



Trustees' report and financial statements

For the year ended 31 December 2022

Co-operative Community Investment Foundation (a company limited by guarantee)

Company registered number 4117665 / Charity registered number 1093028 (England & Wales), SC048102 (Scotland)



Foundation

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Foreword by Jamie Ward-Smith, Chair of Trustees

Can you imagine what your community will look like in 10 years' time? Can you envisage the structures that will be needed to help those who are most vulnerable, or the issues that we'll tackle to make society fairer? After the turbulence of the past three years, I'm not sure I could. Thankfully for the Co-op Foundation in 2022, there was a group of young people perfectly suited to this task. And what they helped us create was truly remarkable.

'Building communities of the future together' is our new radical five-year strategy, released in October 2022. It was created with co-operation baked into its heart and central to this is our new youth-led Future Communities Vision. This vision was developed with young people who were passionate about building fairer, more co-operative communities and their insight is now the bedrock of our future direction. As we move forwards in our grantmaking, we thank them for their input and commit to working towards the changes they want to see in community wellbeing, safety, equity and more.

Our new strategy launch was one of many highlights of 2022 as we reimagined our role as a funder with a co-operative difference. We also continued with our grantmaking and campaigning throughout the year as we learned from the continuing impacts of covid on our partners and young people.

In June, this saw us deliver the first grants from our Carbon Innovation Fund. This partnership is our largest ever with the Co-op and our first £1.4m of grant awards is now helping to tackle carbon emissions across the food and farming sectors. Other funding delivered in 2022 includes a second £250k grant for our partners at Refugee Action; support for Action for Trustee Racial Diversity and the Young Trustees Movement to continue work on building diversity in civil society; and £1.3m of follow-on funding for #iwill partners putting young people in the lead through social action projects. Thank you to each and every partner for your impact, and your learning.

Young people were also involved once again with our campaigning in 2022 as we launched the fourth year of our Lonely Not Alone campaign. Again, young people were front and centre of our campaign. They were on billboards, on social media and on our website, bravely telling the world that even though they may be lonely, they're not alone. 95% of young people who saw Lonely Not Alone have taken an action to help others – testimony of the campaign's lasting impact.

Needless to say, we're proud to be Co-op's charity and we're passionate about co-operating for a fairer world. We're also proud also to be a little different. We want to work closely with communities, to listen and learn and we want to unlock the power of communities by focusing first on those who have most at stake.

We look forward to bringing this dedication to our work and learning in 2023. Thank you to everyone who supported us in 2022 especially to the Co-op's leaders, Members, staff and broader Co-op supporters, plus a big shout out to Co-op's Chair, Allan Leighton, for his continued passionate support. Thank you also to our brilliant and talented Foundation team and to my esteemed fellow Trustees without whom we would not have achieved what we did in 2022.

2023 will be a year of real growth, and we hope everyone who reads this report will join us. Co-operate with us, and let's build communities of the future together.

Trustees' report

The Trustees, who act as Directors for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 December 2022.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Reference and administrative details

Co-operative Community Investment Foundation is a company limited by guarantee, registered with Companies House (number 4117665). Its registered office is 1 Angel Square, Manchester M60 0AG. It is registered as a charity in England and Wales (number 1093028) and Scotland (number SC048102).

Its day-to-day working name is the Co-op Foundation. In this report, it is referred to simply as 'the Foundation'.

The following people served as Trustees of the Foundation during the year:

Jamie Ward-Smith (Chair)
Sharon Jones (Vice Chair)
Michael Fletcher (resigned 22 September 2022)
Lois McClure (resigned 22 September 2022)
Sheila Jane Malley
Hope Levy-Shepherd
George Imafidon
Surojit Majumder (Treasurer) (resigned 19 July 2022)
Peter Batt (appointed 21 October 2022)
Mahalia Flasz (appointed 21 October 2022)
Latefa Mansarit (appointed 21 October 2022)
Jane Waters (Treasurer) (appointed 1 February 2023)

Key personnel

Chief Executive – Nick Crofts

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Legal advisers

Brabners LLP, Horton House, Exchange Flags, Liverpool L2 3YL

Auditor

Sayer Vincent LLP, Invicta House, 108-114 Golden Ln, London EC1Y 0TL

Objectives

The Co-op Foundation's formal objects are described in its governing document. These are to support, through donations from co-operative organisations, members, customers and employees, projects that contribute to relief of poverty, advancement of education or other such charitable purposes and which will benefit communities in which the businesses of Co-operative Group Limited operate.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set

Building Communities of the Future – Together

2022 saw the launch of a new five-year Foundation strategy, 'Building Communities of the Future – Together'. The new strategy is designed to further bring to life the co-operative ethos of the Foundation as a funder and to enable the organisation to maximise its impact.

A collaborative co-design process was entered into with sectoral consultants Impact Works Associates, drawing together Foundation Trustees and team members, along with key stakeholders at the Co-op and our funded partners. The new strategy was launched in October 2022.

This has been a tremendously exciting piece of work, reflective of the Foundation's ambition to maximise its impact on people's lives and their communities, and determination to 'punch above its weight' by influencing the wider funding sector.

Building Communities of the Future – Together has a number of components:

Over the course of our 2022-27 strategy we will:

Work

with 100 young people to create a clear, compelling and detailed vision of future communities in 10 years' time that are fair and built on co-operative values. We undertook this work in May/June 2022 as part of the development of this strategy.

Pioneer

a distinctly co-operative way of funding. We'll provide flexible and unrestricted funds to people working to build the fairer, more co-operative communities of the future imagined by young people. We'll fund diverse young people and organisations, and learn from and celebrate the progress being made in building future, fair communities.

Co-operate

with others from across the co-operative movement, social change and philanthropy sectors to bring our vision of future communities to life through funding and campaigning. We'll advocate for our co-operative way of funding, and we'll encourage other funders to join in.

Future Communities Vision

We worked with a highly diverse group of 100 young visionaries, who were tasked with imagining future communities in ten years' time, that were fair and built on the co-operative values of **self-help, self-responsibility, democracy, equality, equity, and solidarity, honesty, openness, social responsibility and caring for others.**

The young visionaries' answers were inspiring and compelling:

This is our vision of what we believe communities should be like in 10 years' time. Young people like us are ready to help build them, and to inherit them.

In 10 years' time our communities are fair. They are stronger because people come together to co-operate.

In 10 years' time, we all have opportunities to learn and thrive, incomes that are secure, and affordable homes, whatever our background.

We feel safe and respected wherever we go.

And even if we've made mistakes, we feel welcomed.

In 10 years' time, our communities are equitable. We celebrate our diversity and we educate each other so we can all feel included, appreciated and involved.

We prioritise our health and wellbeing. Everyone has the opportunity to get involved in physical activity, and we work together to strengthen our mental wellbeing.

In 10 years' time, we've made real strides to tackle the impact of climate change. And we're finding ways to live more sustainably, too.

With every passing day, our young voices have grown stronger. Power is shared more equally, and people act on what we say.

Ten years from now, we live in communities based on fairness, unity and co-operation.

