundation was awarded the highest grade (few or no observable weaknesses) in 6 out of 7 categories and the second highest grade in the governance standard where the appraisal team noted that improvements in governance arrangements had been made during the past year.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Achievements and performance

The Community Foundation awarded 1,703 grants (2006 2,705) totalling £7.8m (2006 £10.2m) during the year which represented a significant decrease on the previous year. The decrease is due to Change Up and Neighbourhood Renewal Community Chest programmes coming to an end.

The grants total includes a number of grant programmes managed for statutory bodies and for The Henry Smith Charity as shown in the table below.

Programme	No of grants	Total awards
Capacity Builders	27	£439,174
Change Up	2	£19,311
Community Foundation Funds	1,366	£4,002,960
Fair Share	8	£192,357
Included Communities	48	£1,237,867
Local Network Fund	208	£870,497
Henry Smith Charity	44	£1,003,300
Total grants awarded by the full group	1,703	£7,765,466

The majority of grants continued to be for amounts of under £5,000 and to provide practical support for small community groups. The Community Foundation works with outreach partners to ensure that grants are available to new and grass roots projects.

During the year, the Community Foundation started the "Trademark Grants" programme for outstanding projects. These grants were made from unrestricted funds and matched by contributions from a number of different donors. Eleven Trademark grants totalling £114,000 had been made by the year end.

The Community Foundation published a report on the first 10 years of The Kellett Fund, set up with a £5m legacy in 1996, and which has awarded grants totalling £3.5m to support older people during the 10 year period. The report was launched at a conference on the theme of baby boomers turning 60 in March 2007.

The Community Foundation provided grantmaking services for One North East for their 3rd Sector Capacity Fund and 1989 Willan Charitable Trust, which awarded grants of £440,802 and £141,400 in this financial year. These grants are not included in the grants awarded figure above as the grants were made directly from the respective organisations.

There were two endowment gifts of £0.5m each and six new endowment funds established during the year. There were also five revenue funds established. New revenue fund holders included - Gateshead Housing Company, Port of Tyne and NEA. There was further progress in establishing Acorn Funds, launched in 2005, and there were 32 Acorn Funds by the end of the year.

The Community Foundation launched a partnership with The Gregg Trust, The Shears Foundation, Sir James Knott Trust and an anonymous donor on environmental grantmaking and set up Local Action on Global Initiatives, which will award grants totalling £490,000 to environmental projects over the next three years. It is a grant programme which ultimately aims to involve other grantmaking trusts in environmental issues.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Achievements and performance

The initiative led to an invitation to Jonathon Porritt CBE, founder, Forum for the Future, to be the guest speaker at the Annual General Meeting which was held in Hexham Abbey on 15 November and attended by 200 members and guests. Jonathon Porritt challenged the Community Foundation to look at whether it operated on sustainable principles in all aspects of its work and the Board is currently undertaking a review in relation to grantmaking, investment, development and operations.

Financial Review

Net Assets at 31 March 2007 were £47.3m (2006: £45.7m). £43.5m of the assets related to endowment funds (2006: £41.4m). There were new donations to the endowment funds during the year of £2.2m, market growth of £1.6m and fees and transfers out of endowment of £1.7m. The expendable endowment fund is treated by the Directors as a long term capital fund to provide income for future grantmaking. The investments are managed by Investec Asset Management and Wise Speke to achieve maximum total returns and provide an agreed amount annually for grantmaking. The Investment Committee meet with Investec and Wise Speke on a quarterly basis and monitor their performance in relation to the WM unconstrained charity benchmark. Clear guidelines have been agreed in relation to asset allocation and these are also reviewed by the Investment Committee on a quarterly basis or when the market has been particularly volatile. Overall the Investment Committee was satisfied with investment performance over the year that kept pace with the benchmark. For the first time withdrawals from the endowment fund were calculated by using a base value of the fund at 1st January 2006 and increasing the value by the retail price index from April 2006 in order to provide a more consistent income stream. At the end of the year this method had created a small reserve to maintain grantmaking activities if markets fall in value. There is separate provision for donors who wish to invest ethically.

Incoming resources for the year totalled £8.9m (2006: £13.8m). The main sources of income were new donations, grants from public bodies and investment income. The fall in income this year is a result of ChangeUp and Neighbourhood Community Chest programmes coming to end in 2006. The main resources expended were for charitable grants of £7.5m (£10m). There were additional costs involved for the Sponsors Club, Sunshine Fund and Tiny Lives projects and for outreach contracts and investment charges. After deducting these costs expenditure for support costs, development costs, management and administration, although lower than 2006, was 11% of total expenditure (2006: 9%).

Reserves

The Statement of Financial Activities shows the movement in the year of the Community Foundation's (group) Unrestricted and Restricted Funds. The year end balances on the Restricted Funds are available in their entirety for future grant making and other direct charitable expenditure. Of the Unrestricted Funds balance at 31 March 2007 of £1,262,782 an amount of £756,813 is set aside for designated funds which are solely for future grantmaking, and the balance of £505,969 (2006: £441,637) as a general reserve available to meet future administration and development expenditure. The Board's reserve policy is that administrative reserves should be more than 3 months' but not more than six months' running costs. The reserves figure at the year end amounted to just over the estimated 6 months' running costs. The Board have agreed to exceed the maximum level of reserves in order to cover expected restructuring costs in 2008.

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Annual report for the year ended 31 March 2007 (continued)

Plans for future periods

There is still strong evidence of interest from individual and corporate donors in setting up new funds at the Community Foundation. For example, the Community Foundation received a gift of nearly £1m to set up the David Dockray Fund just after the year end. The Board will develop a new five year plan, one year early, by March 2008 as some restructuring of the organisation is anticipated in April 2008 when Local Network Fund comes to an end.

The Community Foundation will celebrate its 20th Anniversary in 2008 and a series of specific activities to promote the Community Foundation are planned during the summer.

Directors' responsibilities

The directors are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the charity's auditors are unaware, and each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed to members at the Annual General Meeting.

