

ARTSOCIAL FOUNDATION
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

ARTSOCIAL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

A Uspenskaya
A Siakotos
C Gardner
A Davey
E Oliver (Appointed 27 November 2016)

Charity number

1163100

Principal address

LCLB Suite 1756
95 Mortimer Street
London
W1W 7GB

ARTSOCIAL FOUNDATION

CONTENTS

	Page
Trustees' report	1 - 5
Independent examiner's report	6
Statement of financial activities	7
Statement of financial position	8
Notes to the financial statements	9 - 12

ARTSOCIAL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees present their report and financial statements for the year ended 31 August 2017.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The objectives, set out in the Constitution of the Foundation are as follows:

- a. To advance the education of the public anywhere in the world (specifically but not exclusively in Russia, the Commonwealth of Independent States, and the United Kingdom) in the subject of art and culture by providing financial and other support to art and cultural organisations, projects and exhibitions;
- b. To relieve those in need because of their youth, ill-health, disability, financial hardship or other disadvantage by providing financial and other support;
- c. To help young people in Russia, the Commonwealth of Independent States, the United Kingdom and anywhere else in the world, especially, but not exclusively through leisure time activities so as to develop their capabilities so that they may grow to full maturity as individuals and members of society; and
- d. To advance such purposes as are exclusively charitable purposes within the laws of England and Wales as the trustees see fit from time to time at their absolute discretion.

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Foundation's aims and objectives and distributing grants.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

Grant making Policy

The Foundation makes grants to assist other registered charitable and voluntary organisations in the furtherance of their aims where those aims and objectives align with those of the Foundation. These are considered for organisations operating in the UK, Russia, Commonwealth of Independent States and elsewhere in the World. The grants are provided for supporting organisations and specific projects in accordance with the Foundation's objectives and grant-making policy.

Achievements and performance

The Foundation generated £98,074 in donations throughout the year, with 50 % of corporate and 50% individual donations.

The Foundation held its first Christmas fundraising dinner and auction in December 2016, sponsored by David Morris London Jeweller. The Foundation raised money through ticket sales, auction and donation pledges. Thanks to the generosity of the lead sponsor David Morris The London Jeweller, all the funds raised at the event, approximately £35,000, went directly to support the projects of the Foundation.

The Foundation held a second anniversary reception at the House of Parliament in June 2017 with an aim to cultivate new donors and update the existing donors on the achievements and activities of the Foundation.

The Foundation also held a few smaller fundraising events throughout the year aimed both to raise funds, attract new supporters and increase awareness of the Foundation's work and the projects it supports.

The Foundation also received, as part of the overall donations, an unrestricted donation of £30,000 from The Ampersand Group.

ARTSOCIAL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Grantmaking

The Foundation's primary activity throughout the year was providing grants to charitable organisations that work on a mission to transform, through arts and creative therapies, the lives of most vulnerable children and adults, especially those with special needs, life-limiting health conditions or psychological trauma.

Throughout the period the Foundation distributed £33,520 in grants to 6 Russian and UK charitable organisations.

The trustees are constantly working to identify charities and projects which are specifically aimed at enhancing social integration of disadvantaged and socially vulnerable people through arts and creative expression and projects aimed at providing mental health support through art therapies, or which otherwise advance the Foundation's charitable objectives.

Before making grants to the four projects that were funded in 2016/17, the trustees carried out thorough due diligence of the grant-receiving organisations, considered experience and professional qualifications of the specialists delivering the projects, reviewed the organisations' policies of vulnerable people protection and carefully reviewed the projects' aims, target groups, activities, desired outcomes, evaluation procedures, budgets and value for money, as well as if there was the need for the project in a specific geography and target group.

Below is a brief description of the grants made by the Foundation in the year ended on 31 August 2017.

The Foundation provided a grant of £6,260 to Equal Opportunities, a Russian charity, to specifically support its project of Integrated Theatre Company and Studio 'Kroog 2'. The theatre studio works with over 60 children and adults who have special needs, neurological and mental health conditions and their families. The studio runs daily drama, music, dance, arts and crafts sessions and support workshops with parents. Kroog 2 runs regular performances in different venues in Moscow and across Russia and the teachers participate in conferences and workshops for 'special theatre' specialists across Russia.

The Foundation provided a grant to develop the theatre's local administrative capabilities and worked closely with the charity to approve the right candidate for the role and to track the results of the administrative manager's work on a monthly basis. By the end of the report year the trustees were delighted to see the progress that the organisation made. Thanks to the grant, the performances became more regular and they staged 2 new plays, the theatre company participated in 2 festivals, the teachers participated in several workshops and professional seminars where they exchanged knowledge and experience with specialists from across Russia. The studio ran a theatre summer camp attended by children and adults with special needs and specialists from across Russia. All of this happened thanks to the dedication of the whole 'Kroog 2' team and in particular, thanks to the contribution of the administrative manager, selected and funded by ArtSocial Foundation.