There are six strategic priorities that sit underneath the Future Communities Vision:

We will help to create:	Prosperous communities with access to opportunity	Safe communities	Diverse, equitable and inclusive communities	Healthy communities	Sustainable communities	Communities that prioritise youth activism, shared power and transparent governance
By supporting organisations and individuals that...	Enable people to have meaningful opportunities to learn and work. Provide access to affordable and adequate places to live, and affordable and healthy food. Ensure people are paid fairly for the work they do and can afford to live decent and sustainable lives.	Enable us all to feel safe and respected. Rehabilitate people when they make mistakes, and welcome them back into communities. Work in youth centres or community centres to keep people away from crime, support them to share	Celebrate, raise awareness of, and advocate for diversity and inclusion in all sectors of society. Provide accessible and welcoming spaces in the community that cater for different needs and for people with different backgrounds.	Support people to have good mental health through access to services and education. Enable us all to work together to protect and strengthen wellbeing. Support people to have good physical health and enable everyone	Know about sustainable solutions, raise awareness of them, and put them into practice for a just transition. Come together to preserve and nurture local green spaces for the benefit of communities.	Educate young people from diverse backgrounds in leadership and politics, and enable them to be involved in decision-making. Enable young people to self-organise, find resources and get into positions of power to co-create solutions

		their challenges, and enable them to collaborate.	Enable people to have fair opportunities for education and work, regardless of their background.	to have the time and opportunity to exercise.		to issues that matter to them.
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A Co-operative way of funding and working

Our new strategy has been profoundly influenced by our commitment, made in 2021, to become a flexible funder. We were proud to join with a group of pioneering funders committed to 'open and trusting' grantmaking. Co-ordinated by the Institute for Voluntary Action Research (IVAR), our commitments demonstrated our determination to be the best funder we could be. This is helping us to shape lives in our co-operative image, and influence other funders, too.

"The Co-op Foundation is a funder with a co-operative difference. We care deeply about how our funding can empower people and we trust our partners to do what matters most. By building relationships, by being honest and open, by learning and by accepting appropriate risk, we will support our partners to make an even greater impact tackling inequality and strengthening communities."

Jamie Ward-Smith, Chair of the Co-op Foundation

As a result, we made the following eight commitments:

1. Don't waste time

For open funds, we will ensure that clear, plain English guidance is published and we will be available for questions and clarifications. We will use a two-stage application system so ineligible applicants do not spend undue wasted time applying. When working with strategic partners on solicited applications, we will keep open communication with our Trustees to ensure proposals are only progressed when they are likely to succeed.

2. Ask relevant questions

We will always keep our questions to the minimum needed to make a decision. We will act on feedback from current and former partners to ensure our application processes are straightforward and proportionate.

3. Accept risk

We will work with our Trustees to agree an approach to risk that ensures we fund a range of organisations, including smaller grassroots groups that may inherently carry more risk. We accept that, even when things don't go to plan, this represents a learning opportunity rather than 'failure'. In our

investments, we will seek to make further equity investments and interest-free loans to community organisations, accepting a meaningful share of risk alongside our partners.

4. *Act with urgency*

We will seek to work at a pace that works for applicants. We will publish our timelines when announcing a fund and stick to them. We will build strong relationships with our funded partners, so we can respond with urgency to any issues they may face.

5. *Be open*

We will publish our approach to funding and be open about chances of success when we launch a fund. Funds will be as targeted as possible to reduce likelihood of high volumes. We will publish reasons for rejection and give more detailed feedback wherever possible. We will continue to share all our funding data via 360Giving.

6. *Enable flexibility*

We will work with partners, supporting them to respond as flexibly as required on funded projects. We will seek to keep funding as flexible as possible and offer unrestricted funding where we can. When working in partnership with other funders, we will be clear about how we fund, and seek to influence others to also fund in flexible and responsive ways. We will set out our expectations clearly at the beginning of partnerships and not be afraid to move away if we feel our approaches cannot align.

7. *Communicate with purpose*

We will continue to be a relational funder and will invest time in building strong partnerships. We will trust our partners to know how best to deliver positive change in their area of expertise. We will make it clear to partners at the start of a funding relationship what they can expect of us, and what we will expect of them.

8. *Be proportionate*

Our reporting will always be proportionate, and we will be clear with partners exactly what we hope to learn from each fund and what information we will need from them. We will always seek to make reporting light touch and accessible.

We have embedded these principles across the work of the Foundation. For example, our Future Communities Fund launched in November provided unrestricted funds, and featured a two-stage application process, allowing organisations to check their eligibility and apply simply and easily.

Diversity, equity and inclusion

The Co-op Foundation is proud to be a contributor to the Co-op's wider commitment to racial equality and inclusion. The issues of racial justice are systemic, deeply entrenched, and knotty. The Co-op Foundation believes that being *not racist* is not enough; we strive to be anti-racist. This means that means that we'll work to eliminate individual, institutional, and systemic racial inequalities that currently exist.

In recent years, we have made meaningful improvements to the diversity of both our team and our Trustee Board. The remains, however, more work to do: currently, our leadership team is all white.

The Co-op Foundation team strives to work in an equitable, anti-racist and anti-oppressive way, in line with our co-operative values. We've begun this journey as a colleague team with a training series led by BRAP, a charity transforming the way we all think and do equality. We want to build on this to understand how diversity, equity and inclusion (DEI) could, and should, impact the our work. In 2023 we will be producing the Foundation's first DEI Action Plan.

Activities and achievements

Grantmaking activity

Future Communities Fund

In November 2022, we launched the Future Communities Fund, the first new fund envisioned under our new strategy.

It is a five-year, £1.5m fund, making unrestricted grants of up to £30,000 per year for up to five years. It is intended to support organisations that are working on different components of the Future Communities Vision.

This first Future Communities Fund round is seeking organisations that are working at the intersection of two of the strategic priorities under the Vision – communities that are diverse, equitable and inclusive; and communities that prioritise youth activism, shared power and transparent governance.

We received 670 expressions of interest in the Fund, and have produced a longlist of 59 for consideration by our Future Communities Collective, the group of young people that we are paying to take all of the decisions in respect of the Fund. We are intending to make the first grant award in the first half of 2023.

The next round of the Future Communities Fund will be launched in early 2024.

Further support for refugees

The Foundation was able to make an urgent response to the Afghan refugee crisis by awarding our largest single grant to date, £250,000 to Refugee Action. Our funding helped to provide emergency support for Afghans arriving in the UK and is making a longer-term difference to refugee children and their families. This funding was delivered in alignment with our flexible funder commitments, and saw a very rapid turnaround, with a decision to award funding being made in just eight days.

The funding we awarded Refugee Action was unrestricted, which meant it could be spent where their team felt it would make the most impact.

It also meant we could contribute towards Refugee Action's wider goals, allowing them to create a new senior leadership role to shift power and focus to those with lived experience of the refugee system.

As a result of our funding, two 'Experts by Experience' network members recently joined the Refugee

Action Board of Trustees. 60% of its Board is now made up of people from a refugee background. This is a massive step forward in Refugee Action's long-term commitment to shift power to people with lived experience.

We were delighted to continue this support with a further £250,000, which is to be paid in two instalments in 2022 and 2023.

Carbon innovation Fund

The Carbon Innovation Fund is a multi-year partnership between the Co-op and the Co-op Foundation. It's funded through Co-op donations raised from the sale of compostable carrier bags in the UK. To increase the size of the funding pot and enhance our ability to make impact, the Foundation designated £250,000 of unrestricted funds to the Innovation Fund.

The purpose of the Carbon Innovation Fund is to fund organisations who are making exciting, alternative and different developments to reduce greenhouse gas emissions within the food and farming sector. We have been on the lookout for innovative projects, movements, or inventions which not only deliver an environmental good, but contribute to real systems change, and can demonstrate a positive impact for people and communities too.

