

The Smiles Foundation
Charity



Reg. Charity No. 1087961

Report and Financial Statements

For the year ended

31st December 2022

The Smiles Foundation

For the year ended 31st December 2022

Contents	Page
Legal and Administrative Information	2
Report of the Trustees	3-7
Statement of Financial Activities	8
Balance Sheet	9
Statement of Cash Flows	10
Notes to Financial Statements	11-13
Independent Examiner's Report	14

The Smiles Foundation

Legal and Administrative Information
For the year ending 31 December 2022

Charity Name	The Smiles Foundation
Charity Number	1087961
Trustees	K. D. Hoy (Chairman) B. McKee M. Wildsmith N. Adams G. Cowan I. Steenson
Registered Office	153 Beeston Road Leeds LS11 6AW
Independent Examiner's	Samantha Sutcliffe F.C.C.A. Torevell Dent Limited Chartered Certified Accountants Centre of Excellence Hope Park Trevor Foster Way Bradford BD5 8HH
Solicitor	Clarion Solicitors Britannia Chambers 4 Oxford Place Leeds LS1 3AX England
Bankers	Lloyds Bank plc 65-68 Briggate Leeds LS1 6LH

The Smiles Foundation

Report of the Trustees **For the year ended 31st December 2022**

The Trustees present their Report and Financial Statements for the year ended 31st December 2022.

Status

The Smiles Foundation was constituted by a Declaration of Trust dated 8th May 2001 and registered as a charity on 10th August 2001 under charity number 1087961.

Objectives

The objectives of the Charity are:-

- a) To promote the Gospel of Jesus Christ through word and deed, as taught in the New Testament of the Holy Bible.
- b) To relief of the implications of war, famine and natural disaster.
- c) To provide food, housing and living assistance to men, women and children.
- d) To instigate projects that provide self-help and employment opportunities for the unemployed, refugees and those with educational deficiencies who find employment difficult.
- e) To support educational and cultural developments through the provision of facilities, staff and materials
- f) To encourage the young and old to Smile and know they are not forgotten but loved and cared for to ensure them a better life.

The Trustees served in a voluntary capacity receiving no direct remuneration for their efforts, nor have claimed any expenses to which they would not be entitled by way of reimbursement for 'out of pocket' expenses.

Trustees must have a heart for the charity and are recommended and appointed by existing trustees. Training is given within the guidelines of the Charities Commission.

Trustees

The trustees who served during the year were:-

K. D. Hoy (Chairman)
B. McKee
M. Wildsmith
N. Adams
G. Cowan
I. Steenson

The Smiles Foundation

Report of the Trustees **For the year ended 31st December 2022**

2022 - Review of Activities

2022 gave us the first real new start to Activities, following the challenges of the Covid-19 Pandemic. Although cautiously moving forward, it was felt this year we could expect a much better response to the work resuming in all areas, and so it did.

Freedom to travel more allowed for planning to visit supporter bases throughout the United Kingdom, but also a major visit was planned to America for February and March.

Whilst there was a major new project being launched in 2022, we still had all the regular operating projects to support and maintain, so a demanding year ahead.

Tileagd Nursery continued to progress well with a strong registration of 40 children. The Subsidies received for operating the Nursery continued to make a significant positive contribution on the operating budget.

Rapa and Corbesti Communities were also serviced well, but hopes to increase the Staff Team would allow for better service, especially for the children in Rapa.

Gepiu Community Project had little to no activity and considerations were given to the longer-term prospects and whether there would be value in selling the building facility, allowing capital funds to be productively used elsewhere.

Dezna Outreach Project had a good year after slowly building up interest again following the Pandemic. Reputation is spreading for Dezna providing great opportunity for Youth Camps and we expect the facility to go from strength to strength over the coming years.

The Family Support programme was under heavy demand with families struggling more than normal following the Pandemic. Our Team was able to respond to most, if not all, of those who requested help. Our regular criteria of establishing a partnership with the family to ensure progress was a two-way effort, was maintained and generally people who really needed the help, responded and partnered well with Smiles for the sake of their family.

The Mission Centre in Cihei picked up well after the Pandemic and number of visitors steadily grew throughout the year. We were very pleased on reflection with what was achieved.