In 2017 the Foundation continued to support 'Here and Now', a Russian charity which works with orphaned and adoptive children, helping them to find new families, integrate, catch up on their emotional development and make connections with families and peers.

The Foundation made two grants in the total amount of £3,250 to support two projects of the Charity, 'Theatrical Games' and 'Arts and Crafts Workshops'. These projects, attended by 35 newly adopted children and their families, were designed to help the children and parents to bond through creative activities, as well as to help the children better understand different feelings and emotions and to express them through the practice of drama. The project ran for 6 months from January to July 2017 with weekly art & crafts workshops and monthly drama classes that took place in the space of a professional theatre. The evaluation of the projects was done through questionnaires for parents and teachers. The trustees of the Foundation received reports on the projects on a bi-monthly basis and the feedback was highly positive. Some of the parents noted that their child was very shy and did not participate much in the drama activities initially and became much more active after a few sessions 'making friends and socialising with other teenagers, and being a leader of the group'.

ARTSOCIAL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

In the UK, the Foundation supported 'Otakar Kraus Music Trust', a Twickenham-based charity which provides music therapy for vulnerable people of all ages. The Trust runs a Music School for children aged 5-25 with learning, physical or neurological difficulties and provides them with an opportunity to learn to sing, play musical instruments and perform in public, bringing huge gains in confidence and personal growth.

As of March 2017 the Music School had 41 pupils, and a waiting list to join as they receive new enquiries regularly but did not have enough music therapists to accept new students. The Foundation made a restricted grant of £13,760 to the Trust to cover the training of one new part-time therapist in their unique Improvisation Rhythm and Performance technique, and for the therapist to provide 6 hours of music teaching per week for 8-10 children from the waiting list for 1 academic year. As a result, a new therapist was recruited and received 6 weeks training from the lead music therapist of the School, and 8 children with conditions such as autistic spectrum disorder, cerebral palsy, Down's syndrome, development delays or other rare syndromes received a total of 6 hours of music therapy per week.

The trustees received short written reports on each of the students funded and were satisfied with the results achieved so far, looking forward to observing more positive impact in the next report year.

In the year ended 31 August 2017 the Foundation also made a grant of £9,000 to 'Flourish Foundation', a UK-registered charity dedicated to supporting mental health of children and adults through art psychotherapy. The charity ran an art psychotherapy project at Ritsona Refugee Camp in Greece, which is a temporary home for about 750 vulnerable refugees, mostly of Syrian origin.

In February 2017 Flourish Foundation set up an art therapy space in Ritsona camp where two therapists ran daily sessions for refugees of all ages. On a weekly basis the therapists saw approximately 54 clients who suffered from serious mental health conditions ranging from depression to severe post traumatic stress disorder. One of the trustees visited Ritsona and met some of the refugees who benefited from the project.

Seeing the profound need for emotional support in the camp, the Foundation decided to provide 50% of overall funding for the running of the project over 36 weeks between March and December 2017. The impact reports and evaluation showed a marked increase in naming emotions, times of complete absorption in the art making, as well as playfulness and a reduction in aggressive behavior of the service users.

The Foundation also made an unrestricted grant of £1,250 to a UK charity 'Children and the Arts' that works to introduce schoolchildren, and especially those that are considered less privileged, to high quality arts.

Financial review

The results and financial position of the Foundation are shown on the Statement of Financial Activities and the Balance sheet on pages 7 and 8. All of the income received during the period was unrestricted donations from individuals and organisations that supported the Foundation's events or who were made aware of the foundation as a result of the events and social media etc.

Income for the year was £98,074 and expenditure was £58,864. The net result was a surplus of £39,210, which, along with Euro deposit funds of £2,986 will be utilised in next year's activities of the Foundation. The trustees are pleased with the level of funds that the Foundation generated in its second year of existence and with the significant increase in income compared to the previous year.

ARTSOCIAL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Trustees have reviewed the Foundation's requirement for reserves in line with guidance from the Charities Commission. The trustees have agreed a policy for reserves that takes into account amounts to fund recurring running expenses of the Foundation and unexpected one off expenses that may arise. They are comfortable that in holding such reserves the Foundation is financially able to continue its work in 2017/2018.