By Order of the Board



Hugh Welch
Chair
25 September 2007

Community Foundation serving Tyne & Wear and Northumberland (A company limited by guarantee)

Independent auditors' report to the members of Community Foundation serving Tyne & Wear and Northumberland

We have audited the financial statements of Community Foundation serving Tyne & Wear and Northumberland for the year ended 31 March 2007 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Summary Consolidated Income and Expenditure Account, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Community Foundation serving Tyne & Wear and Northumberland for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the charitable company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Act 1985. We also report to you whether in our opinion the information given in the Annual Report is consistent with the financial statements.

In addition we report to you, if in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

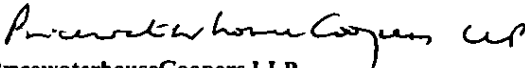
Basis of opinion

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charitable company's affairs as at 31 March 2007 and of the group's net incoming resources and application of resources, including the group's income and expenditure, and cash flows of the group for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Annual Report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Newcastle upon Tyne

(October 2007)

Community Foundation
serving Tyne & Wear and Northumberland

**Consolidated statement of financial activities
for the year ended 31 March 2007**

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total 2007	Total 2006
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Donations		529,317	2,202,662	2,246,887	4,978,866	5,175,982
Grants from public bodies		81,786	2,326,452	-	2,408,238	7,122,869
Activities for generating funds						
Fundraising events		-	178,883	-	178,883	236,015
Investment income	1	535,470	879,463	-	1,414,933	1,278,061
Other incoming resources		16,689	-	-	16,689	20,289
Total incoming resources		1,163,262	5,587,460	2,246,887	8,997,609	13,833,216
Resources expended						
Costs of generating funds						
Costs of generating donations	3	203,625	124,214	-	327,839	315,895
Costs of fundraising events	4	16,369	92,689	-	109,058	134,207
Investment managers' fees		-	1,558	162,370	163,928	142,612
Charitable activities	5	1,299,188	6,987,050	-	8,286,238	11,022,576
Governance costs	6	73,860	5,956	-	79,816	83,244
Other resources expended		16,689	-	-	16,689	20,289
Total resources expended		1,609,731	7,211,467	162,370	8,983,568	11,718,823
Net incoming resources before transfers		(446,469)	(1,624,007)	2,084,517	14,041	2,114,393
Gross transfers between funds	13-15	631,775	906,394	(1,538,169)	-	-
Net incoming resources before taxation		185,306	(717,613)	546,348	14,041	2,114,393

Community Foundation
serving Tyne & Wear and Northumberland

**Consolidated statement of financial activities
for the year ended 31 March 2007 (continued)**

	Note	Unrestricted funds	Restricted funds	Endowment funds	Total 2007	Total 2006
		£	£	£	£	£
Net incoming resources before taxation		185,306	(717,613)	546,348	14,041	2,114,393
Taxation	12	-	-	-	-	-
Net incoming resources before other recognised gains/losses		185,306	(717,613)	546,348	14,041	2,114,393
Gains & losses on investment assets	8	-	7,996	1,574,644	1,582,640	7,600,676
Net movement in funds		185,306	(709,617)	2,120,992	1,596,681	9,715,069
Fund balances brought forward at 1 April 2006		1,077,476	3,263,708	41,402,150	45,743,334	36,028,265
Fund balances carried forward at 31 March 2007		1,262,782	2,554,091	43,523,142	47,340,015	45,743,334

All of the above results are derived from continuing operations. All gains and losses, which were incurred in the year are included above. There is no difference between the net incoming resources before other recognised gains/losses above and the historical cost equivalent.

Community Foundation
serving Tyne & Wear and Northumberland

**Consolidated income and expenditure account
for the year ended 31 March 2007**

	Note	2007	2006
		£	£
Income - continuing operations			
Donations		2,731,979	3,342,852
Grants from public bodies		2,408,238	7,122,869
Fundraising events		178,883	236,015
Investment income		1,414,933	1,278,061
Other income		16,689	20,289
		6,750,722	12,000,086
Expenditure - continuing operations			
Grants	5	7,536,449	10,157,018
Staff costs	7	802,720	769,362
Other costs		482,029	652,796
		8,821,198	11,579,176
Net (deficit)/surplus for the year before transfers, investment asset disposals and taxation		(2,070,476)	420,910
Transfer from endowment fund		1,538,169	954,480
Realised gains/(losses) on investments		7,996	4,254
Taxation	12	-	-
Net (deficit)/surplus for the year		(524,311)	1,379,644

The total income of £6,750,722 comprises £1,163,262 for unrestricted funds and £5,587,460 for restricted funds as shown in the statement of financial activities. The total expenditure of £8,821,198 comprises £1,609,731 for unrestricted funds and £7,211,467 for restricted funds as shown in the statement of financial activities.

Community Foundation
serving Tyne & Wear and Northumberland

Balance sheets as at 31 March 2007

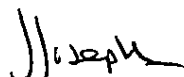
	Note	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Fixed assets					
Endowment fund investments	8	43,350,837	41,362,384	41,610,916	39,701,972
Investments	8	-	544,755	100	544,855
Tangible assets	9	27,622	28,614	27,622	28,614
		43,378,459	41,935,753	41,638,638	40,275,441
Current assets					
Debtors	10	64,239	83,526	64,239	106,958
Cash on short term deposit		2,290,584	1,282,959	2,290,584	1,282,959
Cash at bank and building society		2,816,576	3,904,029	2,771,363	3,833,580
Total current assets		5,171,399	5,270,514	5,126,186	5,223,497
Creditors: amounts falling due within one year	11	(1,209,843)	(1,462,933)	(1,213,007)	(1,462,759)
Net current assets		3,961,556	3,807,581	3,913,179	3,760,738
Total assets less current liabilities		47,340,015	45,743,334	45,551,817	44,036,179
Capital funds					
Endowment fund	13	43,523,142	41,402,150	41,749,765	39,715,807
Income funds					
Restricted	14	2,554,091	3,263,708	2,539,270	3,242,896
Unrestricted	15	1,262,782	1,077,476	1,262,782	1,077,476
Total funds		47,340,015	45,743,334	45,551,817	44,036,179

The accounts on pages 12 to 38 were approved by the Board on 25 September 2007 and were signed on their behalf by



