

The **CAF** *Effect*

2007 – 2008



Our aim is simple: to create greater value for charities

The CAF Effect

The CAF Effect begins at the point a donation is made and ends when a charity decides to spend its cash. Our aim is to add value at every stage of a donation's journey.

Take Hannah Willis, an employee of Barclays. Hannah uses CAF's payroll giving scheme Give As You Earn. This enables her to give money direct from her gross salary. As a higher-rate taxpayer it only costs her £30 a month to put £50 into her charity account.

Hannah's contributions are matched by her employer, Barclays, bringing the total to £100 – more than three times the amount it cost her. CAF administers the Matched Giving service for Barclays and works with the bank on its corporate community investment programme too.

Hannah says: "Because I make donations via CAF and my employer matches them pound for pound, my £360 becomes £1,200 each year. That's a big multiplier effect and means I'm inclined to be more generous."

The CAF Effect doesn't stop there. If the charity Hannah supports has a high interest rate account with CAF Bank it would be earning 6.2%* interest a year. It means Hannah's giving makes the maximum social impact.

*As at 1 September 2008

*"Because I make donations via CAF...
I'm inclined to be more generous"*
Hannah Willis, Barclays employee



Hannah Willis, Barclays employee

£100

Total value after
Hannah's employer
matched it £ for £

£30

Cost of Hannah's
donation as a
higher-rate taxpayer

£50

Value of the donation in
her CAF Charity Account

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Lord Cairns CVO, CBE, Chairman

Dr John Low CBE, Chief Executive

This has been an exciting and highly successful year for CAF (May 2007 to April 2008). Thanks to the generosity of our individual and company donors we helped more than 45,000 charities to carry out their vital work, helping to improve the lives of millions of people around the globe.

In 2007/08 CAF saw a 17% increase in the level of donations to £368 million and a 10% increase in the charitable funds managed by CAF to £2.5 billion. However, though impressive, figures don't tell the whole story of CAF's contribution to the third sector.

CAF has also seen substantial growth in international giving and high risk funding for small and emerging social enterprises.

Our aim is to contribute as widely as possible to the development of a vibrant and dynamic charitable sector in the UK and overseas.

All this has been achieved against a backdrop of sweeping modernisation at CAF. We are investing in our people, systems and services to ensure we continue to offer high levels of service to our customers.

Global economic uncertainty means the coming year will be a challenging one and CAF will not be immune. However, the vital importance of a thriving third sector is widely understood and CAF is confident that its role can and will develop further in the coming years.

About us

The Charities Aid Foundation is a registered charity that works to create greater value for charities and social enterprises. We do this by transforming the way donations are made and the way charitable funds are managed.

We also help shape the charitable sector through our research, policy development and events.

For individuals, we make it easy to give, to find charities and support them tax-efficiently.

For companies, we set up giving, volunteering and community programmes.

For charities we offer low-cost banking, investment and fundraising services.

"The vital importance of a thriving third sector is widely understood and CAF is confident that its role can and will develop further in the coming years"

Lord Cairns and Dr John Low

Our beneficiaries

Every single day more than £1 million was given through CAF, benefiting over 45,000 charities in the UK and around the world during the past year.

Donations paid to charities by CAF donors grew significantly during 2007/08.

Individual giving	up 16% to £176m
Give As You Earn	up 15% to £83m
Company giving	up 23% to £80m
International giving	up 67% to £30m
Fundraising support	up 12% to £29m

"Supporters who donated £5m to Cancer Research UK through CAF are playing a vital role in the charity's vision to beat cancer. £5m could cover the entire yearly costs of running five research laboratories..."
Julie Sharp, Science Information Manager, Cancer Research UK



© Cancer Research UK

377,000
donations

£5m

Cancer Research UK

277,000
donations

£3.9m

NSPCC (inc Childline)

52,000
donations

£0.9m

Great Ormond Street
Hospital Children's Charity

85,000
donations

£3m

Oxfam

119,000
donations

£1.1m

RSPCA

113,000
donations

£1.9m

Macmillan Cancer Support

64,000
donations

£1.4m

British Heart Foundation

88,000
donations

£3.2m

Save the Children Fund

103,000
donations

£1.2m

Marie Curie Cancer Care

69,000
donations

£0.9m

Barnardos

*Here are the ten charities which received the
largest number of separate donations*



© Suzanne Porter/Help the Aged

Our donors

Individual donors are the very heart of CAF. Their generosity allowed us to distribute £176 million to charities at home and abroad last year. We now have more than 85,000 Charity Account holders, a quarter of whom donated more than £1,000 to charities in 2007/08.