Risk review and management

The trustees regularly assess the risks associated with the Foundation's activities. This involves identifying the types of risks that the Foundation faces and putting in place procedures to mitigate those risks. The risk mitigation procedures include regular reporting on the financial state of the Foundation and making sure there are no factors that could inhibit the charity's ability to fulfill its objectives. This includes ensuring that due diligence procedures are carried out in respect of the grantees, taking reasonable steps in the prevention of fraud and other irregularities, identifying any potential conflicts of interest and continually monitoring all of the above in the course of its planned charitable events and grant-making activities. The trustees are satisfied with the current systems put in place to minimise potential risks.

Plans for next year

In the next year the Foundation intends to continue its support of some of the charities it has worked with this year. The trustees will also be meeting other charities in the UK, Russia and elsewhere in the World and look for additional projects to support, especially those that focus on art therapy and incorporating art in the curriculum, an area that is getting decreased attention in the UK education system.

The Foundation will receive a donation from ArtSocial Limited, a company fully owned by the Foundation's founder Alina Uspenskaya, specifically set up for donating all of its profits to the Foundation. The company runs a private members' club for culturally curious people with a programme of cultural events throughout the year. The Foundation intends to hold its second fundraising Christmas Gala and hopes to raise the level of generated funds by at least 30% compared to the year before.

The trustees will continue expanding the Foundation's network of specialists and experts in the field of creative therapies and art education, as well as continuing its efforts to raise funds, attract new donors and raise awareness of the Foundation's mission and activities through press coverage and public speaking opportunities.

Structure, governance and management

The charity was established as a Charitable Incorporated Organisation, (CIO), on 12th August 2015 and has a model Foundation CIO constitution which is its Governing Document.

The trustees who served during the year and up to the date of signature of the financial statements were:

A Uspenskaya
A Siakotos
C Gardner
A Davey
E Oliver

(Appointed 27 November 2016)

One new trustee was appointed in the year ended 31 August 2017 – Elizaveta Oliver.

ARTSOCIAL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

New trustees are identified by the existing trustees. Any new trustees are recruited on the basis of expertise they could bring to the board. The new trustee recruited in 2016/17 was Elizaveta Oliver. Elizaveta has a background in marketing and non-profit work and recently received an MA in Charity Management from Cass Business School. Elizaveta added her critical view and grantmaking knowledge to the board and, together with the Founder, helped to structure the Foundation's grant-application and reporting procedures.

Any new trustee, if appointed, is provided with a copy of the governing document of the Foundation, the latest financial statements, conflicts of interest and grant making policies. They have the decision-making process explained to them by one of the existing trustees and are provided with an overview of the administrative procedures employed by the Foundation.

The Foundation is governed by the trustees. They meet at least 4 times a year and they are responsible for ensuring that the charity meets with its objectives and determining the policy of the charity. In the year ended 31 August 2017 the Foundation had five trustees from a variety of backgrounds relevant to the aims of the charity. The trustees collectively review funding applications, conduct a due diligence of the applicants, including a thorough due diligence of the governance and financials of the applicants, and safeguarding policies and procedures of the applicants and grant-receivers who work with vulnerable groups of people. One or two trustees usually meet with the prospective grantees in person in order to get a better understanding of how they work and how they are governed.

At the Foundation's board meetings the trustees collectively make decisions on the Foundation's grants based on a number of parameters, including the strength of the application, the merits of the project, clarity of financial state and budgets and transparency and efficiency of governance procedures of the applicant, and whether the application falls within the charity's objectives. The trustees also collectively decide on fundraising activities that the charity carries out to meet its charitable objectives. They also supervise conflicts of interest, reserves management and risk management. The chair of the board of trustees is Alina Uspenskaya, who also oversees the day-to-day administration of the Foundation.

Related Parties

The trustees have considered related parties of the Foundation and the disclosure of transactions with these. The trustees recognise that there are a range of donors, individuals, and organisations that work with and interact with the Foundation to carry out its activities. The trustees identified that ArtSocial Limited, a company fully owned by Alina Uspenskaya, is connected to the Foundation as this company is set up to donate all its profits to the Foundation. The trustees constantly monitor any potential conflicts of interest between the Foundation and ArtSocial Ltd and throughout the year did not identify any conflicts of interest or issues that would influence how the Foundation carried out its activities. The trustees also monitor any potential conflicts of interest with any major donors of the Foundation, including the Ampersand Group and David Morris The London Jeweller, during the year they did not identify any actual or potential conflicts of interest.

The trustees' report was approved by the Board of Trustees.

Alina Uspenskaya

A Uspenskaya

Trustee

Dated: 21/06/18.....