Hugh Welch

Chair



John Josephs

Treasurer

Community Foundation
serving Tyne & Wear and Northumberland

Consolidated cashflow statement for the year ended 31 March 2007

	Note	Group 2007 £	Group 2006 £
Net incoming resources before revaluations and taxation		14,041	2,114,393
Investment income		(1,198,543)	(1,103,578)
Interest receivable		(216,390)	(174,483)
Receipts of endowment funds		(2,246,887)	(1,833,130)
Depreciation		12,870	13,023
Decrease/(increase) in debtors		19,287	115,702
(Decrease)/increase in creditors		(253,090)	81,210
Net cash outflow from operating activities		(3,868,712)	(786,863)
Returns on investments and servicing of finance			
Investment income		1,198,543	1,103,578
Interest receivable		216,390	174,483
		1,414,933	1,278,061
Taxation			
Tax paid		-	(10,730)
Capital expenditure and financial investment			
Payments to acquire fixed assets		(11,878)	(5,108)
Purchase of investments		(24,357,866)	(25,152,010)
Proceeds from sale of investments		24,496,808	24,178,160
		127,064	(978,958)
Management of liquid resources			
Increase in short term deposits	21	(1,007,625)	(45,472)
Financing			
Receipts of Endowment Funds		2,246,887	1,833,130
(Decrease)/increase in cash in year	21	(1,087,453)	1,380,112

Community Foundation

serving Tyne & Wear and Northumberland

Accounting Policies

Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of listed investments and freehold property, and in accordance with applicable accounting standards, including the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities published in 2005, and the Companies Act 1985. The statement of financial activities (SOFA), Income and Expenditure account and Balance Sheet consolidate the accounts of the charity and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. No separate SOFA has been presented for the charity alone as permitted by section 230 of the Companies Act 1985 and paragraph 422 of the SORP.

The charity has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

Listed and unlisted investments

Listed investments are stated at market value as at 31 March 2007.

Unlisted investments are quoted at cost except for AIM shares which are quoted at market value at 31 March 2007. Freehold property is stated at directors' estimate of market value. One of the properties under freehold property was revalued by the directors in September 2002 and the directors still consider this to be a reasonable value. A property donated to the Community Foundation in 2005 year end was valued by property consultants in November 2004, and the directors still consider it to be a reasonable value. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. Realised gains and losses for the year are calculated based on market value brought forward plus any additions in the year. No depreciation is charged on investment properties.

Group financial statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiaries, The Joseph Brough Charitable Trust, Tyne & Wear Foundation Limited and Tyne & Wear Foundation Trust, on a line by line basis.

Grant commitments

Grants payable are charged in the year when the offer is approved and conveyed to the recipient. Cancelled grants are re-credited at the point the decision is made not to pay out the grant or when a refund has been received.

Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight line basis, at the following rates:

Furniture and equipment	-	20% and 25% per annum
Office improvements	-	Over period of lease

Fixed asset investments, including property, are included at market value at the balance sheet date. Any gain or loss on revaluation is taken to the SOFA.

Community Foundation

serving Tyne & Wear and Northumberland

Accounting Policies (continued)

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Costs relating to raising voluntary donations, fundraising, grant costs and governance have been allocated direct to those cost headings and support costs have been apportioned on the basis of staff time spent on each area.

Pensions

The Community Foundation makes contributions on behalf of certain staff to a number of independently controlled defined contribution pension schemes. Contributions are charged in the period to which they relate.

Incoming resources

Income is recognised in the period in which it is receivable unless the charity has to fulfil conditions before becoming entitled to it or if the donor has specified that the income is to be expended in a future period, in which case it is deferred. Donations are accounted for in the period in which they are received or receipt is certain.

Investment income is recognised on an accruals basis.

Grants from the government and other agencies have been included as income from activities in furtherance of the charity's objects where these amount to a contract for services.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Operating leases

Rentals applicable to operating leases are charged to the SOFA and Income and Expenditure Account over the period in which the cost is incurred.

Fund accounting

Funds held by the charity are

Unrestricted general funds these are funds which can be used in accordance with the charitable objects at the discretion of the Directors.

Unrestricted designated funds these are funds which the Directors regard as unrestricted because they are used for general charitable grantmaking purposes in the Community Foundation's area of benefit although grants may still be made on recommendations from the donor.

Restricted funds these are funds that can only be used for particular restricted purposes within the objects of the charity.

Community Foundation
serving Tyne & Wear and Northumberland

Accounting Policies (continued)

Endowment funds are invested and the income from these funds is applied to the relevant restricted or unrestricted income funds

Investment income is allocated to the income funds on a "total return" basis for the Charity. A total of £951,445 (2006 £773,930) was transferred from the endowment fund to restricted (£638,310) and unrestricted (£313,135) funds in the year. Withdrawals from the endowment fund have been made at a rate of 6% which the Directors review annually and consider it to be a reasonable total return withdrawal rate.

Liquid resources

Liquid resources for cashflow purposes consist of cash held at banks in current and deposit accounts and petty cash.

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts
for the year ended 31 March 2007

1 Investment Income

	2007	2006
	£	£
Dividends & interest from endowment fund assets	1,198,543	1,103,578
Interest receivable on cash deposits	216,390	174,483
	1,414,933	1,278,061

2 Allocation of support costs and overheads

Support costs and overheads have been apportioned using the basis of staff time spent on the various activities.