Our donors are committed long-term givers and more than half have been with us for more than ten years. Regular long-term giving is of huge importance to charities since it helps them plan for the future.

We offer our donors an easy to use online account management system to give quickly and effectively to the charities of their choice. We also offer advice on how to create personal giving strategies.

The CAF Trust Account has proved immensely popular with many wealthy donors. It's simple, tax efficient and has low set up and administration costs.

It also gives Trust customers a great deal of control over how their money is managed and spent. That's resulted in strong growth in the amount going to charity this way with more than £150 million coming into CAF Trust funds in 2007/08.

We also try to encourage a spirit of giving among the young. The CAF Family Account was designed so that parents and children could share the pleasure of charitable giving.

During the past year CAF has started a comprehensive programme of research into donor aspirations and how we can serve them better. CAF knows that its contributors need an ever more responsive organisation to get their money to their chosen charities speedily and efficiently.

"These much needed funds were used to make a real difference to the lives of disadvantaged older people in the UK and overseas through targeted research, practical services and focused campaigning. Thank you."
Mark Whatham, Help the Aged

More time to give

"I don't know how old I was when I started giving" says Elizabeth, a regular donor with CAF. "When I was brought up we used to give in church and I suppose it carried on from there."

The first charity she remembers as important to her was the NSPCC, which her mother supported, but as she grew older she gave to increasing numbers of different charities: "I always wanted to help people worse off than myself and I was lucky and privileged enough to be able to do so."

Eventually Elizabeth started her own charitable trust, which she ran for fifteen years. However, this was always time consuming and rarely easy.

That's why she decided to open a CAF Charity Account: "I moved to CAF because I wanted to carry on giving as I was but without it taking up so much time."

Elizabeth finds her charity account easy to use and still gives tax efficiently to as many charities as before. "It's very useful and helpful. I can give to a broad range of charities and do it anonymously – which I like!"

Giving effectively on both sides of the pond

Fraser, who works for a global investment bank, had always considered giving to charity to be part of his family tradition. But as a dual UK and US taxpayer Fraser wanted to be able to donate to charity without being penalised under either tax regime.

That's why he opted to use the CAF American Donor Fund – a service for dual US and UK taxpayers. It's a UK registered charity that is owned by CAF America. This means that Fraser can make charitable donations in both the UK and US without losing his tax breaks.

Fraser is clear about why he likes giving through the CAF American Donor Fund: "It is an extremely simple, well-managed mechanism through which to channel my philanthropy. It allows me to take advantage of the tax subsidies available to increase what I'm able to give."

"The £1m in donations made to WaterAid by CAF donors will enable more of the world's poorest people to gain access to safe, clean water, sanitation and hygiene education"
Tamsin Maunder. Communications Services Manager





© Espen Rasmussen/Médecins Sans Frontières

Our companies

At CAF we believe good companies make great communities. That's why we help with everything from payroll giving to sophisticated advisory services on corporate social responsibility.

We work with more than 4,000 companies in the UK including the majority of FTSE 100 companies. We find there's a huge appetite from companies to meet the aspirations of their consumers, staff and shareholders to be good corporate citizens and work in greater harmony with the communities in which they operate.

Give As You Earn – CAF's payroll giving scheme is making steady progress. Over the past year an average of four new companies have signed up for the scheme every week and employees gave more than £83 million in 2007/08.

Company Accounts – which allow companies to keep their community budget in a ring fenced fund – have witnessed growth too. In all there was a 23% increase over the last year to £80 million.