ARTSOCIAL FOUNDATION

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF ARTSOCIAL FOUNDATION

I report to the trustees on my examination of the financial statements of Artsocial Foundation (the charity) for the year ended 31 August 2017.

Responsibilities and basis of report

As the trustees of the charity you are responsible for the preparation of the financial statements in accordance with the requirements of the Charities Act 2011 (the 2011 Act).

I report in respect of my examination of the charity's financial statements carried out under section 145 of the 2011 Act. In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Your attention is drawn to the fact that the charity has prepared financial statements in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

I understand that this has been done in order for financial statements to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

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

- 1 accounting records were not kept in respect of the charity as required by section 130 of the 2011 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements 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 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 financial statements to be reached.

Mark Lynskey CA

Bruton Charles chartered accountants
Greys Green Business Centre
Henley-on-Thames
Oxfordshire RG9 4QG

Dated:

ARTSOCIAL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
<u>Income from:</u>			
Donations received	2	88,074	44,760
Other charitable income received	3	10,000	-
Total income		<u>98,074</u>	<u>44,760</u>
<u>Expenditure on:</u>			
Raising funds	4	<u>14,047</u>	<u>3,090</u>
Charitable activities	5	<u>34,268</u>	<u>14,155</u>
Governance costs	9	<u>10,549</u>	<u>4,639</u>
Total resources expended		<u>58,864</u>	<u>21,884</u>
Net income for the year/ Net movement in funds		39,210	22,876
Fund balances at 1 September 2016		<u>22,876</u>	-
Fund balances at 31 August 2017		<u><u>62,086</u></u>	<u><u>22,876</u></u>

ARTSOCIAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Current assets					
Cash at bank and in hand		62,086		22,876	
		<u> </u>		<u> </u>	
Net current assets			<u>62,086</u>		<u>22,876</u>
Income funds					
Unrestricted funds			<u>62,086</u>		<u>22,876</u>
			<u>62,086</u>		<u>22,876</u>

The financial statements were approved by the Trustees on21.06.18.....

Alina Uspenskaya
.....
A Uspenskaya
Trustee

ARTSOCIAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Charity information

Artsocial Foundation is a Charitable Incorporated Organisation (CIO) with a model Foundation constitution which is its Governing Document.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities Act 2011 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2017 are the first financial statements of Artsocial Foundation prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 12 August 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

ARTSOCIAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

1.5 Resources expended

Costs of generating funds represent costs relating to raising awareness of the charity's activities and costs in respect of managing the donations received. They are recognised when they are paid.

Costs in respect of charitable activities relate to the core activities that the charity has been set up to achieve. These include Grants paid to other charities which Artsocial Foundation supports and costs relating to the Events that it undertakes to raise funds and costs of seeking out new projects to support. They are recognised when they are paid.

Governance costs include the administrative cost of running the charity where the costs are not directly attributable to the charities activities. They are recognised when they are paid.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1.7 Charity Funds

The charity currently holds unrestricted funds only where the trustees can use these funds on the objectives of the charity, in line with its governing document at their discretion. There are no restricted or designated funds held.

2 Donations received

	2017	2016
	£	£
Donations and gifts	88,074	44,760

ARTSOCIAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Other charitable income received

	2017	2016
	£	£
Sponsorships received	10,000	-

4 Raising funds

	2017	2016
	£	£
Costs of running events	11,501	430
Sponsorship commissions paid	2,160	-
Marketing and Public Relations costs	386	2,590
Fundraising and publicity	14,047	3,020
Just Giving service fees	-	70
	14,047	3,090

5 Charitable activities

	2017	2016
	£	£
Travelling and subsistence	748	-
Grant funding of activities (see note 6)	33,520	14,155
	34,268	14,155

The Governance costs relate to administrative support costs of the running of the charity. These include finance management, office costs and bank charges. Refer to note 9.

ARTSOCIAL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Grants payable

	2017	2016
	£	£
Grants to institutions:		
Kroog 2	6,260	-
Here & Now	3,250	3,455
Children & the Arts	1,250	-
Flourish Foundation	9,000	-
Otakar Kraus Music Trust	13,760	-
Grant Life	-	5,700
Artcity Nights - Outreach programme	-	5,000
	<u>33,520</u>	<u>14,155</u>

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or reimbursed expenses during the year.

8 Employees

There were no employees during the year. The trustees voluntarily give their time to run the charity.

9 Governance costs

	2017	2016
	£	£
Administrative consultants	6,760	4,000
Accountants and examiners fees	2,400	-
Legal & professional costs	-	150
Sundry expenses	658	310
Foreign currency gains/ losses	(241)	(285)
Bank charges	972	464
	<u>10,549</u>	<u>4,639</u>