The Glasshouse in Arpasel was functioning well and the established team there was more stable than other areas of Smiles work in Romania.

Whilst the World economic concerns raised some questions over the sales potential for 2022, the indications seemed strong, and we were pleased with the results achieved.

Following the outbreak of war in Ukraine, very unexpectedly, Smiles were called into major support and services for refugees, fleeing the war region. After February 24th, 2022 – hundreds of refugees arrived in Oradea and the Authorities referred many to Smiles for Accommodation, Food, Hygiene facilities and Transport arrangements onto other parts of Europe. For the best part of 3 months, we undertook this emergency role and were able to help literally hundreds of people, predominantly women and children.

After the initial surge of refugees looking for onward travel options, some had no contacts in Europe, and several of those took the option of longer-term accommodation with Smiles in various facilities in Cihei, Mierlau and Gepiu.

The Smiles Foundation

Report of the Trustees **For the year ended 31st December 2022**

Throughout the rest of the year, more than 50 Ukrainians took our offer of accommodation, some for weeks, some for months and either eventually moved on to other European countries or in some cases, moved back to Western Ukraine. About 15 stayed with Smiles longer term in our available facilities.

Smiles Residential Facilities continued to function having started to pick up in number of residents following the Pandemic. Oradea and Tileagd facilities bounced back well, but Salonta seemed to be much slower, not reaching the residential numbers we had before the Pandemic, even by the end of 2022.

This added pressure to JFL Salonta as lack of residents made budgets difficult as most of the costs remained the same. Smiles decided not to reopen Phase Two in Salonta, so integrated residents from Phase Two with Dementia, with our regular residents in Phase One – endeavouring to keep the main facility fully operational with up to 30 residents.

Oradea being city based, seemed to return to normal numbers quite quickly. Tileagd Assisted Living took longer, but the indications were positive that numbers would rise.

The biggest undertaking Smiles made in 2022 was the decision to begin building a new Residential Facility, in Cihei (the site of HQ for Smiles Romania). This was to be the largest facility ever built by Smiles with an anticipated cost of up to £3million.

It is to be a 60-bed Residential Facility with strong focus on Medical needs, so a doctor and/or nurses would be on duty 24 hours a day. The facility would include Physiotherapy, Sensory Therapy and Hydrotherapy treatment within the complex.

The campaign was launched, and a Construction Contract signed in April 2022. Work began with clearing the allocated land, then foundations and so on. Considerable work was achieved in the year, but we anticipate a 2-year construction period and would hope to see opening the Facility called ‘Sunset House, Cihei’ in May or June 2024, with an official Grand Opening Celebration anticipated in October 2024.

Funding would be sought from Sale of Assets within Smiles Romania plus Donations and Interest Free Loans from British and American Supporters to see the Project built as planned over the 2-year period. We would anticipate an increase in overall income for Smiles UK while this campaign is running.

The administrative and financial staff in Romania continued to do an excellent job. Maria Hava (Director of Missions), Adi Matis (Director of Outreach) and Simona Tosity (Director of Enterprise) continued under the leadership of Kevin Hoy (CEO), to maintain the management and control of the organisation’s projects. The 4-person team is known as the Executive Management in Romania.

Management staff were rising to the needs in various projects, such as Carmen Pop at ECO and JFL plus Dani Faur at the Glasshouse. These both proved a great support in day-to-day duties that Simona Tosity is involved with.

In finance and administration, Nina Florea and Corina Nemtut do a truly excellent job and have now served the Charity for over 30 years between them.

Having managed to survive the challenges of the Pandemic, we were extremely pleased and somewhat relieved to achieve such a good position by the end of 2022.

The Smiles Foundation

Report of the Trustees **For the year ended 31st December 2022**

Results

Full details of the financial transactions are contained in the attached accounts.

Total incoming resources were £592,628 (2022: £337,505) total resources expended were £709,777 (2021: £252,282) leaving a decrease in resources of £117,149 (2021 increase of: £85,223).

Further details are shown on page 8 of the financial statements.

Future Developments

The Charity's intention is to work towards completion of the new project, Sunset House Cihei, by the end 2023 – at least in main construction terms. This will allow the following year to focus on internal finishing and furnishing ready for Official Opening in 2024.