What's more CAF's international reach, with offices in eight countries, has enabled many multinational companies to meet their social objectives. In the past year we processed our first ever payroll donations in US dollars for UK based employees.

We also helped companies identify charities that best fit their corporate objectives. The amount given as a result of our advisory and consultancy services has grown from £8 million to £27 million – almost three times our target.

"All our donations come via CAF, and our supporters get the best possible service... essentially, CAF are part of our fundraising team"
James Kliffen, Médecins Sans Frontières UK

CAF helps Burberry Foundation in the Far East

Burberry, one of the top global brands, wanted to work with young people and help them achieve their potential. It established a foundation and concentrated on cities where the majority of its employees lived and worked – London, New York and Hong Kong. Though they had good contacts in the first two, Hong Kong proved more challenging.

Lacy Crawford, director of the Burberry Foundation, was referred to CAF by one of our trustees. CAF Australia identified a partner agency in Hong Kong and selected a number of charities working with young people in the area. After detailed due diligence and close contact between the parties, Burberry now supports three charities in Hong Kong helping high and low achieving children to build their confidence and improve their opportunities in work and life.

Turning silver into gold

Michael Page International is one of the UK's leading recruitment consultants and showed its full professionalism when recruiting its own staff to join CAF's Give As You Earn scheme.

From October 2006 it offered to match staff donations pound for pound and rapidly earned a Payroll Giving Quality Mark Silver Award. Determined to turn that into gold, the company enlisted the support of Sharing the Caring – CAF's fundraising team. That resulted in 28% of staff signing up to give £43,000 each year to 100 different charities. The Gold Award soon followed.

"Jairo, 11, is among the poorest of the children attending his school in Colombia. Save the Children in partnership with CAF has been supporting efforts to improve the quality of and access to public schools by providing free school lunches and uniforms"
Caroline Trutman, Save the Children



Our charities

Last year we helped 17,000 charities to make the most effective use of their funds through our award winning, low-cost banking, investment and fundraising services.

CAF's close relationship with charities has never been more important since they are unlikely to be immune from the troubled economic outlook. In particular, the small to medium sized charities which form a core part of CAF's charity audience may face even greater challenges.

The past year has witnessed the charitable sector's growing faith in CAF with a huge take-up of CAF financial products. Our charity clients tell us that because CAF is itself a charity, we respond more sympathetically to their needs. CAF is dedicated to building relationships over time and responding promptly to the sector's needs.

CAF Bank

CAF Bank has been providing a high interest, low fee alternative to the high street banks for more than 20 years. Last year CAF Bank enjoyed steady growth and now manages £924 million for its 14,000 customers.

In addition to our current and deposit accounts, we offer the CAF Fixed Rate Selector Account with highly attractive interest rates, in which charities have deposited over £350 million.

Investments

CAF offers a range of investment products for charities of all sizes. We appoint professional fund managers, ensuring that charities can access the expertise of top investment professionals.

Stock market volatility has made 2007/08 a difficult year for everyone in the equities market and CAF has been no exception. To address this, we have re-weighted portfolios aiming to get the best possible return for charities.

Fundraising Support

CAF aims to take all the hassle out of fundraising for charities, collecting donations any way people choose to give. The value of the funds we processed through our Fundraising Support service was up 12% in 2007/08 to £29 million.

By the end of 2008 CAF will have a new back office computer system which will make our fundraising support services faster, better and more efficient.

Venturesome

Venturesome is a pioneering social investment fund, aiming to build a market that provides access to capital for charitable enterprises to achieve greater social impact.

The fund has now grown to £8 million, provided by CAF and 12 outside investors including Deutsche Bank. In the past year £3.9 million was committed to 30 charitable enterprises.



© National Society for the Prevention of Cruelty to Children

34%

Children and young people

28%

Education

22%

Health

13%

Overseas

9%

Medical research

9%

Environmental

19%

Religion

17%

Older people

11%

Arts

Percentage of our charity customers that support these causes
CAF customer satisfaction survey 2007

Venturesome helps charity to focus on growth

Interact Worldwide promotes sexual health awareness in developing countries. The charity had been given a property as a legacy but there were technical problems with selling it so the charity found itself in a cash flow squeeze. Interact Worldwide approached Venturesome for help and was offered a £300,000 standby facility to support working capital.