2021 saw hundreds of high-quality applications for the pilot fund, and after a competitive selection process, we are proud to announce that we awarded £1.4m funding to 15 organisations from across the UK and overseas.

All 15 organisations have started their projects which range from fog harvesting to seaweed farming and agroforestry, to name a few. Each project has its own tailored monitoring timeline to suit their needs, meaning that we can be led by our partners' expertise rather than implementing often restrictive requirements.

In February 2023, round 2 of the Carbon Innovation Fund opened for applications. This time, the fund will take a more focused approach to allow for a greater depth of learning and commonality between funded partners, which may hopefully result in further collaboration. Following a consultation process with industry experts including round 1 partners, it was agreed that round 2 will support organisations across the UK that are working hard to reduce UK farmers' reliance on soy-based animal feed and synthetic fertiliser.

While we know that eliminating soy and synthetic fertilisers overnight is not viable, or may not even be desirable, these new ideas and alternatives will reduce deforestation rates, greenhouse gas emissions, help farmers livelihoods and protect biodiversity.

We are excited to see which organisations we will have the pleasure of supporting in 2023.

Systemic change in the voluntary sector

The Foundation has had a long-term interest in raising voices and influencing change, particularly for communities who are heard the least. We have been working to help deliver systemic change in the particularly wider voluntary sector, including by supporting work to increase the diversity on charity boards, so they can make their work more reflective of the communities they support. In 2022, we

continued our funding for the Young Trustees Movement and Getting on Board, the long-term partner of Action for Trustee Racial Diversity.

We also committed £100,000 for a collaborative partnership with other major youth funders looking to enhance the infrastructure for youth organisations in the UK.

#iwill Fund

The #iwill Fund was launched in November 2016, with the aim of making social action (including campaigning and providing peer support) the norm for young people aged 10-20. The #iwill Fund programme authentically connects young people to wider issues that they want to address – enabling more young people to take part in social action through high quality opportunities, creating civic habits for life.

The Co-op Foundation's original 2017-20 partnership (Version 1) focused on social action, tackling youth loneliness through a £2 million grants fund. This was subsequently extended, through a £3 million grants fund (Version 2), agreed in 2019, which aimed to move the focus towards social action drawing on young people's lived experience, through peer support and youth-led advocacy.

The projects funded via Version 2 of the programme are grouped into three thematic strands:

- **School Transitions**, aimed at supporting young peoples' wellbeing in the transition from primary school to secondary school
- **Community Spaces**, aimed at helping young people to improve the design and use of community spaces
- **Bereavement Support**, aimed at providing young people safe spaces and support to share their experience of bereavement

Between 2017 and 2022, we funded 58 partners to support 15,733 young people through £5m of #iwill Funds.

In 2022, our grant-making focused on using a programme underspend of £1.3m to extend our #iwill Fund offer to existing (Version 2) and former (Version 1) #iwill Fund partners. In total, we made 37 awards to the value of £608k. We also offered an additional year of funding to five devolved nations partners who had previously been funded through our Co-op Foundation Bereavement Fund.

IFF have been re-commissioned to complete the evaluation for the extended Version 2 projects. Partners originally funded through Version 1 of the programme were presented with four options as to how they would like Co-op Foundation to support them in evaluating their project (options included ongoing support by a consultant, collaborative learning, participation in an action learning set and support with an end of project evaluation). Partners were in favour of participating in an action learning set and Action Learning Associates have been commissioned to deliver this work. The first set starts in March 2023.

Federation programme - increasing equality through tech

Since 2021, our Federation programme, funded through our partnership with Luminate, has been looking at ways to make sure tech tackles rather than amplifies inequality.

Key elements of the programme include:

- Capacity building
- Collective action
- Community building

Some of the greatest achievements so far include:

- Our partner Digital Advantage using a £7.5k grant to access over £200k of funding, enabling them to successfully launch a specialist college for young people with autism who want a digital career.
- An award of £25k from Innovate UK for our partner Noisy Cricket to explore the formation of a Community Research Network, based on the work of the Responsible Tech Collective, which emerged from the first phase of Federation.
- £10,000 worth of expert bid writing and tendering training delivered free of charge to Federation partners through a collaboration with local businesses and the social value team in Manchester's Growth Hub.

Learning & Impact

2022 saw the appointment of Dr Asimina Vergou as the Foundation's new Head of Learning & Impact. The new role started with leading the completion of the visioning study and ensuring the high quality of the final outputs.

Learning and Impact strategy

The Learning and Impact work began with desk-based research and interviews with 17 funders from the UK, the US, Switzerland and the Netherlands to identify current trends and best practices in learning and impact. The focus of this scoping was predominantly on learning and the impact of unrestricted funding, participatory grantmaking and learning and evaluation of environmental project funding.

The findings of the interviews and the desk-based research will feed into the development of the Learning and Impact strategy (expected to be completed in 2023). This scoping has been critical for shaping current approaches to learning and evaluation planning of funds such as the Carbon Innovation Fund Round 2 and #iwill Fund.

In addition, two workshops with Trustees have gathered their views on learning and impact options and language and questions for a learning agenda.

Participating in learning and impact networks

To be up to date with good practice in learning and impact approaches in the funding sector, it is important to follow and join the activities and follow relevant networks. In 2022 we joined some key learning and impact communities, including the [Evidence and learning network of the Association for](#)

[Charitable Foundations](#), [IVAR's Evaluation Roundtable Community of Practice](#) and the [UK Evaluation Society](#).

Organisational Theory of Change (ToC)

As part of the new strategy planning and implementation phase and following good practice from other funders, we are developing our organisational ToC. The organisational ToC will help us clearly articulate what we aim to achieve within our new strategy in the next five years and track progress. In November 2022, we commissioned NCVO, an organisation with expertise in ToC, to support us with shaping our organisational ToC. 22 stakeholders were consulted through 1:1 interviews and group discussions followed by two Co-op Foundation and Trustees workshops. Young people and funded partners were also part of the consultation process. The ToC visual and narrative are expected to be finalised and published in July 2023. An evaluation framework across the Foundation's activities will be then developed to track progress against the outcomes identified in the ToC. We expect the ToC to be a living document to be reviewed mid-way through the five-year strategy implementation.

Data analytics function

As a funder, it is crucial that we develop our data analytics function and systems that will enable us to record coherently and analyse data from our grants to inform our future decisions, understand trends in how who and what we fund and be able to respond to external queries related to the level and focus of our funds. For this reason, we started recruiting for a Data analyst position that will be part of the Learning and Impact team. The data analyst will be responsible for collecting, storing and analysing our grant funding data (including using the funders' [DEI data standard](#)) and our submission to [360Giving data](#). The data analyst position is important for visualising and communicating our funding's data to non-technical audiences in an impactful way.

Challenges and lessons learned

Learning from involving young people in a visioning study

A diverse group of young people were invited to envision an ideal future community built on co-operative values through participation in visioning workshops and submitting their ideas through WhatsApp diaries. Their views and recommendations have now become our strategic priorities. Paying young people for their contribution has been important to us, as this way, we acknowledge the expertise they bring to the table and we also lift any barriers that may hinder their participation e.g. dedicating this time to earn income.

During the process we found that it is helpful to invite a higher number of participants in the sessions to ensure we avoid low participation due to unforeseen circumstances and last-minute dropouts.

Using paid social media adverts and the networks of funded partners who work with communities that are often underserved enabled us to reach a diverse group of young people in terms of ethnicity, abilities, gender and socio-economic background.