	Donated income costs £	Fundraising events £	Charitable activities £	Governance £	Total 2007 £	Total 2006 £
Staff costs	40,918	7,540	102,332	6,197	156,987	150,233
Overhead costs	51,750	8,897	115,234	11,513	187,394	192,701
	92,668	16,437	217,566	17,710	344,381	342,924
Included in overhead costs are the following					2007 £	2006 £
Operating lease rentals – land and buildings					63,500	63,500
Depreciation					12,870	13,023

3 Donated income costs

	2007 £	2006 £
Staff costs	179,569	169,826
Direct costs	55,602	54,135
Support costs	92,668	91,934
	327,839	315,895

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

4 Fundraising events costs

	2007	2006
	£	£
Staff costs	30,365	27,165
Direct costs	62,256	91,449
Support costs	16,437	15,593
	109,058	134,207

5 Charitable activities

The Community Foundation serving Tyne & Wear and Northumberland undertakes its charitable activities through grant making

	2007	2006
	£	£
Grants payable	7,536,449	10,157,018
Staff costs	392,944	382,267
Outreach & evaluation costs	75,226	179,192
Direct costs	64,053	86,425
Support costs	217,566	217,674
	8,286,238	11,022,576

Grants were awarded in the year to other charities, voluntary organisations and individuals as follows

	2007 £	2007 Number	2006 £	2006 Number
Grants approved for payment				
Other charities & voluntary organisations	7,599,036	1,372	10,044,471	2,380
Individuals	166,430	331	139,973	325
Grants cancelled	(229,017)		(27,426)	
Total grant expenditure	7,536,449	1,703	10,157,018	2,705

A breakdown of grants awarded is shown on page 8. A full listing of grants awarded in the financial year can be found on our website, www.communityfoundation.org.uk

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

6 Governance

	2007	2006
	£	£
Staff costs	42,855	39,880
Auditors remuneration		
- Audit services	7,500	7,000
-Non-audit services	-	-
Legal & professional	4,235	9,660
Trustee expenses	242	566
Direct costs	7,274	8,415
Support costs	17,710	17,723
	79,816	83,244

7 Staff costs

Staff costs comprise the following	2007	2006
	£	£
Salaries	687,223	676,234
Social security costs	68,148	66,517
Other pension costs	47,349	26,610
	802,720	769,361

The average number of employees, excluding directors, employed by the group during the year was 29 (2006 30)

None of the directors received any remuneration during the year (2006 Nil) 3 of the directors received reimbursements for expenses during the year (2006 5) The total of the reimbursements amounted to £242 (2006 £566)

During the year employees with emoluments over £60,000 were in the following band

	2007	2006
	Number	Number
£60,001 to £70,000	1	1

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

8 Investments

Endowment fund investments - Group

At valuation	Unlisted investments £	Listed investments £	Deposit & other cash balances £	Freehold property £	Total £
At 31 March 2006	77,469	39,763,428	1,317,486	204,001	41,362,384
Additions in the year	-	22,786,022	1,244,821	-	24,030,843
Disposals in the year	(41,039)	(23,575,995)	-	-	(23,617,034)
Realised losses in the year	12,290	(1,315,276)	-	-	(1,302,986)
Unrealised gains in the year	19,968	2,857,662	-	-	2,877,630
At 31 March 2007	68,688	40,515,841	2,562,307	204,001	43,350,837
At cost					
At 31 March 2007	41,354	33,200,548	2,562,307	173,001	35,977,210
At 31 March 2006	58,909	31,672,820	1,317,486	173,001	33,222,216

Other investments - Group

At valuation	Listed investments £	Deposit & other cash balances £	Total £
At 31 March 2006	505,149	39,606	544,755
Additions/(deductions) in the year	366,629	(39,606)	327,023
Disposals in the year	(879,774)	-	(879,774)
Realised gains in the year	7,996	-	7,996
At 31 March 2007	-	-	-

At cost

At 31 March 2007	-	-	-
At 31 March 2006	396,125	39,606	435,731

	2007 Market Value £	2006 Market Value £
Listed investments are detailed as follows -		
UK Fixed Interest	4,013,603	3,762,206
UK Equities	25,344,380	25,726,992
Property	696,621	306,913
Overseas Fixed Interest	719,500	856,292
Overseas Equities	9,741,737	9,616,174
	40,515,841	40,268,577

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

8 Investments (continued)

Endowment fund investments - Charity

At valuation	Unlisted Investments £	Listed investments £	Deposit & other cash balances £	Freehold property £	Total £
At 31 March 2006	77,469	38,103,016	1,317,486	204,001	39,701,972
Additions in the year	-	22,130,789	1,244,821	-	23,375,610
Disposals in the year	(41,039)	(22,930,228)	-	-	(22,971,267)
Realised gains in the year	12,290	(1,316,516)	-	-	(1,304,226)
Unrealised gains in the year	19,968	2,788,859	-	-	2,808,827
At 31 March 2007	68,688	38,775,920	2,562,307	204,001	41,610,916

At cost

At 31 March 2007	41,354	31,798,938	2,562,307	173,001	34,575,603
At 31 March 2006	58,909	30,373,169	1,317,486	173,001	31,922,565

Other investments - Charity

At valuation	Unlisted investments £	Listed investments £	Cash £	Total £
At 31 March 2006	100	505,149	39,606	544,855
Additions in the year	-	366,629	(39,606)	327,023
Disposals in the year	-	(879,774)	-	(879,774)
Realised gains in the year	-	7,996	-	7,996
At 31 March 2007	100	-	-	100
At cost				
At 31 March 2007	100	-	-	100
At 31 March 2006	100	396,125	39,606	435,831

Listed investments are detailed as follows -	2007 Market Value £	2006 Market Value £
UK Fixed Interest	3,880,987	3,623,138
UK Equities	24,229,422	24,642,448
Property	614,187	260,062
Overseas Fixed Interest	699,220	842,179
Overseas Equities	9,352,104	9,240,338
	38,775,920	38,608,165

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

8 Investments (continued)

Listed investments under other investments are all listed on the London Stock Exchange or in respect of overseas equities these are listed on the relevant stock exchange of the country of origin. Endowment fund unlisted investments are shares registered on the AIM stock exchange.

Other unlisted investments held by the charity relate to £100 (2006 £100) investment in the subsidiary company Tyne & Wear Foundation Limited at cost.

Realised gains and losses are calculated based on the market value brought forward plus any additions in the year. Total net realised gains calculated using historical cost was £2,186,412 (2006 £2,517,171).

At 31 March 2007, the charity owned all of the ordinary share capital, consisting of 100 ordinary shares, of Tyne & Wear Foundation Limited, a company registered in England and Wales which raises funds through fundraising events.