Bruno Oudmayer, CEO of Interact Worldwide said: "The Venturesome facility has allowed the management of Interact Worldwide to concentrate on the objectives of the organisation."

"This has had a tremendously positive effect on Interact Worldwide. In fact, the focus on business development and fundraising has been such that it has, to date, not been necessary to draw down from the facility."

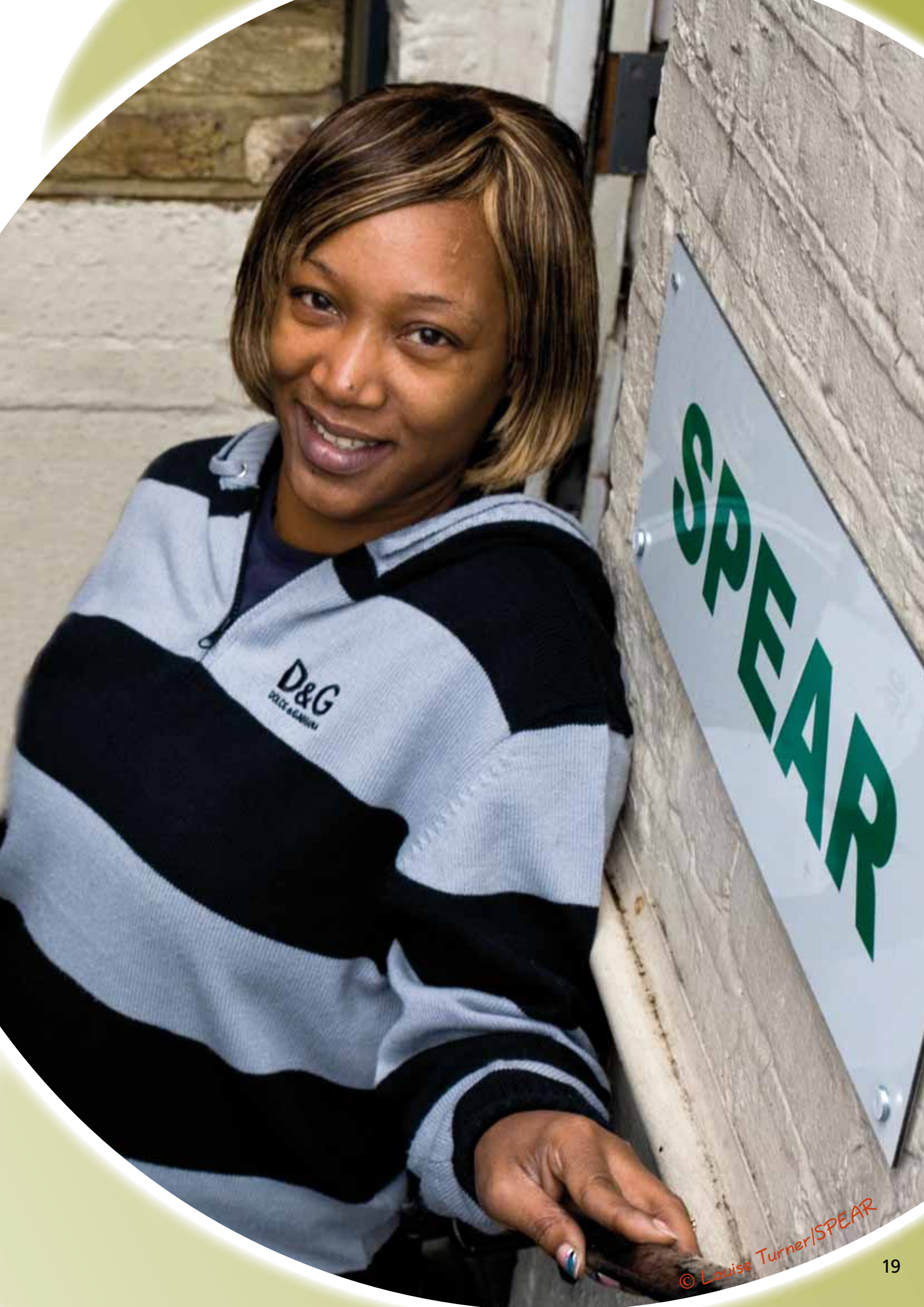
CAF Bank helps homeless charity to deliver