Learning from developing an organisational ToC

Between November 2022-March 2023 we worked with NCVO to create our organisational ToC. Working with a consultancy that has expertise in ToC training and supporting other organisations to develop their ToC was critical. The process was fast paced and it worked well to have a Foundation project management team representing the different functions of our organisation i.e. Funding and Partnerships, Communications and Learning and Impact. The workshops to discuss and brainstorm different aspects of the ToC were well facilitated and our weekly contact points with NCVO were crucial for progressing this fast-paced project.

During the process, we learned that when we consulted external stakeholders i.e. funded partners and young people we could have achieved higher participation if we had avoided organising the sessions before the Christmas period and invite higher number of participants. Prior to beginning the process we could have established a better understanding of our team's knowledge of ToC and organising a longer learning session on what Theories of change are. A lot of work in developing an organisational ToC is often happening in the background and it is important to regularly update the team on how work progresses so that they are well prepared when their input is requested. Having a clearer idea of what the final output will look like from the start is also helpful for working smoothly with an external consultancy and completing the project on time.

Campaigning work

Young people in the lead to tackle loneliness

Young people helped us deliver another incredible Lonely Not Alone campaign in 2022.

Their plan for our fourth year was to build empathy and show young people everywhere that they're not alone. To support this, we expanded the Lonely Not Alone universe we launched in 2021 and encouraged people of all ages to send in a message of support. Our young co-designers also showed lonely young people they don't have to feel embarrassed about their loneliness by bravely appearing on billboards and social media adverts.

We're proud of what young people helped us to achieve in 2022 with 95% of those who saw Lonely Not Alone saying they'd taken an action to help others.

In 2023, we will be migrating away from loneliness as a theme and looking at the priorities of the Future Communities Vision to build on our campaigning success.

Financial review

The Foundation's total income in 2022 was £3,779,343. This was a decrease on 2021 of £756,744. The main reason for this is a reduction in the primary funding received from the Co-op.

Expenditure increased to £5,301,821 (2021: £3,409,425). The main driver of this was a increase in our match-funded grantmaking expenditure.

Net expenditure for the year, before investment gains, was £1,531,478 (2021: £1,126,662 net income). The Foundation also recognised investment losses of £4,065,254 (2021: investment gains £3,014,324).

The Foundation also holds a small social investment portfolio. £1,091,420 of assets were held in mission-related investments at year-end (2021: £1,351,973).

Reserves

In line with the new policy agreed in 2020, the Foundation's target reserves level were set as a ratio of annual support costs.

This represented a change from the previous policy, under which target reserves were set in relation to total budgeted expenditure (for both programme and support costs) taking into account the level of income budgeted from sources that were not yet secured. This change of approach is based on the principle that, for the remainder of our 2020-22 plan:

- The Foundation will only commit to new programme expenditure once income sources are identified with a high level of confidence
- New programme expenditure is phased to be cashflow positive.

The approved policy sets out:

- a central reserves target equivalent to six months' support costs (c.£280k based on a budgeted support cost of £560k)
- a range of tolerance up to three months either side of this central target (i.e. at any given time, reserves would be maintained at a level between 3 and 9 months' support costs) to allow for expected fluctuations in the phasing of income and expenditure.

Reserves at 2022 year-end were within this range, at £1,622,467 (2021: £711,986).

Endowments, restricted fund balances and designated funds are excluded from the definition of reserves. The total value of all assets held by the Foundation at year-end was £21,408,118 (2021: £27,915,331). This provides a strong financial position from which to deliver our existing plans for 2023 and beyond, as we launch and begin to implement the Foundation's longer-term strategy.

The Trustees believe that the Foundation is well placed to manage its business risks successfully. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Foundation financial statements.

Risks

In 2020 the Foundation established a new Audit, Risk and Finance sub-committee of the Board. This Committee reviewed the Foundation's risk framework and recommended various improvements, which were approved by the Board. A revised framework was then adopted in November 2020.

The main risks identified by the Foundation and mitigating actions taken in 2022 are summarised below.

Main risks	Controls
The impact of Covid-19 on partners and the wider community leads to fewer outcomes delivered by The Co-op Foundation's funding	Agreed approach with Board of Trustees and funding partners to support partners through Covid-19 with greater flexibility
Loss of key personnel from Foundation team	Capabilities, structures, grade and reward review half one. Focus on improved culture and wellbeing.

Failure to agree an updated Co-op Foundation Strategy leads to lack of direction in grant making	Strategic refresh undertaken following appointment of new CEO
Failure to access significant new income streams in line with strategic ambitions	High-level engagement with senior Group stakeholders, support from Group fundraisers to develop opportunities

Investments

The Trustees have set the following objectives for the Foundation's long, medium and short-term investments:

Fund	Objectives	Benchmarks
Main endowment	To maximise total return over the long-term (5 to 10-year horizon) and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment	Consumer Price Index +3% per annum (of which 2% realised as income)
Environmental endowment	To maintain the real value of capital over the long term and generate a steady income stream, while investing in accordance with the UN Principles for Responsible Investment, and where practical giving additional weight to investments with a positive environmental impact.	CPI + 2% per annum
Income funds for medium-term investment	To maintain the real value of funds over the medium term, while investing in accordance with the UN Principles for Responsible Investment.	CPI + 1% per annum
Income funds for short-term needs and contingencies	To maintain the nominal value of the funds and ensure sufficient liquidity to meet all spending requirements, while investing in accordance with the UN Principles for Responsible Investment.	CPI

Following a review of the Foundation's investments in 2019, with advice from an independent investment consultant (Gemmell's), in 2020 the investment portfolio was reallocated to better fit with the Trustees' risk and return objectives for each fund.

We also redistributed some of our remaining funds within Royal London's suite of sustainable investment funds, as follows:

- Main endowment transferred from Sustainable Diversified Trust to Sustainable World Trust (a higher risk fund, reflecting the long-term nature of these investments)
- Restricted income funds were transferred from Sustainable Diversified Trust to Sustainable Manager Growth trust (a slightly lower risk fund reflecting the medium-term nature of these investments)
- A portion of our unrestricted reserves was transferred from Sustainable Diversified Trust to Sustainable Managed Income Trust (a lower risk fund, reflecting the potential need to draw on reserves at short notice in response to unforeseen events).

Fundraising

The Foundation does not undertake widespread fundraising from the general public and does not use professional fundraisers or commercial participators. The day-to-day management of all income generation is delegated to the CEO who is accountable to the Foundation's Board.

The income of the Foundation is not bound by any regulatory scheme, and the Foundation does not consider it necessary to comply with any voluntary code of practice relating to fundraising. We have received no complaints in relation to any fundraising activities in either the current or prior year. As we do not approach individuals for the purpose of raising funds, we do not have specific requirements related to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Structure, governance and management

The Foundation is governed by its Memorandum and Articles of Association ('Articles').

Trustees are appointed by Co-operative Group Limited ('Co-op') which is the Foundation's sole Member. With the Co-op Board's approval, Trustees may co-opt a new Trustee to fill a vacancy at any time. Co-opted Trustees may then be elected at the next AGM.

The current composition of Board is made up of two Trustees which are senior Co-op colleagues, two are elected members of the Co-op National Members' Council and six are independent who are recruited through open advertisement.

New Trustees are inducted by the Foundation CEO and the Secretary. This covers their legal and regulatory duties and the Foundation's governance, finances and strategy. The Board maintains a skills matrix based on each Trustee's self-assessment of their experience and expertise which is updated every year and informs priorities for succession planning and further training and development.