9 Tangible fixed assets

Group and Charity	Furniture & equipment £	Office improvements £	Total £
Cost			
At 31 March 2006	193,958	20,269	214,227
Additions	11,878	-	11,878
At 31 March 2007	205,836	20,269	226,105
Depreciation			
At 31 March 2006	173,062	12,551	185,613
Charge for the year	10,842	2,028	12,870
At 31 March 2007	183,904	14,579	198,483
Net book value			
At 31 March 2007	21,932	5,690	27,622
At 31 March 2006	20,896	7,718	28,614

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

10 Debtors

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Amounts due from subsidiary undertaking	-	-	-	82,351
Sundry debtors	33,028	63,026	33,028	4,585
Dividends and interest receivable	29,671	19,033	29,671	18,555
Prepayments	1,540	1,467	1,540	1,467
	64,239	83,526	64,239	106,958

11 Creditors: Amounts falling due within one year

	Group 2007 £	Group 2006 £	Charity 2007 £	Charity 2006 £
Amounts due to subsidiary undertaking	-	-	3,164	426
Millennium Commission grants programme	-	11,663	-	11,663
Sundry creditors and accruals	196,861	195,801	196,861	195,801
Grants payable	984,989	1,238,469	984,989	1,237,869
Deferred income	27,993	17,000	27,993	17,000
	1,209,843	1,462,933	1,213,007	1,462,759

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

12 Taxation

As registered charities, the Community Foundation, Joseph Brough Charitable Trust and Tyne & Wear Foundation Trust are entitled to the exemptions from taxation in respect of income and capital gains received within categories covered by s505 Income and Corporation Taxes Act 1988 and s256 Taxation of Chargeable Gains Act 1992, to the extent that the income/gains received are applied for charitable purposes only. They are therefore not normally liable to UK Income Tax, Corporation Tax, or Capital Gains Tax.

	2007 £	2006 £
Corporation tax payable	-	-

13 Endowment fund

The expendable endowment fund is treated by the Directors as a long term capital fund to provide income for future grantmaking. Endowment donations received are allocated between unrestricted and restricted funds in accordance with the policy for each income fund. Joseph Brough Charitable Trust and Tyne & Wear Foundation Trust both hold permanently endowed funds.

	Group £	Charity £
At 1 April 2006	41,402,150	39,715,807
Transfers between funds		
Total returns endowment withdrawal	(951,445)	(951,445)
Transfers to endowment from income funds	351,144	351,144
Exceptional withdrawal from endowment funds	(937,868)	(937,868)
Net incoming resources before transfers	2,084,517	2,067,526
Gains & losses on investment assets	1,574,644	1,504,601
At 31 March 2007	43,523,142	41,749,765

The Community Foundation (charity) operates a total returns investment strategy and withdraws income from the endowment funds at a rate of 6% per annum to credit income funds to pay for grants and running costs. The difference between the actual endowment income received on the investments and the total withdrawal figure was £951,445 and is shown as a transfer from the endowment fund. The Board agreed in 2006 to make withdrawals of £1m, for an exceptional grant, from The Sage Gateshead fund, and £900,000 was withdrawn during 2007. An additional withdrawal of £37,868 was made from the Baines fund during this year.

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

14 Income funds - restricted

The Community Foundation receives income and donations both for general charitable purposes and also for more specific areas and issues. All grants are approved by the Board in consultation with people and companies who have set up funds within the Community Foundation for grants from their funds.

Funds are deemed to be restricted either if they have been donated for a specific purpose or appeal or if the donor has made a request that they are applied in one area or field. Since the year end the funds in deficit at 31 March 2007 have received sufficient funds to return them to credit.

	At 1 April 2006 £	Income & transfers £	Grants £	Other outgoings & transfers £	At 31 March 2007 £
Akzo Nobel International Paint	7,312	16,137	12,883	-	10,566
Alcan Primary Metal – Europe	9,442	15,000	10,880	1,125	12,437
Amec Offshore	13,081	7,057	2,100	-	18,038
Anne Coleman	33,551	843	30,290	-	4,104
Anonymous	193	64,103	63,000	1,000	296
Arriva	6,001	-	5,401	600	-
Asian	25	3,767	3,200	600	(8)
Asylum Seekers' Hardship	4,600	-	1,400	(1,100)	4,300
Baines	7,910	3,012	48,233	(37,868)	557
Nancy Barbour Award	1,600	5,650	5,000	-	2,250
Sir Jeremy Beecham	(331)	1,471	1,350	-	(210)
Barbara & Chris Beith	411	236	450	-	197
Bellingham	101	2,610	1,500	-	1,211
Berwick Community Support	40	-	-	-	40
Big Appeal	5,500	-	-	5,500	-
Bird Family	320	1,264	1,225	-	359
Canford Audio	759	361	1,250	-	(130)
Capacitybuilders CPP	-	221,788	203,009	10,684	8,095
Capacity Builders	-	48,550	44,135	4,414	1
Northumberland					
Capacity Builders Regional	-	81,266	73,878	7,348	40
Capacity Builders Tyne & Wear	-	129,972	118,152	11,816	4
CarbonNeutral	(1)	-	-	(1)	-
Change up – Northumberland	1,902	(1,061)	841	-	-
Change up - Regional	19,049	(6,902)	12,147	-	-
Change up – Tyne & Wear	123,060	(282,401)	(158,438)	-	(903)
Chapman	9,928	24,310	20,754	1,000	12,484
Community Arts	232	-	-	-	232
Community Leaders	4,836	-	-	-	4,836
Community Ventures	57,887	874	4,803	(126)	54,084
Sir Tom Cowie	8,830	54,192	49,268	(1,000)	14,754
Duncan & Sarah Davidson	117	2,714	2,800	-	31
Durham	577	2,337	2,914	-	-
Enact	685	-	-	685	-
Evangelical	(842)	6,025	7,560	-	(2,377)
Evening Chronicle Sunshine	184,817	241,099	148,381	126,178	151,357
Fair Share- Blyth	-	134,958	95,305	8	39,645
Fair Share - Wansbeck	50,000	-	97,052	8	(47,060)
FARNE	3,834	13,147	11,493	-	5,488
Fergusons of Blyth	3,568	6,004	8,477	-	1,095
Four Acre Trust	48,850	-	45,499	3,350	1
David Goldman Awards	(6,500)	27,452	20,795	-	157
Carried forward	601,344	825,835	996,987	134,221	295,971