SPEAR is a charity that works with homeless people in and around the London Borough of Richmond-upon-Thames. It operates a 12-bed hostel, an outreach and tenancy support service, a rent deposit scheme and a team working with people who have drug and alcohol problems.

Because users depend on its services, it is vital that SPEAR maximises the value of any money it has in its coffers.

Ed Tytherleigh, the Director of SPEAR, told us why his organisation banks with CAF: "It is important to us to be working with another charity and share that ethos with them. CAF Bank is better placed than any other bank to understand the challenges we face daily and this is reflected in CAF's first-rate customer service. The excellent interest on the CAF Bank current account and the competitive investor account helps us make the best use of SPEAR funds."

*"CAF Bank is better placed than any other bank
to understand the challenges we face daily"*
Ed Tytherleigh, Director of SPEAR





© Steve Highfield/WTPL

Our voice

At CAF we are dedicated to the work of charities and charitable giving. We have a strong history of securing legal and policy changes that support giving, and will continue to stand up for the sector, provoke debate and work in partnership with others to strengthen the giving environment.

Promoting giving

Once again, CAF partnered the Sunday Times to produce the 'Giving List', part of the annual 'Rich List' publication. Our launch at the London Stock Exchange publicised, celebrated and encouraged philanthropy among the wealthy.

In 2007, for the first time we ran fringe events at all three political party conferences and increased our presence at the 2008 conferences – collaborating with organisations such as Policy Exchange and the Smith Institute.

Informing the sector

As well as our work with donors and charities, our voice is informed by our own robust research. All our publications, including 'UK Giving 2007' and 'New Media Fundraising', can be found at www.cafonline.org/research

Over the last year we provided training to more than 750 organisations – helping them to ensure that their fundraising is effective and fully tax efficient.

Gift Aid

This year CAF actively contributed to the Government's major consultation on Gift Aid. This resulted in a series of measures to make it easier for charities, especially small charities, to reclaim Gift Aid.

CAF and others lobbied on the negative impact a reduction in the basic rate of income tax would have on charities – reducing the amount of Gift Aid they could claim.

Against the odds, the Chancellor responded with a transitional rate of tax relief so, until 2011, charities can continue to claim 28 pence for every pound donated (rather than the rate dropping to 25 pence).

CAF also worked with HM Revenue & Customs to research key barriers to the adoption of Gift Aid for charities. This provided an independent view on Gift Aid and informed the successful outcomes of the review.

"During 2007 CAF donors gave enough money to the Woodland Trust to help fund the creation of almost 75 acres of new native woodland"
Katherine Jaiteh, Woodland Trust

Our commitments

May 2007 – April 2008

We promised to

- grow the total funds we receive from individuals by 10%
- go beyond our record of distributing £139 million from individual donors to the charitable sector
- increase employee and company giving to £133 million
- reduce the value of unclaimed Gift Aid donations by using our economy of scale to provide charities with a cost-effective tax reclamation service
- ensure that all our financial products for charities achieve top quartile performance in their respective asset classes
- grow international and cross-border giving to exceed £30 million
- continue to target the tax that goes unclaimed by charities each year

What we achieved

- total funds received from individuals grew by 40%
- a record £176 million from individual donors was distributed to charities
- greatly exceeding expectations, giving by companies and their employees increased by 19% to £163 million
- continued to provide charities with a cost-effective tax reclamation service, reclaiming £4 million on Gift Aid donations on their behalf
- all our cash products for charities achieved their planned performance but some investment funds fell short
- international and cross-border giving rose to £30 million, an increase of over 50%
- we have helped the amount reclaimed by charities through Gift Aid to rise from more than £800 million in 2006/07 to nearly £1 billion this year