The Foundation has sought to further improve the diversity of its Trustee Board, with particular reference to appointing young people and Black people and People of Colour as trustees. As a result of a number of recent appointments, the Board is now even more diverse.

Trustees are not paid and do not receive any benefits. They are reimbursed for expenses incurred on Foundation business as detailed in note 6.

Trustees are responsible for decisions on policy, strategy and allocation of resources. This includes approving the annual operating budget and major grant awards. Day-to-day running of the Foundation is delegated to the Foundation CEO. The Foundation CEO and Foundation team work within the policy, strategic and financial frameworks set by Trustees.

The Foundation team is employed by the Co-op, but reports to the Board of Trustees. The Foundation CEO's pay is set by the Trustees, who consult with the Co-op to establish suitable salary benchmarks. The Co-op provides various support services to the Foundation, some of which is reimbursed by the Foundation in accordance with a formal Memorandum of Understanding. The Foundation reimburses the Co-op for salary costs of the Foundation team, whose time is spent only on Foundation work. The

Co-op does not charge the Foundation for the cost of Co-op colleagues who support the Foundation as part of wider roles in the Co-op which includes the Foundation Secretary. The Co-op does not charge for office space and other facilities that it provides for the Foundation's use. The Trustees have considered the recognition of a gift in kind but feel the amount is immaterial.

Compliance with the Charity Governance Code.

The Board agrees that the principles in the Charity Governance Code ('the Code') represent best practice. It aims to apply these where appropriate and practical. The following is a summary of the Foundation's compliance with the Code.

1. Organisational Purpose

The Board reviewed the Foundation's purpose as part of the development of the new strategy which was launched in Autumn 2022. The Foundation's purpose remains at the heart of all decision making, ensuring that decisions and planning aligns to the Foundation's missions and values and the Board led the development of the Foundation's strategic aims.

2. Leadership

The Board undertakes a annual Board Effectiveness Evaluation which focuses on the collective and individual responsibility of trustees and leadership in relation to the Chair. The findings of the 2022 evaluation showed that the Board continued to work well together as a team and recognises, respects and welcomes diverse, different and, at times, conflicting trustee views.

Throughout 2022, the Board continued to review the welfare of colleagues with the inclusion of a standing agenda item on Team Wellbeing and the appointment of a Trustee Wellbeing Representative who acts as the key contact between colleagues and the Board and holds closed sessions with colleagues without the presence of senior management.

3. Integrity

The Board has adopted a Code of Conduct. This outlines the standards and behaviours expected from the Board. The Foundation also has a Conflicts of Interest Policy.

The Trustees acknowledge their accountability to a range of stakeholders. They ensure that appropriate stakeholder engagement is factored into all the Foundation's activities.

Following safeguarding training undertaken during the year, the Board recognises that there are further actions that can be taken to strengthen the culture in which everyone feels safe and respected and a plan is in place to implement these changes during 2023.

4. Decision Making, Risk and Control

The Board has 'matters reserved' and a financial delegated authorities framework. These act as effective delegation and control. The Audit, Risk and Finance Committee has delegated responsibility for overseeing the risk management framework and assessing the effectiveness of internal controls. The Committee Chair provides an update to the Board on items discussed at each meeting.

5. Board Effectiveness

The Board holds at least four meetings each year. The Secretary maintains a forward planner, which is presented at each Board meeting. This ensures that Trustees have enough time to explore key issues and reach well-considered decisions.

Board Effectiveness is annually assessed via a Board Evaluation and an action plan is created to record any potential areas of improvement.

6. Equality, Diversity and Inclusion

The Foundation is committed to promoting equality and preventing discrimination and to reviewing the diversity of the Board. It aims to create an inclusive environment, where everyone can contribute their best work and develop to their full potential. The Foundation treats its Board, colleagues and partners as individuals, allowing them to be themselves regardless of age, gender, disability, race, religion or sexual orientation. It also values different social and educational backgrounds, life experiences, career paths and diversity of thought.

7. Openness and Accountability

The Board of Trustees identifies key stakeholders at its annual strategy day. It ensures that regular and effective communication with these stakeholders forms part of its plans.

Statement of responsibilities of the trustees

The trustees (who are also directors of Co-operative Community Investment Foundation for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware

- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The trustees' annual report has been approved by the trustees on 20 July 2023 and signed on their behalf by

Jamie Ward-Smith
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOPERATIVE COMMUNITY INVESTMENT FOUNDATION

Opinion

We have audited the financial statements of Co-operative Community Investment Foundation (the 'charitable company') for the year ended 31 December 2022 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Co-operative Community Investment Foundation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the audit, risk and finance committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

Date : 31 July 2023

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of Financial Activities (incorporating the income and expenditure account)

for the year ended 31 December 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	2021 (Restated) Total Funds £
Income and endowment from:						
Donations, grants and legacies	3	2,620,296	996,496	-	3,616,792	4,375,683
Investments	3	3,035	159,516	-	162,551	160,404
Total income		2,623,331	1,156,012	-	3,779,343	4,536,087
Expenditure on:						
Charitable activities	4	(2,164,303)	(3,146,518)	-	(5,310,821)	(3,409,425)
Total expenditure		(2,164,303)	(3,146,518)	-	(5,310,821)	(3,409,425)
Net income / (expenditure) (before net (losses)/gains on investments)		459,028	(1,990,506)	-	(1,531,478)	1,126,662
Net (loss)/gain on investments	8	(47,874)	(211,353)	(3,806,027)	(4,065,254)	3,014,324
Transfers between funds		513,069	(513,069)	-	-	-
Net movement in funds		924,223	(2,714,928)	(3,806,027)	(5,596,732)	4,140,986
Reconciliation of funds:						
Total funds brought forward	11	1,752,242	5,005,246	21,869,829	28,627,317	24,486,331
Total funds carried forward		2,676,465	2,290,318	18,063,802	23,030,585	28,627,317

All income and movement in funds arise from continuing operations. There are no gains or losses other than those recognised in this statement of financial activities.

Movement in funds are disclosed in Note 11.

The notes to the accounts form an integral part of the financial statements.

Balance Sheet

as at 31 December 2022

	Notes	2022 £	2021 (Restated) £
<u>Fixed assets:</u>			
Investments	8	19,293,966	23,359,220
Total Fixed assets		19,293,966	23,359,220
Debtors: amounts receivable after more than one year	9	754,182	1,088,687
<u>Current assets:</u>			
Debtors: amounts receivable within one year	9	954,961	1,065,285
Cash at bank and in hand		3,352,157	3,902,490
Total Current assets		4,307,118	4,967,775
<u>Current Liabilities:</u>			
Creditors: amounts falling due within one year	10	(1,180,300)	(484,976)
Net current assets		3,126,818	4,482,799
Total assets less current liabilities		23,174,966	28,930,706
Creditors: amounts falling due in more than one year	10	(144,381)	(303,389)
Total net assets		23,030,585	28,627,317
<u>The funds of the charity:</u>			
<u>Endowment</u>			
Environmental	11	4,048,610	4,899,158
Main endowment	11	14,015,192	16,970,671
Restricted income funds	11	2,290,318	5,005,246
<u>Unrestricted funds</u>			
General fund	11	1,622,467	711,986
Designated	11	1,053,998	1,040,256
Total charity funds		23,030,585	28,627,317

The notes to the accounts form an integral part of the financial statements.