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

14 Income funds - restricted (continued)

	At 1 April 2006 £	Income and transfers £	Grants £	Other outgoings and transfers £	At 31 March 2007 £
Brought forward	601,344	825,835	996,987	134,221	295,971
Allison Greenlees Continuation	1,619	5,811	7,450	-	(20)
Green Scheme	1,076	4,858	3,254	488	2,192
Grounds Family	30	198	-	-	228
Jackie Haq Fund for Scotswood	430	1,451	-	2	1,879
Hays Travel	145	-	-	-	145
Henry Smith Charity	516,201	865,500	978,300	(99)	403,500
Heyman Scholarships	1,143	2,851	4,000	83	(89)
Joy Higginson	796	1,203	796	-	1,203
High Sheriff of Northumberland	1,903	23,795	21,550	-	4,148
Included Communities	382,903	974,752	1,232,867	81,540	43,248
Jun Smail Tree	6,340	-	3,569	-	2,771
Josephs Family	840	2,000	1,300	700	840
JPMorgan	2,120	4,259	4,000	-	2,379
Kellett	61,174	346,654	375,953	10,293	21,582
Lady Grey Memorial	280	125	-	-	405
Latterford	231	380	-	-	611
Local Action on Global Issues	-	119,995	160,646	(40,685)	34
Lyndhurst	122,619	6,606	43,531	4,353	81,341
George Loggie	(3,351)	1,672	3,990	-	(5,669)
Men's Health	10	92	-	9	93
Men's Initiative	19,822	50,000	33,616	-	36,206
NEA Silver Jubilee	-	21,500	16,000	1,500	4,000
NBS Members	651	425	1,076	-	-
Newcastle Community Chest	59	-	60	(1)	-
Mary & Emid Noble	59,025	-	59,025	-	-
North East e-Learning	48,411	103,205	146,000	5,000	616
Northern Angel	3,410	-	1,150	-	2,260
North Tyneside	132	1,245	1,000	-	377
Northumberland Group	634,321	57,806	335,699	17,635	338,793
Northumberland Local Network	11,087	311,427	269,443	51,582	1,489
Northumbrian Water Chill Out	12,555	22,290	31,894	2,951	-
P&G Arts & Business Cards	785	-	-	-	785
Patch	-	14,199	2,250	-	11,949
Percy Family	2,905	4,097	6,500	-	502
Port of Tyne	-	30,000	9,500	-	20,500
Readman Foundation	701,533	31,101	13,450	2,643	716,541
Carrie Reay	8,235	31,475	21,053	809	17,848
Jane Robertson Alnwick	505	872	500	-	877
Brian Roycroft	5,441	6,755	9,399	-	2,797
Sage Gateshead	(420,000)	661,016	1,138,042	(900,000)	2,974
Sammy Johnson Memorial	53,552	13,120	18,217	45,751	2,704
Share Family	24,311	-	2,450	500	21,361
Smail Family	1,527	2,005	2,350	-	1,182
SMDHydrovision	18,587	30,000	23,958	2,250	22,379
South Tyne Valley	10,140	42,726	27,928	-	24,938
Sponsors Club for Arts & Business	58,729	176,334	47,493	128,010	59,560
Sport Relief	16,028	105,000	32,783	6,450	81,795
Taylor	4,919	19,924	15,800	-	9,043
Three Valleys	753	2,485	2,360	-	878
Carried forward	2,975,276	4,927,044	6,107,189	(444,015)	2,239,146

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

14 Income funds - restricted (continued)

	At 1 April 2006	Income and transfers	Grants	Other outgoings and transfers	At 31 March 2007
	£	£	£	£	£
Brought forward	2,975,276	4,927,044	6,107,189	(444,015)	2,239,146
Tiny Lives	185,508	491,791	79,451	332,925	264,923
Tyne & Wear High Sheriff					
Awards	2,652	22,264	20,700	2,235	1,981
Tyne & Wear Local Network	33,003	714,103	601,054	130,463	15,589
Ted Weekes	7,464	6,533	6,000	-	7,997
UK Land Estates	1,000	10,000	9,992	1,000	8
CH Wood	-	4,997	5,000	-	(3)
Women's	4,070	15,512	15,530	-	4,052
Young Musician's	27,897	5,182	6,359	21,143	5,577
YouthBank	6,026	-	500	5,526	-
Total Community Foundation	3,242,896	6,197,426	6,851,775	49,277	2,539,270
Joseph Brough Charitable Trust	14,996	27,431	32,000	-	10,427
Tyne & Wear Foundation Trust	5,816	8,909	10,271	30	4,424
Tyne & Wear Foundation Ltd	-	-	-	30	(30)
Total Group	3,263,708	6,233,766	6,894,046	49,337	2,554,091

Income and transfers include credits of £638,310 transferred from the endowment fund to distribute as income on a total returns basis and £7,996 relating to gains on fixed asset investments. Other outgoings include credit transfers between funds of £268,084, less staff costs of £190,568, investment managers fees £1,558 and other fund expenses and fundraising event costs of £125,295. The Women's Fund includes income from People of Ward Hadaway in memory of Sue Watts fund, Sunshine Fund includes income from Muriel Campbell fund and Brian Roycroft fund includes income from the Tessa Hide fund.

Community Foundation
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Notes to the accounts (continued)

15 Income Funds -unrestricted

As well as a general administrative unrestricted fund (included below for completeness) the Community Foundation holds the following designated funds which the Directors regard as unrestricted because they are used for general charitable purposes in the Community Foundation's area of benefit although grants may still be made on recommendations from the donor. The funds are to be used for grantmaking and grants are awarded throughout the year when committees meet and make recommendations to the Board. Since the year end the funds in deficit at 31 March 2007 have received sufficient funds to return them to credit.