Aims for 2008/09

- grow overall receipts from individual and corporate donors to £380 million
- ensure amount going to charities from Charity Account and Trust Account donors exceeds £180 million
- continue steady growth in core Give As You Earn payments to charities to £75 million
- assist corporate clients to distribute over £60 million to charities
- grow number of charities that benefit from CAF Bank's competitive interest rates and low charges by 1,200, increasing deposits to £1 billion
- relaunch fundraising support service based on entirely new back office system and collect £30 million on behalf of charity customers, replacing thirty year-old system
- review CIFs and other investment products to ensure they provide appropriate return for charity investors
- Venturesome to continue influential role in the development of social investment, growing funds available for investment to £10 million, including, with others, establishing a Community Land Trust investment fund
- continue strategic modernisation programme, introducing a new enterprise system to deliver improved donor customer services
- grow international and cross-border giving by 10% and continue development of an international service for global donors

Our international reach

CAF doesn't limit its work to the UK. We create greater value for charitable organisations across the world through our international network of offices. Last year we received over \$100 million through our offices, helping thousands of donors to give across national borders.



"We raised over \$8m for charities during the year, including \$2m through our 'Charity instead of Gifts' campaign"
CAF Russia



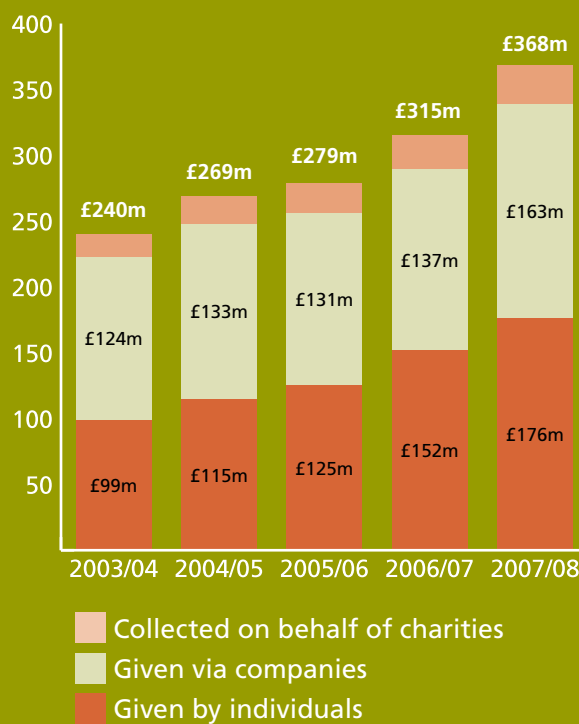
"We established the Chronic Care Foundation with \$1m and launched Microsoft's employee giving and volunteering programme"
CAF India

"Donations given through us doubled, benefiting over 300 organisations, plus 5,000 volunteers have been recruited through our Volunteer Weeks"
CAF Southern Africa

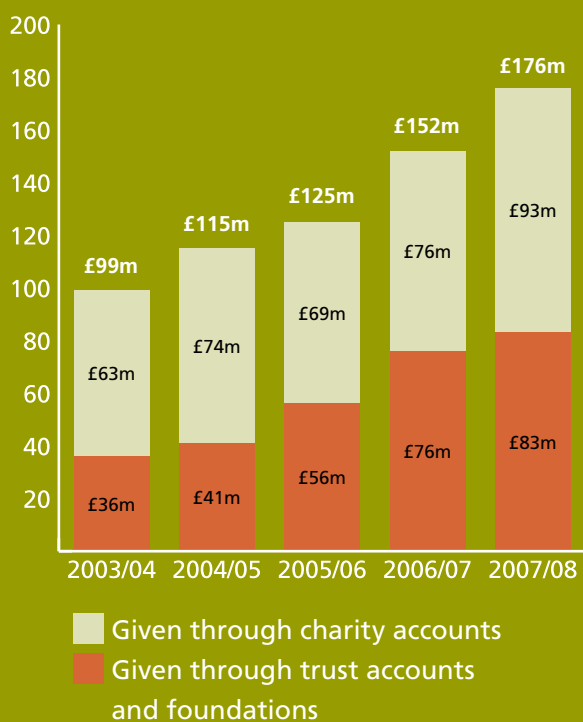
"We distributed \$15m of funds to over 750 projects throughout the Asia Pacific region and helped develop payroll giving in Singapore and Hong Kong"
CAF Australia