These financial statements were approved by the Trustees on 20 July 2023 and were signed on their behalf by:

Jamie Ward-Smith
Chair of Trustees
Company registered number: 4117665

Statement of cashflows

for the year ended 31 December 2022

Reconciliation of net movement in funds to net cash flow provided by / (utilised in) operating activities:

	2022	2021 (Restated)
	£	£
Net movement in funds	(5,596,732)	4,140,986
Losses/(Gains) on investments	4,065,254	(3,014,324)
Deduct investment income shown in investing activities	(162,551)	(160,404)
Decrease in accrued income	285,997	227,863
Decrease/(increase) in trade and other receivables	158,832	(356,493)
Increase/(Decrease) in creditors	536,316	(14,967,384)
Net cash from operating activities	(712,884)	(14,129,756)
 Cashflows from investing activities:		
Investment income	162,551	160,404
Cash provided by investing activities	162,551	160,404
 Decrease in cash and cash equivalents in the year	(550,333)	(13,969,352)
 Cash and cash equivalents at the beginning of the year	3,902,490	17,871,842
 Total cash and cash equivalents at the end of the year	3,352,157	3,902,490

Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements except as noted below. The principal accounting policies adopted, judgement and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

Co-operative Community Investment Foundation is a registered charity and a company limited by guarantee incorporated in England. The registered office is 1 Angel Square, Manchester, M60 0AG.

These accounts have been prepared in accordance with UK Generally Accepted Accounting Practice, comprising Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and the Charities SORP second edition (FRS 102) issued by the Charities Commission in October 2019, together with the reporting requirements of the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006. The Charity has adapted the Companies Act formats to reflect the SORP and the special nature of the Charity's activities. The Charity is a public benefit entity.

Going concern

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2022, the Trustees are required to consider whether the Foundation has sufficient resources to continue in operational existence for the foreseeable future. The Foundation generated net expenditure in the year ended 31 December 2022 of £4,065,254 (2021: net income of £4,140,986) and at the balance sheet date holds net assets of £23,030,585 (2021: £28,627,317).

The Trustees have concluded that it is appropriate to adopt the going concern basis, following an assessment of the financial forecasts and financial assets available to the Foundation. Management has funds to satisfy the future liabilities that they are aware of now and assets remain in place and available to meet future liabilities until at least the end of July 2024.

Therefore, after conducting the financial projections exercise set out above and making all appropriate inquiries, the Trustees have a reasonable expectation that the Foundation has access to adequate resources to enable it to continue in operational existence for the foreseeable future.

Income

All income is recognised once the Charity has entitlement to it, it is probable that the income will be received and the monetary value of the income can be measured with sufficient reliability. Committed grant income not yet received is recognised as an asset on the balance sheet. If grant income is receivable in less than one year it is classified as short term and if receivable in more than one year as long term.

Grant expenditure

Grants made by the charity are recognised when there is a constructive obligation to pay. Grant expenditure is recognised when grants are approved by the Trustees, notified and accepted by the organisations concerned, payment is probable, it can be measured reliably, and all conditions have been met. Grant expenditure not yet paid is recognised as a liability on the balance sheet. If grants are payable in less than one year they are classified as short term and if payable in more than one year, then they are classified as long term.

Other expenditure

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation committing the Charity to the expenditure, payment is probable, and it can be measured reliably. Costs have been directly attributed to a particular heading in the Statement of Financial Activities on a headcount basis or on a time basis consistent with the use of the resource.

This includes the cost of monitoring and evaluating projects to ensure the money is being used to maximum effect and ensuring that grant making is supported, processed and governed responsibly. This also includes costs of staff who support the grant making process, cost of meetings and other expenditures incurred in this process.

Taxation

The Co-operative Community Investment Foundation is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Nature of funds

Unrestricted income relates to funds available for use at the discretion of the Trustees in furtherance of the general objects of the charity. The charity has a number of restricted income and endowment funds received for specific purposes, which are documented and used accordingly. A restricted income and endowment fund arises from monies received that are communicated to the Charity for specific uses outlined in grant agreements and grant letters.

Notes (continued)

Financial assets

Basic financial assets represents investments, accrued income, trade debtors including amounts due by related parties, sundry debtors and cash and bank balances that are initially recognised at transaction price. Investments are subsequently measured at fair value with all adjustments going through the Statement of Financial Activities. At 31 December 2022, the Foundation had only financial assets classified as basic financial instruments. Debtors receivable in less than one year are recorded at transaction price. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The Foundation does not acquire put options, derivatives or other complex financial instruments.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Financial liabilities

Basic financial liabilities represents creditors, including amounts owed to related parties and accruals, are initially recognised at transaction price. At 31 December 2022, the Foundation had financial liabilities classified as basic financial liabilities. Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accrued income

Accrued income is received by the charity and accounted for when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Apportionment of expenses

Support costs have been allocated across the programmes of the charity. In 2022 there were 7 programmes (2021: 6 programmes). Expenses which directly relate to a particular programme have been charged to the relevant programme on a 100% basis, while costs relating to the overall management and governance of the charity (e.g. payroll costs) have been apportioned based on estimated time allocation.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Loans and other repayable finance for charitable purposes

Loans to charities are recognised and measured at the amount received or paid, with the carrying amount adjusted in subsequent years to reflect repayments, adjusted for any impairment and net of any bad debt provision. Loans to charities are non-interest bearing and no bad debt provision has been made in 2022.

Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

When assessed as material; then on receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes (continued)

2. Detailed comparatives for the statement of financial activities

for the year ended 31 December 2021 (Restated)

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
<u>Income and endowment from:</u>				
Donations, grants and legacies	667,320	3,708,363	-	4,375,683
Investments	86,801	73,603	-	160,404
Total income	754,121	3,781,966	-	4,536,087
<u>Expenditure on:</u>				
Charitable activities	(860,366)	(2,549,059)	-	(3,409,425)
Total expenditure	(860,366)	(2,549,059)	-	(3,409,425)
Net income / (expenditure) before net gains / (losses) on investments)	(106,245)	1,232,907	-	1,126,662
Net (losses)/gain on investments	(5,186)	56,957	2,962,553	3,014,324
Transfer between funds	(5,463)	5,463	-	-
Net movement in funds	(116,894)	1,295,327	2,962,553	4,140,986
<u>Reconciliation of funds:</u>				
Total funds brought forward	1,869,136	3,709,919	18,907,276	24,486,331
Total funds carried forward	1,752,242	5,005,246	21,869,829	28,627,317

3. Income

The Foundation has recognised the following income in 2022 and 2021:

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Donations and grants						
Welsh carrier bag levy	-	-	-	-	118,568	118,568
Carbon Innovation Fund	-	752,953	752,953	-	578,634	578,634
Salvation Army	408,518	-	408,518	412,395	-	412,395
National Lottery Community Fund #iwill grant	-	215,000	215,000	-	-	-
Luminate grant *	-	28,543	28,543	-	486,376	486,376
Local Community Fund	1,915,568	-	1,915,568	-	2,500,000	2,500,000
Other donations	296,210	-	296,210	254,925	24,785	279,710
Total voluntary income	2,620,296	996,496	3,616,792	667,320	3,708,363	4,375,683
Investment Income	3,035	159,516	162,551	86,801	73,603	160,404
Total	2,623,331	1,156,012	3,779,343	754,121	3,781,966	4,536,087

* The Luminate Grant income was recognised in 2021 (received in 2022) at £250,054 but due to an increase in the foreign exchange rate the Co-op Foundation received an additional £28,543 bringing the total received to £278,597.

