

Charities Aid Foundation Retail Charity Bond 5% due 2026

Social Impact Report 2018

Activities

In April 2016 Charities Aid Foundation raised £20 million through a Retail Charity Bond to allow us to enhance our services to the thousands of charities and donors with which we work, helping them to do more to support the causes we all care about.

Two years on, the bond is helping us grow our support for charities and donors, increasing our lending to organisations which want to invest in new facilities for the future or build social housing to support their communities.

We are investing in programmes to build the resilience of charities, growing cross-border giving, developing ways for charities to invest their funds and playing a leading role in providing insight and developing new thinking for civil society, both in the UK and around the world.

Above all, CAF has developed its work helping people and businesses donate to charitable causes across the globe. During the 2016-17 financial year, CAF distributed a record £539 million to charities in 100 countries around the world on behalf of generous people and businesses. This was an exceptional year of generosity for CAF's donors and we will report further on our work enabling donations during 2017-18 in our annual report later this year.

CAF works around the world, with network offices in the United States, Canada, Brazil, South Africa, India and Russia, as well as the UK. Facilitating cross-border giving is an important area of work, so we were delighted to be able to invest in a new online service for donors using the CAF American Donor Fund, which helps dual US/UK taxpayers to give. Initial feedback has been very positive and we hope this will encourage more people living on both sides of the Atlantic to support causes close to their hearts. This development points the way to potential future developments for our work with UK donors.

Our financial services tailored for charities is also a central part of our work, and we were pleased that CAF Bank was able significantly to expand its lending to charities and social purpose organisations

Since the start of May 2016, CAF Bank has lent nearly £39 million to charities, and sanctioned loans in excess of £31 million, and has ambitions to lend significantly more over the coming years.

In the same period, CAF Bank has also made £30 million in loans to personal clients, with an interest in philanthropy, generating donations to charity and helping support our financial services for charities.

Impact Profiles: Stoll's Story

Vulnerable and disabled veterans will soon be able to make use of new state-of-the-art homes and facilities thanks to financial support from CAF Bank.

Stoll, a charity that works with ex-servicemen and women who are struggling to reintegrate into civilian life, approached the bank for help in carrying out a major 34-home development.

Now, the charity is set to open a brand new housing development at Aldershot Garrison this Spring, following a £3.8 million loan.

The scheme will include family accommodation, disability units, communal areas, training facilities, and even a therapeutic garden, all with the aim of helping veterans lead fulfilling, independent lives.

Ed Tytherleigh, Chief Executive at Stoll, said: "It is a pleasure to work with another organisation that shares similar values and is so open to developing positive relationships as a financial partner.

"As a small Housing Association there are limited sources of borrowing available and CAF Bank fitted the bill perfectly."

Stoll supports over 600 veterans every year and helps them build confidence and skills to lead independent lives.

Eighty-seven per cent of the veterans supported by the charity achieved a goal or outcome they were working towards, according to a Stoll survey of residents.

Mr Tytherleigh added: "For those of working age we aim to ensure that they have the opportunity to reintegrate fully by bringing back confidence and soft skills, as well as supporting the individual with employment, debt and money, health and other support issues that may be holding them back.

"For those with greater need we want to offer the highest degree of independent living we can by ensuring a supportive and very special environment to live with plenty of access to meaningful activity and a strong community."



Last year we reported that CAF was able to launch the UK's first secure digital investment platform designed for charities, helping them find ways of getting a return on their money at a time when interest rates are among the lowest in history.

This year the service has taken on its first charity investments and the innovative service won the Innovation in Fund Services Award at the prestigious *Investment Week* Fund Services Awards. We are currently moving the service to a different platform provider and anticipate growth over the next year.

Our social investment arm, CAF Venturesome, has approved £2.5m worth of social investments and raised £4m in philanthropic funds to support our ongoing investment in a huge variety of charities and socially worthwhile enterprises.

We have invested in our compliance and risk functions in the past year, building our capacity to respond to increased regulatory demands and continue to ensure that our donors, both corporate and individual, can give securely and with confidence.

Our new CAF Resilience programme provides financial and other forms of

core support for smaller charities in the UK as other forms of funding have been substantially reduced. It helps them to become more resilient and build greater social impact over time. It is designed and run by CAF with support from our Private Clients and the aim is to encourage more major donors to support it and take an interest in the smaller charity sector.

The charities have a mix of locations, delivery models and causes and by working so closely with them over an initial three year pilot CAF has an opportunity to understand what smaller charities really need. We intend to share that learning with the sector for the benefit of both charities and funders.

Meanwhile our policy, campaigns and research teams have been leading thinking in the potential use of financial technology to transform philanthropy, and are promoting the role of elected mayors in encouraging giving in our great cities

Those are just some specific examples of how we bring people together to make a real difference to the causes they care about – work in addition to our long track record of granting hundreds of millions of pounds each year to tens of thousands of charities worldwide, which we report on every summer in our annual report.

Impact

Since the start of May 2016, CAF Bank has lent nearly £39 million to charities, sanctioned loans in excess of £31 million, and has ambitions to lend significantly more over the coming years. We have been able to support a wide range of organisations from community churches to organisations working with veterans.