Financial snapshot

Total funds given to charities worldwide



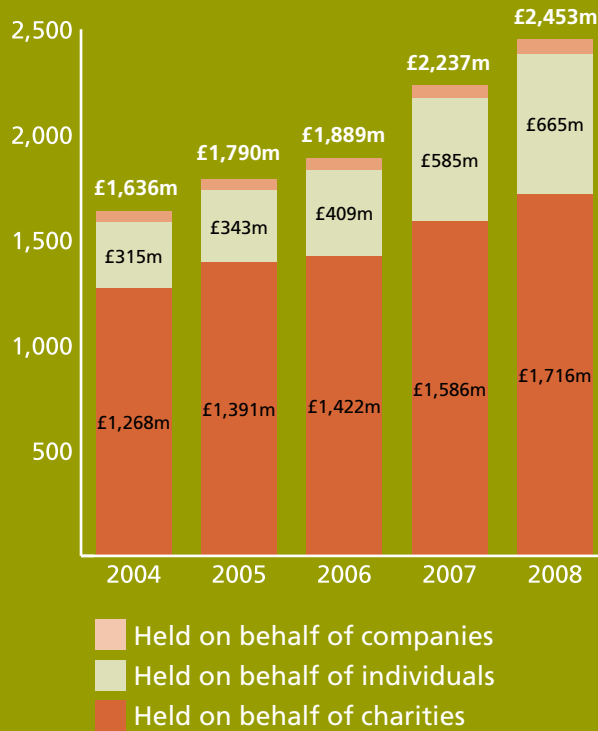
Funds given by individuals



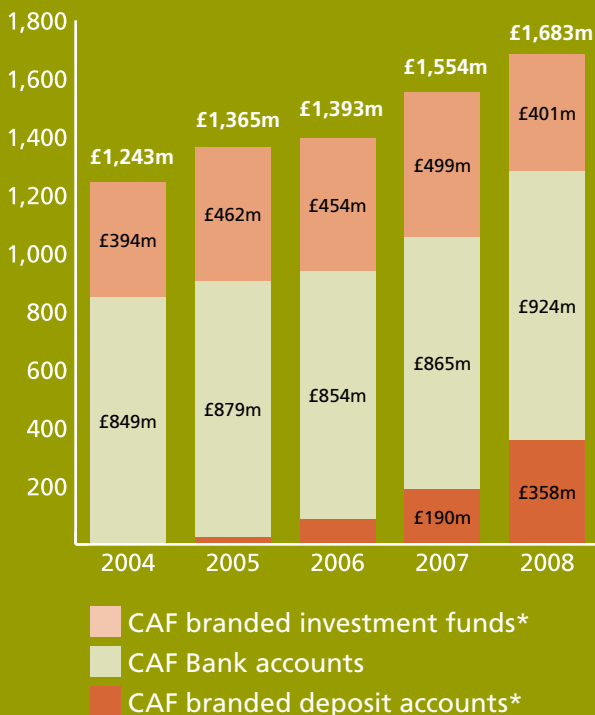
Funds from companies



Total funds held



Charities' funds held in CAF banking and investment products at 30 April



* Funds held by third parties and consequently are not on the CAF group balance sheet

Funds held on behalf of individuals at 30 April



All years ending 30 April

*Thank you to all our donors and customers
for your continued support*

Find out how we can help you
support the causes you care about
E enquiries@cafonline.org
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W cafonline.org/effect

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Registered charity number 268369

Front cover image by kind permission
ELHAP – A Special Needs Adventure Playground

CAF Charities Aid
Foundation