The Charity also plans to develop the potential of Dezna Outreach Centre and we anticipate that will require specific personnel to manage, market and promote the facility in Dezna.

These future development plans suggest exciting times ahead for the Smiles Foundation.

Reserves Policy

The Trustees, are working towards a policy to whereby the unrestricted funds, not committed or invested in tangible assets ('the free reserves') held by the charity should be between 1 and 3 months of the resources expended, which equates to £50,000 to £150,000 in general funds. At the proposed reserves level, the Trustees recognise the need to continue to attract major funding in order to maintain activities.

Investment Policy

The Trustees have considered the most appropriate policy for investing funds. Short term reserves will be held in the Trustees' interest-bearing bank account. Future long-term reserves will be held in accounts designed for the charity sector, with the requirement to generate income and/or capital growth.

Risk Review

The Trustees have conducted their own review of the major risks to which the charity is exposed, and systems have been established to mitigate those risks. Significant external risks to funding have led to the development of a strategic plan which will allow for the diversification of funding and activities. Internal risks are minimised using professional consultants, and the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company. The procedures are periodically reviewed to ensure they still meet the needs of the charity.

The Smiles Foundation

Report of the Trustees **For the year ended 31st December 2022 (continued)**

Responsibilities of the Trustees

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Trustees should follow best practice and:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards and statements of Recommended Practice have been followed, subject to any departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue on that basis.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Approved by the Trustees on the 27th September and signed on their behalf by:

.....
K. D. Hoy
Chair of Trustees

The Smiles Foundation

Statement of Financial Activities
For the year ended 31st December 2022

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income and Endowments from					
Donations and legacies		323,903	-	323,903	259,674
Activities for generating funds		7,325	-	7,325	1,764
Charitable activities		261,400	-	261,400	76,067
		-----	-----	-----	-----
Total income		592,628	-	592,628	337,505
		=====	=====	=====	=====
Expenditure on					
Raising funds		1,508	-	1,508	1,622
Charitable activities	2	706,373	-	706,373	248,785
Other		1,896	-	1,896	1,875
		-----	-----	-----	-----
Total expenditure		709,777	-	709,777	252,282
		=====	=====	=====	=====
Net movement of funds		(117,149)	-	(117,149)	85,223
Total funds brought forward		147,819	-	147,819	62,596
		-----	-----	-----	-----
Total funds carried forward		30,670	-	30,670	147,819
		=====	=====	=====	=====

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities.

The notes on page 11 to 13 form part of these financial statements.

The Smiles Foundation

Balance Sheet

As at 31st December 2022

	Notes	2022	2021
		£	£
Fixed Assets	3	500,000	500,000
		-----	-----
Current Assets			
Debtors	5	14,829	11,040
Bank		35,938	33,297
		-----	-----
		50,767	44,337
Creditors: amount falling due within one year			
	6	(1,896)	(5,187)
		-----	-----
Net Current Assets/(Liabilities)		48,871	39,150
		-----	-----
Creditors: amounts falling due over more than one year			
	7	(518,201)	(391,331)
		-----	-----
Total Net Liabilities			
Unrestricted – General fund		30,670	147,819
		=====	=====
Funds of the Charity			
Unrestricted – General fund		30,670	147,819
Restricted – Income funds		-	-
		-----	-----
Total Charity Funds		30,670	147,819
		=====	=====

The financial statements were approved by the Trustees on the 27th September and signed on their behalf by:-

.....
K. D. Hoy
Chair of Trustees

The notes on page 11 to 13 form part of these financial statements.

The Smiles Foundation

Statement of Cash flows

For the year ended 31st December 2022

	2022 £	2021 £
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities as below</i>	(113,360) =====	87,451 =====
Cash flows from investing activities:		
Purchase of property, plant & equipment	-	-
Proceeds from sale of property, plant & equipment	-	-
	-----	-----
<i>Net cash provided by (used in) investing activities</i>	- =====	- =====
Cash flows from financing activities:		
Repayments of borrowing	(73,130)	(72,118)
Cash inflows from new borrowing	200,000	1,000
	-----	-----
<i>Net cash provided by (used in) financing activities</i>	126,870 =====	(71,118) =====
<i>Change in cash and cash equivalents in the reporting period</i>	2,641	16,333
Cash and cash equivalents at the beginning of the reporting period	33,297	16,964
	-----	-----
Cash and cash equivalents at the end of the reporting period	33,297 =====	33,297 =====
Reconciliation of net income/(expenditure) to net cash flow from operating activities:		
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(117,149)	85,223
Adjustments for:		
Depreciation charges	-	-
Loss on sale of fixed assets	-	-
Increase in debtors	3,789	2,228
Increase in creditors	-	-
	-----	-----
	(113,360) =====	87,451 =====

