

The Smiles Foundation
Charity



Reg. Charity No. 1087961

Report and Financial Statements

For the year ended

31st December 2023

The Smiles Foundation

For the year ended 31st December 2023

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 2023

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 2023**

The Trustees present their Report and Financial Statements for the year ended 31st December 2023.

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 2023

2023 - Review of Activities

2023 continued the positive direction experienced as the world emerged out of the Pandemic era and returned to a somewhat normal programme with interest in the Foundation's Work from all areas of support.

Considerable travel was arranged for visiting Support Bases across the UK with the CEO visiting Northern Ireland in January and America in March. UK Ambassador, Luke Wathen visited several locations in England, Scotland and Wales during January to March before he returned to Romania to begin the Mission Trip season. Local Ambassadors continued their great work in their region. Adrian Pogue in Northern Ireland, Jean Barclay in Scotland and Annette Charles in England.

Mission Trips organised in 2023 were very encouraging and beneficial, totalling 268 visiting guests throughout the year. Dawn Wilson continued to provide excellent support from the Leeds office for visiting guests.

It was believed the Sunset House construction project in Romania, attracted a high number of visitors, to both see, and in many cases work voluntarily on the building. Sunset House was proving to be an exciting project and clearly established as the biggest and most costly project the Foundation had ever undertaken. Interest and Support was very positive indeed.

Unfortunately, several significant delays were experienced with the Contractor and this steadily pushed us further behind on all our plans for the Construction process, Finishing and Opening which had originally been scheduled for summer 2024. By the end of 2023, we considered the project to be up to 6 months behind schedule, which put at risk the planned functioning with Staff and Residents by June/July 2024.

The decision was therefore taken to delay 'functioning' with Staff and Residents, focusing instead on getting the Building Completed, ready for Authorisation Inspection, so that functioning arrangements could be better considered at an early stage for 2025.

On that basis, Construction and Furnishing was scheduled to be finished by September 30th, 2024. The Official Celebration for the Facility to be October 12th & 13th 2024 and then planned arrangements would start for Functioning.

Continuing to be concerned with raising the Funds required for such a start-of-the-art facility, anticipated to be around £3million, the Foundation continued pursuing options for selling some of our Fixed Assets to contribute to the financial needs.

During the year, significant success was achieved in attracting interest in the sale of two facilities. Land in Boga and the Community Centre and House in Gepiu. During 2023, terms were agreed for both assets and a net income would be raised of €330,000 (£295,000 approximately) a helpful 10% contribution towards Sunset House budget.

We look forward to seeing completion of the Facility in 2024 and starting to operate the programme from early 2025.

Whilst Sunset House was the major project of the year, we still had the regular operating projects to support and maintain, so another demanding year for sure.

The Outreach Team in Romania continued to be well supported by donors and was able to maintain the service to many families in Bihor County experiencing extreme difficulties for a variety of reasons, including general poverty, health difficulties, housing and employment limitations.

The Smiles Foundation

Report of the Trustees

For the year ended 31st December 2023

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.

Dezna Outreach Project had another good year. The reputation for Dezna Outreach Centre continues to grow, providing great opportunity for Youth Camps, Conferences and Retreats.

The Outreach Team, led by Adi Matis, did a fine job meeting the needs to the best of their ability.

Tileagd Nursery continued to progress well with a strong registration of 40+ children. The continued State Subsidies received for operating the Nursery continued to help significantly providing a positive contribution to the operating budget.

The Mission Centre in Cihei experienced a busy but very positive year, with a strong number of visiting guests from the United Kingdom.

The Emergency Housing Unit in Mierlau continued to be used by Ukrainian Refugees which is anticipated to be needed for at least another year.

Smiles Residential Facilities continued to function well, and number of residents continued to stay strong in ECO (46) and TAL (42). Salonta continued to be much slower and seemed somewhat stuck at about 25-27 residents.

This adds pressure to JFL Salonta as lack of residents makes budgets difficult as most of the costs remain the same. Smiles continues to keep Phase Two in Salonta closed, so all residents accommodated in the Phase One Building – keeping the main facility fully operational with up to 30 residents.

The Glasshouse in Arpasel was functioning well and the established team there remained consistent which helps greatly in ensuring a smooth operation.

We were delighted to see the Glasshouse sales for 2023, remain strong and shows positive indication for the year ahead.

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. During the year, Simona took a greater role in Residential Care and Plans are in place for 2024 to see that transition increased, with Dani Faur taking a greater responsibility at the Glasshouse.

Management staff were rising to the needs in various projects, with Carmen Pop at ECO and JFL and Delia Mezea in TAL. These both proved a great support for day-to-day duties that Simona Tosity was getting more involved with.

In finance and administration, Dawn Wilson continued to manage the Leeds Office with administrative and accounting support from Nina Florea and Corina Nemtut in Romania, who all do a truly excellent job. The tremendous service that each person gives to the Foundation is part of the secret to the success. Dawn 35 years, Corina 19 years and Nina 15 years.

With the Pandemic impact truly behind us, we were extremely pleased to achieve such a positive position by the end of 2023.