Impact Profiles: Hope Church's Story

A project funded by CAF Bank proves that a church is not just a place for worship, but can also be a pivotal hub for the community.

Hope Church in Newtown, Wales, has received a £1.6million loan from CAF Bank to redevelop its facilities and extend its community-based activities.

The Church does not only host church services, but also runs a full-time day nursery for those who can't afford childcare costs, as well as daytime activities for parents and toddlers, children and the elderly.

But most of the activities have been in great demand and had waiting lists due to the size and restrictions of their previous building.

Now, staff at the church hope the funding and the redevelopment of its building will help extend its reach, with more community-based activities on offer – all under the same roof. The church will be transformed into a three-storey building, with one of the floors solely dedicated to the nursery, increasing its provision from 30 to 50 children.

Speaking about the venture, the Operations Pastor at Hope Church, Avril Morgan, said CAF Bank’s support had been invaluable.

She said: “They have truly been a huge help. And they have been with us from the very beginning.”

Mrs Morgan added: “There were many unknowns at that point but I have to say that our relationship with CAF Bank has been fantastic. They have really had so much empathy with our vision and ethos.”

She said the new building will help support the wider community and families, not just children or older people, adding: “Some of the people we help could be those who struggle to get a job because they don’t have a CV for instance, or we could offer workshops on parenting skills.”

Outputs, Indicators and Results

Outputs	Indicator	Results
Increase CAF Bank support for charities	Grow sanctioned and drawn loans to charities	Since the start of May 2016, CAF Bank has lent nearly £39 million to charities, and sanctioned loans in excess of £31 million, and has ambitions to lend significantly more over the coming years.
Help people give to causes on both sides of the Atlantic	Improve ways for US and UK dual taxpayers to give across borders	Created a new digital interface for the CAF American Donor fund, pointing the way to future developments
Build capacity among small and medium sized charities	Develop a programme to provide capacity-building support for organisations and disseminate learnings	Launched the pilot wave of the CAF Resilience programme supporting an initial 10 charities.



Impact Profiles: Old Spike Roastery's story

The simple act of roasting coffee is helping transform the lives of homeless people, thanks to a project backed by CAF Venturesome.

The team has provided Old Spike Roastery CIC, who work with homeless people, with two social investments totalling £90,000 to help the charitable organisation expand its reach and continue its good work.

The premise of the coffee-roasting project is to use its company in south-east London to provide housing, a living wage job, and mental health support to homeless people, a venture that has been resonating with a lot of people and has proved to be a success.

So much of a success, in fact, that the café was running out of supply due to increasing demand.

That's when CAF Venturesome stepped in with a £40,000 loan to enable Old Spike to purchase a much larger coffee roaster.

But setting its sights even higher, the Old Spike then approached the Venturesome team for a loan of £50,000 after they were presented with the opportunity to open a new café.

The new space at the old Southwark Town Hall in Camberwell opened its doors in March 2017, offering additional space and a whole new customer base.

Speaking about the partnership with CAF Venturesome, Cemal Ezel, Director of Old Spike Roastery CIC, said: "We are extremely pleased to have been able to convert an empty unused part of the old Southwark Town Hall, into a high end social enterprise restaurant.

At Old Spike we are constantly looking for a way to create more job opportunities for our beneficiaries without compromising on the quality of our product. Without the support of CAF Venturesome, this would have still been a dream of ours."

As a result of the social investment, Old Spike have been able to increase the number of homeless people it works with from 5 to 33, helping them transition off the street and into work.

CAF Venturesome were able to help the project at a pivotal time in 2016, when the UK was facing a growth in homelessness of 16 per cent.

A key aspect of this issue are the barriers homeless people face when looking to secure employment, which restricts their route out of homelessness and into a more stable life.

Charities Aid Foundation Future Targets and Objectives

Our plans for growing lending to charities are on track and we expect significant further growth during our next financial year, meeting demand from non-profit organisations for lending that allows them to grow their services and invest in the future.

We launched the CAF Investment Account in November 2016 and have received a positive response from both charities and the investment management community. Growth has been slower than expected due to the decision of our initial platform provider to exit this market. We are transitioning to a new provider and are optimistic that we will be able to provide significant support and value to charities as they attempt to optimise their resources in the continuing environment of historically low interest rates.

We continue to invest in our services for donors, giving them the modern, convenient, online experience that encourages them to give. Our new online interface for the CAF American Donor Fund is already proving popular with our transatlantic donors and we believe this provides an ideal model to guide modernisation of our services for major donors and regular givers over the coming years.

Our work to influence policymakers and the wider civil society community continues; there is growing interest in our work to encourage the development of giving among the burgeoning global middle classes, harnessing the power of economic growth in some of the world's most dynamic emerging economies and building on the track record of the CAF Global Alliance building philanthropy and civil society around the world.

Our advisory and consulting services continue to develop, and we are pressing ahead with the development of our CAF Resilience programme, which aims to build the capacity of small and medium sized charities through a package of advisory work and other support.

As an organisation dependent on interest income, we have worked hard to control costs and invest in growth to mitigate the effect of the Bank of England's decision to cut interest rates in 2016. The Bank's decision to raise interest rates late in 2017 was welcome, and we will monitor the situation closely as it evolves.