The Smiles Foundation

Notes of the Financial Statements **For the year ended 31st December 2022**

1. Accounting policies

a) Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice. Accounting and Reporting by Charities 2005. The accounts are prepared under the historical cost convention and are in accordance with Charities SORP (FRS 102).

b) Going concern

As stated on page 7, the accounts have been prepared on a going concern basis. This is dependent on the continued support of the loan creditors shown in Note 7 to the accounts.

c) Fund accounting

Unrestricted funds are corporate funds, which as such are available for use or retention at the discretion of the trustees in accordance with the Trust's objects.

Restricted funds are trust funds subject to specific restrictive conditions imposed by the donor or by the declared purpose in appeals literature.

d) Incoming Resources

All income is accounted for on a receivable basis. Any general purpose grants whose use is restricted by the grant or to some future accounting periods are accounted for as deferred income until the restriction has been satisfied.

e) Resources expended

All expenditure is accounted for on an accrual's basis and, where incurred directly to further the Trust's charitable objects, is shown as project direct costs under the heading of charitable expenditure.

f) Taxation

The charity is registered with the Charities Commission and is not subject to taxation on its normal activities.

2. Resources expended on charitable activities

	2022	2021
	£	£
Project support costs	652,135	209,789
Travelling expenses	982	-
Office administration	51,731	37,537
Bank charges and interest	1,525	1,459
	-----	-----
	706,373	248,785
	=====	=====

The Smiles Foundation

Notes to the Financial Statements
For the year ended 31st December 2022

	2022	2021
3. Investments	£	£
Loans to Sminro SRL	500,000 =====	500,000 =====

Sminro SRL is a wholly owned subsidiary of (Asociatia Smiles) a Charity registered in Romania.

	2022	2021
4. Net incoming resources for the year this is stated after charging:-	£	£
Independent examiner's fees	1,896 =====	1,875 =====

	2022	2021
5. Debtors	£	£
Gift Aid	14,829 =====	11,040 =====

	2022	2021
6. Creditors: amounts falling due with one year	£	£
Accruals	1,896	1,875
Bank overdraft and loan	-	3,312
	----- 1,896 =====	----- 5,187 =====

The Smiles Foundation

Notes to the Financial Statements For the year ended 31st December 2022

	2022 £	2021 £
7. Creditors: amounts falling due over more than one year		
Loans	518,201	391,331
Bank Loan	-	-
	-----	-----
	518,201	391,331
	=====	=====

8. Security

The bank loan is guaranteed personally by K.D. Hoy. Loans are not secured. As at 31st December 2022 interest free loans totalling £22,137 were outstanding to K. D. Hoy (2021: £46,137)

The Smiles Foundation

Independent Examiner's Report to the Trustees of the Smiles Foundation **For the year ended 31st December 2022**

I report to the Trustees on my examination of the accounts of The Smiles Foundation for the year ended 31st December 2022 which are set out on pages 8 to 13.

Responsibilities and basis of report

The Charity's Trustees are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act')

I report in respect of my examination of the accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent Examiner's Statement

I confirm that I am qualified to undertake the examination because I am a member of The Association of Chartered Certified Accountants, which is one of the listed bodies.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

In connection with my examination, no matter has come to my attention:

1. Accounting records were not kept in respect of the Charity as required by section 130 of the Act; or
2. The accounts do not accord with those records; or
3. The accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view which is not a matter considered as part of an independent examination'

I have no other concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

.....
Samantha J Sutcliffe F.C.C.A.
Torevell Dent Limited
Chartered Certified Accountant
Centre of Excellence
Hope Park
Trevor Foster Way
Bradford
BD5 8HH

Date