The Smiles Foundation

Report of the Trustees

For the year ended 31st December 2023

Results

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

Kevin Hoy
Chief Executive
The Smiles Foundation
September 10th, 2024

Future Developments

The Charity's intention is to work towards completion of the project, **Sunset House Cihei**, by September 2024 – at least in main construction terms, finishing and furnishing.

This will allow us to plan Full Operation with Staff and Residents by spring 2025.

Tileagd Assisted Living will need considerable upgrades for Fire Code Authorisation which will be worked on during 2024.

Likewise, Dezna Outreach Centre will need similar Fire Code upgrades which will be looked at in detail after the Summer Season of Camps. Once updated Authorisations are obtained, we will look to market and promote the facility in Dezna and we anticipate we will require additional personnel to manage the increased programme, hopefully in 2025.

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.

The Smiles Foundation

Report of the Trustees

For the year ended 31st December 2023

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.

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.....September 2024 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 2023

	Notes	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income and Endowments from					
Donations and legacies		298,677	-	298,677	323,903
Activities for generating funds		3,421	-	3,421	7,325
Charitable activities		428,664	-	428,664	261,400
		-----	-----	-----	-----
Total income		730,762	-	730,762	592,628
		=====	=====	=====	=====
Expenditure on					
Raising funds		3,830	-	3,830	1,508
Charitable activities	2	594,998	-	594,998	706,373
Other		2,040	-	2,040	1,896
		-----	-----	-----	-----
Total expenditure		600,868	-	600,868	709,777
		=====	=====	=====	=====
Net movement of funds		129,894	-	129,894	(117,149)
Total funds brought forward		30,670	-	30,670	147,819
		-----	-----	-----	-----
Total funds carried forward		160,564	-	160,564	30,670
		=====	=====	=====	=====

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 2023

	Notes	2023	2022
		£	£
Fixed Assets	3	500,000	500,000
		-----	-----
Current Assets			
Debtors	5	16,905	14,829
Bank		29,600	35,938
		-----	-----
		46,505	50,767
Creditors: amount falling due within one year	6	(2,040)	(1,896)
		-----	-----
Net Current Assets/(Liabilities)		44,465	48,871
		-----	-----
Creditors: amounts falling due over more than one year	7	(383,901)	(518,201)
		-----	-----
Total Net Liabilities			
Unrestricted – General fund		160,564	30,670
		=====	=====
Funds of the Charity			
Unrestricted – General fund		160,564	30,670
Restricted – Income funds		-	-
		-----	-----
Total Charity Funds		160,564	30,670
		=====	=====

The financial statements were approved by the Trustees on the.....September 2024 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 2023

	2023 £	2022 £
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities as below</i>	127,962	(120,917)
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	(134,300)	(76,442)
Cash inflows from new borrowing	-	200,000
<i>Net cash provided by (used in) financing activities</i>	(134,300)	123,558
<i>Change in cash and cash equivalents in the reporting period</i>	(6,338)	2,641
Cash and cash equivalents at the beginning of the reporting period	35,938	33,297
Cash and cash equivalents at the end of the reporting period	29,600	35,938
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)	129,894	(117,149)
Adjustments for:		
Depreciation charges	-	-
Loss on sale of fixed assets	-	-
(Increase) in debtors	(2,076)	(3,789)
Increase in creditors	144	21
	127,962	(120,917)

The Smiles Foundation

Notes of the Financial Statements

For the year ended 31st December 2023

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

	2023	2022
	£	£
Project support costs	535,394	652,135
Travelling expenses	1,359	982
Office administration	55,769	51,731
Bank charges and interest	2,476	1,525
	-----	-----
	594,998	706,373
	=====	=====

The Smiles Foundation

Notes to the Financial Statements
For the year ended 31st December 2023

	2023	2022
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.

	2023	2022
4. Net incoming resources for the year this is stated after charging:-	£	£
Independent examiner's fees	2,040	1,896

	2023	2022
5. Debtors	£	£
Gift Aid	16,905	14,829

	2023	2022
6. Creditors: amounts falling due with one year	£	£
Accruals	2,040	1,896
	-----	-----
	2,040	1,896

The Smiles Foundation

Notes to the Financial Statements
For the year ended 31st December 2023

	2023	2022
	£	£
7. Creditors: amounts falling due over more than one year		
Loans	383,901	518,201
	-----	-----
	<u>383,901</u>	<u>518,201</u>

8. Security

The bank loan is guaranteed personally by K.D. Hoy. Loans are not secured. As at 31st December 2023 interest free loans totalling £0 were outstanding to K. D. Hoy (2022: £22,137)

The Smiles Foundation

Independent Examiner's Report to the Trustees of the Smiles Foundation **For the year ended 31st December 2023**

I report to the Trustees on my examination of the accounts of The Smiles Foundation for the year ended 31st December 2023 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

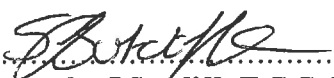
I confirm that I am qualified to undertake the examination because I am a member of The Association of Chartered Certified Accountants, which is one of the listed bodies.

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