	At 1 April 2006	Income and transfers	Grants	Other outgoings and transfers	At 31 March 2007
	£		£	£	£
Anonymous	1	3,799	3,750	-	50
Anonymous	2,458	3,176	5,000	-	634
Bank of England	300	1,000	700	600	-
Barnes	-	1,992	1,075	-	917
John Bell	766	31,458	29,814	-	2,410
Bellway	378	3,767	1,300	250	2,595
Peter Barratt's Garden Centres	10,931	-	8,280	-	2,651
Benfield Motors	4,866	2,309	-	-	7,175
Bonas Machine Company	284	848	-	-	1,132
Ron Bowey	358	4,561	-	-	4,919
Carr-Ellison Charitable Trust	367	11,803	11,350	500	320
CE Electric	206	8,505	2,000	2,000	4,711
Roland Cookson	30,243	41,041	67,937	4,321	(974)
Equitable Charitable Trust	2	-	-	2	-
Muscular Skeleto	2,074	-	1,520	-	554
Fogo	-	4,262	3,524	-	738
Gateshead Housing Company Community	-	106,000	-	-	106,000
George & Peggy	-	1,848	-	-	1,848
Grainger Charitable	25,575	13,806	13,681	500	25,200
Michael & Christine Heppell	-	2,350	385	-	1,965
Hugonin Family	-	3,000	2,500	300	200
HYPF	3,073	5,918	-	37	8,954
I'Anson Family	1,843	1,974	1,280	-	2,537
Keepmoat	-	8,334	-	1,251	7,083
William Leech Charity	26,982	25,400	31,635	-	20,747
Leech Challenge	2,589	3,037	-	-	5,626
Linden Family	1,170	14,867	7,004	-	9,033
Maudslay Family	1,000	459	-	-	1,459
G S May Family	917	5,049	4,278	-	1,688
Mitford Fund for Northumberland	962	2	-	964	-
Muckle LLP	23,344	56,951	37,990	2,000	40,305
North East Brewers Association	360	4,168	4,000	-	528
Newcastle Brown Ale	3,024	23,163	24,601	2,000	(414)
Newcastle Building Society Community	3,042	86,033	76,893	9,571	2,611
Northumbrian Water	3,081	3,891	6,609	-	363
N E M S Warehousing	1,000	-	-	1,000	-
Carried forward	151,196	484,771	347,106	25,296	263,565

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

15 Income Funds - unrestricted (continued)

	At 1 April 2005 £	Income and transfers £	Grants £	Other outgoings and transfers £	At 31 March 2006 £
Brought forward	151,196	484,771	347,106	25,296	263,565
PricewaterhouseCoopers	4,826	1,627	5,632	-	821
Prime	-	1,187	500	-	687
P&G	-	33,497	6,999	6,500	19,998
Guy Readman	1,170	2,112	2,950	-	332
Ridley Family Fund	24,213	41,722	63,279	0	2,656
Ringtons	3,299	15,544	15,082	-	3,761
Rolls-Royce	379	1,150	1,235	-	294
Joseph Rowntree Charitable Trust	31,572	14,812	9,684	-	36,700
St Cuthbert's	4,020	975	-	-	4,995
Sage Community	180,334	56,000	62,633	2,800	170,901
Johnnie & Tricia Smith	102	492	200	-	394
Specials Laboratory	6,570	22,000	20,267	2,000	6,303
Barry & Faga Speker	2,469	2,499	1,276	-	3,692
Staff Giving	2,714	1,335	2,985	(102)	1,166
Star	-	5,309	1,510	-	3,799
TESS	359	1,452	1,100	-	711
Treeline	-	384	-	-	384
Universal Building Society	(1,258)	1,687	-	429	-
Vaux	2,431	8,125	4,500	-	6,056
Ward Hadaway	1,975	716	1,100	-	1,591
Watkin Family	157	23,316	14,800	-	8,673
Wearl	-	5,500	5,000	-	500
Willis Charitable	816	1,281	1,000	-	1,097
Other general grantmaking funds	218,495	131,192	73,565	58,385	217,737
Total designated funds	635,839	858,685	642,403	95,308	756,813
Administrative fund	441,637	617,712	-	553,380	505,969
Total unrestricted funds	1,077,476	1,476,397	642,403	648,688	1,262,782

Income and transfers include £313,135 transferred from the endowment fund to distribute as income on a total returns basis

Other outgoings and transfers consist of credits of £318,640 transfers between funds, less £612,152 staff costs, £75,226 outreach & evaluation costs, £2,158 designated fund expenses and other administrative costs of £277,792

A number of funds contribute to the Community Foundation's general unrestricted grant fund, including Ian and Jane Gregg, Greggs plc, Sir James Knott Trust, Mitford, Northern Rock plc, Templeton, Tyne Tees Television, Tolent, and two anonymous funds. In addition to the funds listed in restricted and unrestricted funds there are 32 acorn funds, a number of which currently donate their income to other funds. A full listing of acorn funds can be found on our website, www.communityfoundation.org.uk and they will appear in the above analysis once they reach maturity

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

16 Analysis of group net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	2007 Total
	£	£	£	£
Investments	-	-	43,350,837	43,350,837
Tangible fixed assets	27,622	-	-	27,622
Current assets	1,453,158	3,452,300	265,941	5,171,399
Current liabilities	(217,998)	(898,209)	(93,636)	(1,209,843)
Total net assets	1,262,782	2,554,091	43,523,142	47,340,015

17 Financial commitments

At 31 March 2007 the group had annual commitments under non-cancellable operating leases as follows

	Land & buildings 2007 £	Land & buildings 2006 £
Expiry date		-
Within two to five years	63,500	63,500
Over five years	-	-
	63,500	63,500

18 Pensions

The Community Foundation contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Community Foundation in independently administered funds. The pension charge represents contributions by the Community Foundation to the funds and amounted to £47,349 (2006 £26,611). The significant increase in pension contributions is a result of an increase in employer's contributions from 5% to 7% and encouragement of staff to take up the option during the year. Outstanding contributions at 31 March 2007 were £1,210 (2006 £800).