Notes (continued)

4. Expenditure

2022	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth programmes	(1,819,046)	(6,435)	(453,377)	(2,278,858)
Equal voices	(280,718)	(990)	(69,750)	(351,458)
Carbon Innovation fund	(1,405,295)	(4,980)	(350,866)	(1,761,141)
Federation Phase 2 (Digital capacity building)	(303,480)	(1,065)	(75,035)	(379,580)
Evaluation Contracts	(32,314)	(120)	(8,455)	(40,889)
New Strategic Initiatives	(398,144)	(1,410)	(99,341)	(498,895)
Total	(4,238,997)	(15,000)	(1,056,824)	(5,310,821)
Support cost	(1,056,824)	-	1,056,824	-
Governance cost	(15,000)	15,000	-	-
Total	(5,310,821)	-	-	(5,310,821)

All grants expenditure (in both the current and prior years) were to institutions rather than individuals. Grants paid and included in the table below > £100,000 in 2022 related to: Refugee Action (£250,000). The prior year items >£100,000 related to Refugee Action (£250,000), Co-operative Alternatives (£119, 750), Young Scot (£104,940).

Number of grants awarded:	2022	2021
<£10,000	14	99
£10,001 - £25,000	2	6
£25,001 to £50,000	17	29
£50,001 to £100,000	7	3
>£100,000	1	3
Total	41	140

2021 (Restated)	Charitable Activities £	Governance Cost £	Support Cost £	Total Cost £
Youth programmes	(1,457,833)	(7,076)	(350,121)	(1,815,030)
Community spaces	(791,477)	(3,338)	(165,296)	(960,111)
Equal voices	(326,419)	(19)	(910)	(327,348)
Federation Phase 1 (Digital capacity building)	(2,500)	-	-	(2,500)
Federation Phase 2 (Digital capacity building)	(167,338)	(234)	(11,377)	(178,949)
New Strategic Initiatives	(101,523)	(483)	(23,481)	(125,487)
Total	(2,847,090)	(11,150)	(551,185)	(3,409,425)
Support cost	(551,185)	-	551,185	-
Governance cost	(11,150)	11,150	-	-
Total	(3,409,425)	-	-	(3,409,425)

Support costs, governance costs and costs of raising funds have been allocated across the programmes using the percentages in the table below. The split in costs is based on estimated colleague time spent on each programme. Support costs primarily relate to people related costs incurred by Co-op Group employees who worked for the Foundation during the year and occasionally third party advice sought by the charity. The Trustees do not receive any remuneration or benefit from the charity for their service.

Allocation of Costs	2022	2021 (Restated)
Equal voices	6.6%	0.4%
New Strategic Initiatives	9.4%	4.3%
Youth	42.9%	64.1%
Evaluation Contracts	0.8%	0.0%
Community spaces	0.0%	29.8%
Carbon Innovation Fund	33.2%	0.0%
Federation Phase 1 (Digital capacity building)	0.0%	0.0%
Federation Phase 2 (Digital capacity building)	7.1%	1.4%
Total	100.0%	100.0%

Notes (continued)

5. Net income / (expenditure) for the year

Net income / (expenditure) for the year is stated after charging auditor remuneration of £12,250 excluding VAT (2021: £11,150).

6. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:	2022	2021
	£	£
Salaries and wages	594,771	275,834
Redundancy	9,758	-
Social security costs	67,365	23,330
Employer's contribution to defined contribution pension schemes	78,349	42,650
Total	<u>750,243</u>	<u>341,814</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2022	2021
£60,000 - £69,999	-	1
£80,000 - £89,999	<u>1</u>	<u>-</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £124,410 (2021: £78,540)*.

*The comparative 2021 figure only covers an 8 month period following commencement of employment part way through the year.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £311 (2021: £535) incurred by 2 members (2021: 2) relating to attendance at meetings of the trustees.

7. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 15 (2021: 9).

8. Investments

	2022	2021
	£	£
Fair value at the start of the year	23,359,220	20,344,896
Additions at cost	-	-
Disposal proceeds	-	-
Net (loss)/gain on change in fair value	<u>(4,065,254)</u>	<u>3,014,324</u>
Fair value at the end of the year	<u>19,293,966</u>	<u>23,359,220</u>

All investments are held in Unit Trust investments by Royal London.

Notes (continued)

9. Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Amounts due from related parties	453,727	352,006
Loans and other repayable finance for charitable purposes	337,238	263,286
Amount due from Co-operative and Community Finance	19,804	17,317
Grant income due within less than one year	-	250,054
Donation income	144,192	170,467
Investment income due from Royal London	-	12,155
	954,961	1,065,285

All amounts due from related parties are repayable on demand and no interest is payable.

	2022	2021
	£	£
Amounts falling due after more than one year:		
Loans and other repayable finance for charitable purposes	754,182	1,088,687
	754,182	1,088,687

These loans are repayable between 5 and 20 years.

Loans and other repayable finance for charitable purposes (as above)

	2022	2021
	£	£
Amounts falling due within one year	337,238	263,286
Amounts falling due after more than one year	754,182	1,088,687
Total	1,091,420	1,351,973

The Foundation trustees have assessed the recoverability of all outstanding loan balances and are satisfied that all balances are fully recoverable. As such there is no bad debt provision in place as at 31 December 2022 (2021: nil).

10. Creditors

	2022	2021
	£	(Restated) £
Amounts falling due within one year		
Grants payable	1,165,300	408,831
Accruals	15,000	76,145
	1,180,300	484,976
Amounts falling due after more than 1 year		
	2022	2021
	£	£
Grants payable (within 1-5 years)	144,381	303,389
	144,381	303,389

Notes (continued)

11. Movement in funds

2022	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<i>Restricted funds:</i>						
Environmental	500,085	159,516	(54,131)	(196,500)	(22,572)	386,398
Community Fund	52,614	-	(10,000)	(42,614)	-	-
Britannia	566,511	-	-	-	(84,478)	482,033
Big Lottery Fund #iwill grant	497,282	215,000	(665,861)	-	-	46,421
Luminate	316,458	28,543	(319,198)	-	-	25,803
Welsh carrier bag levy	1,076,390	-	-	(281,986)	(104,303)	690,101
Co-operate	1,412,487	-	(692,033)	(720,454)	-	-
DCMS	4,785	-	-	-	-	4,785
Carbon Innovation Fund	578,634	752,953	(1,405,295)	728,485	-	654,777
Total Restricted funds	5,005,246	1,156,012	(3,146,518)	(513,069)	(211,353)	2,290,318
<i>Unrestricted funds:</i>						
General funds	711,986	2,623,331	(2,164,303)	499,327	(47,874)	1,622,467
Designated funds	1,040,256	-	-	13,742	-	1,053,998
Total Unrestricted funds	1,752,242	2,623,331	(2,164,303)	513,069	(47,874)	2,676,465
<i>Endowment fund:</i>						
Environmental	4,899,158	-	-	-	(850,548)	4,048,610
Main endowment	16,970,671	-	-	-	(2,955,479)	14,015,192
Total endowment funds	21,869,829	-	-	-	(3,806,027)	18,063,802
Totals funds	28,627,317	3,779,343	(5,310,821)	-	(4,065,254)	23,030,585

2021 (Restated)	Fund balances b/f £	Income £	Expenditure £	Transfers £	Gains and losses £	Fund balances c/f £
<i>Restricted funds:</i>						
Environmental	551,657	73,603	(131,301)	-	6,126	500,085
Community Fund	285,356	-	(232,742)	-	-	52,614
Britannia	543,795	-	-	-	22,716	566,511
Big Lottery Fund #iwill grant	202,222	-	(93,733)	388,793	-	497,282
Luminate	1,382	486,376	(171,300)	-	-	316,458
Funeralcare	44,537	-	(50,000)	5,463	-	-
Welsh carrier bag levy	1,027,922	118,568	(98,215)	-	28,115	1,076,390
Co-operate	1,053,048	2,500,000	(1,751,769)	(388,793)	-	1,412,487
DCMS space to connect	-	24,785	(20,000)	-	-	4,785
Carbon Innovation Fund	-	578,634	-	-	-	578,634
Total Restricted funds	3,709,919	3,781,966	(2,549,059)	5,463	56,957	5,005,246
<i>Unrestricted funds:</i>						
General funds	562,165	754,121	(848,833)	249,719	(5,186)	711,986
Designated funds	1,306,971	-	(11,533)	(255,182)	-	1,040,256
Total Unrestricted funds	1,869,136	754,121	(860,366)	(5,463)	(5,186)	1,752,242
<i>Endowment fund:</i>						
Environmental	4,412,958	-	-	-	486,200	4,899,158
Main endowment	14,494,318	-	-	-	2,476,353	16,970,671
Total endowment funds	18,907,276	-	-	-	2,962,553	21,869,829
Totals funds	24,486,331	4,536,087	(3,409,425)	-	3,014,324	28,627,317

Notes (continued)

11. Movement in funds (continued)

Restricted funds:

Environmental – this is the income received from our restricted Environment Fund endowment following the merger of United Co-operatives Ltd and Co-operative Group Ltd in 2007 (see below for further details)

Community - the Community Fund is the remaining balance of funds that were donated through the Co-op's membership scheme prior to 2014. These funds are now being used for the Foundation's Community Spaces programme, which awards grants that are consistent with the original purposes of the Community Fund to support voluntary, self-help or not-for-profit groups to address community issues, provide long-term benefits to the community, support co-operative values and principles, and ideally be innovative in their approach.

Britannia - the Britannia Fund was transferred following the closure of the Building Charitable Foundation and is restricted for use on financial education or numeracy projects.

Big Lottery Fund #iwill grant - this is to be used to deliver a youth-focused grants programme using social action to tackle loneliness among disadvantaged young people.

Luminate - is to be used to support a programme based at Federation Manchester to contribute to a more inclusive digital economy for Manchester and the North West of England.

Welsh carrier bag levy – this fund was donated to support projects with an environmental benefit in Wales.

Co-operate - these are the funds that we receive from the Co-operative Group Ltd in furtherance of our charitable purposes.

DCMS Building Connections – used to deliver a grant programme addressing youth loneliness.

DCMS Lonely Not Alone – for a campaign to reduce the stigma of youth loneliness.

Carbon innovation - this is a fund that aims to fund organisations delivering innovative project activities that lead to carbon reduction.

Designated funds:

These are multiple funds that we have chosen to set aside for particular projects or grants, from both restricted and unrestricted sources. Designated funds have been committed as future grant payments or repayable finance for charitable purposes.

Endowment funds:

The Environment Fund was a scheme set up following the merger of United Co-operatives Ltd and Co-operative Group Limited in 2007. In 2007, £2,000,000 was granted to the Co-operative Foundation by United Co-operatives, to be "ring fenced" with the annual return being used to fund environmental projects within the United Region.

The investment is shown as Endowment funds and income from the investment is shown as Restricted. In 2016 the Trustees received legal advice suggesting that this fund is permanent endowment.

The Main Endowment fund of £14,015,192 (2021: £16,970,671) is an expendable endowment held to generate investment income to be distributed in line with the objects of the charity.

12. Analysis of net assets between funds

	Endowment	Unrestricted	Restricted	Total
2022				
Investments	18,063,802	229,019	1,001,145	19,293,966
Debtors	-	52,209	1,656,934	1,709,143
Cash	-	2,919,801	432,356	3,352,157
Liabilities	-	(524,565)	(800,116)	(1,324,681)
Net assets at 31 Dec 2022	<u>18,063,802</u>	<u>2,676,464</u>	<u>2,290,319</u>	<u>23,030,585</u>
2021 (Restated)				
Investments	21,869,829	276,892	1,212,499	23,359,220
Debtors	-	935,090	1,218,882	2,153,972
Cash	-	899,585	3,002,905	3,902,490
Liabilities	-	(359,325)	(429,040)	(788,365)
Net assets at 31 Dec 2021	<u>21,869,829</u>	<u>1,752,242</u>	<u>5,005,246</u>	<u>28,627,317</u>

Notes (continued)

13. Financial instruments

	Note	2022 £	2021 £
Financial assets at fair value through the statement of financial activities			
Investments	8	19,293,966	23,359,220
		19,293,966	23,359,220

14. Related party transactions

The Co-op Foundation paid Co-operative Group Limited £755,831 (2021: £418,096) for Foundation staff salaries and other costs directly attributable to Foundation activities. The Trustees consider that the support provided by Co-operative Group Limited represents the best value for money for the charitable company, and that it would not be financially beneficial to employ staff directly.

In regard to gifts in kind, the Co-op Foundation relies heavily on Co-operative Group Limited to provide necessary administrative support for additional staff resources, space and related services. This support includes Co-operative Group costs that are not directly attributable to Foundation activities and are not easily monitored. The Trustees' view that value is not easily quantified. This amount was not included as donations as in the Trustees' view, it is not material in either the current or preceeding financial period.

Co-operative Group Limited donated £250,000 in fees which were waived by its Group Chair, Allan Leighton (2021: £250,000).

At the year-end £453,727 (2021: £352,006) was due from the Co-operative Group Limited.

During the financial year, the Trustees of the board have not received either remuneration or benefits, however one (2021: two) Trustee was reimbursed for both their travel and hotel expenses totalling £311 (2021: £535).

15. Legal status of the charity

The charity is a company limited by guarantee and has no share capital.

16. Prior period adjustment

Reserves position	Unrestricted £	Restricted At 31 December 2021 £	Endowment £	Total £
Funds previously reported	2,035,422	5,010,246	21,869,829	28,915,497
<u>Adjustments on restatement</u>				
Grant adjustments	(274,160)	(5,000)	-	(279,160)
Other expenditure adjustment	(9,020)	-	-	(9,020)
Funds restated	1,752,242	5,005,246	21,869,829	28,627,317
Impact on income and expenditure				
	Unrestricted £	Restricted Year ended 31 December 2021 £	Endowment £	Total £
Net movement in funds as previously reported	166,286	1,300,327	2,962,553	4,429,166
<u>Adjustments on restatement</u>				
Grant adjustments	(274,160)	(5,000)	-	(279,160)
Other expenditure adjustment	(9,020)	-	-	(9,020)
Net movement in funds as restated	(116,894)	1,295,327	2,962,553	4,140,986

Details of adjustments

Grant adjustments

During the preparation of the financial statements for the year ended 31 December 2022, it was identified that a small number of grants approved towards the end of 2021 had not been accrued. An adjustment has been made to recognise these in the period they were awarded.

Other expenditure adjustment

As part of the exercise to correct the above, one further small adjustment was made to correct historic liabilities.

Co-op Foundation is a working name of Co-operative Community Investment Foundation, a charity registered in England and Wales (1093028) and Scotland (SC048102).

Registered office: 1 Angel Square, Manchester M60 0AG



Foundation