Community Foundation

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Notes to the accounts (continued)

19 Subsidiary company and charities

These accounts are consolidated to include the financial transactions of the following as required under the Statement of Recommended Practice

Tyne & Wear Foundation Limited – wholly owned subsidiary

The Joseph Brough Charitable Trust – sole trustee

Tyne & Wear Foundation Trust – sole trustee

As permitted by section 230 of the Companies Act 1985, and by paragraph 422 of the Statement of Recommended Practice 2005, no separate company Statement of Financial Activities has been presented for the Community Foundation serving Tyne and Wear and Northumberland within these financial statements. The Company's gross income for the year was £8,940,205 (2006 £13,574,081) and its net incoming resources for the year were £3,041 (2006 £1,968,478)

The company made an unrealised gain on investments of £2,808,827 (2006 £6,277,633). The company's net increase in funds was £1,515,638 (2006 £9,272,917)

The Community Foundation owns the whole of the issued share capital of Tyne & Wear Foundation Limited, a company registered in England. The subsidiary is used to carry out larger fundraising events on behalf of the charity. The total net profit of the subsidiary is gifted to the Community Foundation, however the company did not trade during this financial year. A summary of results of the subsidiary company is shown below

	Total	Total
	2007	2006
	£	£
Turnover	-	133,342
Cost of sales	(30)	64,606
Operating (loss) / profit	(30)	68,736
	Total	Total
	2007	2006
	£	£
The aggregate of the assets and liabilities was		
Assets	70	67,466
Liabilities	-	(67,366)
Net Assets	70	100

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

19 Subsidiary company and charities (continued)

The Community Foundation is sole trustee of The Joseph Brough Charitable Trust, a registered charity. All activities of the charity have been consolidated on a line by line basis in the SOFA. A summary of the results of The Joseph Brough Charitable Trust is shown below

	Total	Total
	2007	2006
	£	£
Investment income	32,431	31,308
Charitable expenditure	(37,000)	(27,500)
Investment management costs	(2,032)	(2,262)
Gains and losses on investments	51,317	232,776
Net movement in funds	44,716	234,322

The aggregate of the assets, liabilities and funds was

	Total	Total
	2007	2006
	£	£
Assets	1,242,354	1,197,638
Liabilities	-	-
Funds	1,242,354	1,197,638

Represented by

	Total	Total
	2007	2006
	£	£
Permanent endowment fund	1,231,927	1,182,642
Restricted funds	10,427	14,996
Funds	1,242,354	1,197,638

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

19 Subsidiary company and charities (continued)

The Community Foundation is also sole trustee of Tyne & Wear Foundation Trust, a registered charity. All activities of the charity have been consolidated on a line by line basis in the SOFA. A summary of the results of Tyne & Wear Foundation Trust is shown below

	Total	Total
	2007	2006
	£	£
Donations	21,064	164,078
Investment income	15,025	16,053
Investment management costs	(2,041)	(1,333)
Charitable expenditure	(16,417)	(34,430)
Gains and losses on investments	18,726	63,461
Net movement in funds	36,357	207,829

The aggregate of the assets, liabilities and funds was

	Total	Total
	2007	2006
	£	£
Assets	545,874	525,102
Liabilities	-	(15,585)
Funds	545,874	509,517

Represented by

	Total	Total
	2007	2006
	£	£
Permanent endowment fund	541,450	503,701
Restricted funds	4,424	5,816
Funds	545,874	509,517

Community Foundation
serving Tyne & Wear and Northumberland

Notes to the accounts (continued)

20 Related party transactions

In the ordinary course of the Charity's activities, it has awarded grants and outreach contracts to other charities or organisations that have common Trustees/Directors with Community Foundation serving Tyne & Wear and Northumberland or are employed by that organisation. All grants and outreach contracts have been awarded using the same guidelines as any other grant or contract. Directors are always required to declare their interest in any organization being considered for a grant and do not take part in any such decisions. Directors and their associated companies donated a total of £459,804 to Community Foundation during the year, to named endowment and revenue funds.

Full details are given below of grants awarded and outreach payments made during the year

Organisation	Director involved	Relationship	Total grants £	Total outreach £
Gateshead CAB	Lisa Charlton	Employee	45,000	-
Newcastle Disability Forum	Lisa Charlton	Trustee	10,150	-
Bridge Women's Education & Support Project	Sheila Davidson	Employee	2,550	-
Age Concern Newcastle	Pamela Denham CB,DL	Trustee	10,000	-
University of Sunderland Development Trust	Pamela Denham CB,DL	Trustee	1,000	-
Wansbeck CVS	Rodney James	Trustee	24,535	3,000
DIVA	Parmjit Mattu	Employee	2,000	-
Angelou Centre	Parmjit Mattu	Trustee	40,235	-
Brinkburn Music	Richard Maudslay CBE	Chairman	2,700	-
North Music Trust	John Squires OBE, DL	Director	1,158,837	-
STRIDE	Shobha Srivastava	Member	-	5,000
Bliss- Ability	Shobha Srivastava	Trustee	39,630	-
Hindu Nari Sangh	Shobha Srivastava	Chair	3,000	-
Apna Ghar	Shobha Srivastava	Trustee	6,899	-
North Tyneside VODA	Jan Worters	Employee	78,510	5,000
VONNE	Jan Worters	Director	62,822	-
Northern Stage	Mike Worthington	Chair	1,400	-
Pendower Good Neighbourhood Project	George Hepburn	Chair	32,000	-

Community Foundation
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Notes to the accounts (continued)

21 Cashflow information for the group

Reconciliation of net cashflow to movement in net funds

	2007 £
(Decrease)/increase in cash in period	(1,087,453)
Increase in short term deposits	1,007,625
Movement in net funds in the year	(79,828)
Net funds at 1 April 2006	5,186,988
Net funds at 31 March 2007	5,107,160

Analysis of net funds

	1 April 2006 £	Cashflow £	31 March 2007 £
Cash at bank and building society	3,904,029	(1,087,453)	2,816,576
Short term deposits	1,282,959	1,007,625	2,290,584
Net funds	5,186,988	(79,828)	5,107,160

22 Ultimate controlling party

The Directors do not consider that the Community Foundation has an ultimate controlling party because the Community Foundation has a large and wide ranging membership who elect the Board and would all be required to agree any changes to the memorandum and articles