Arthritis Ireland

Annual Report and Audited Financial Statements

for the financial year ended 31 December 2020

KSI Faulkner Orr Limited
Behan House
10 Lower Mount Street
Dublin 2
Ireland

Company Number: 78931
Charity Number: 6297
Charities Regulatory Authority Number: 20011123

Arthritis Ireland
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Arthritis Ireland
REFERENCE AND ADMINISTRATIVE INFORMATION

Directors	Tim O'Sullivan (Chairperson) Seoirse Smith (Resigned 5 September 2020) Emma MacDermott (Resigned 5 September 2020) Andrew Kinsella Andrea MacMahon (Resigned 20 January 2020) Finbar O'Shea Keith Nix Stephen Crowe Eric Boyle Martina Cooney Ursula Fearon Miriam O'Sullivan John O'Flynn (Appointed 5 September 2020)
Company Secretary	Andrew Kinsella
Charity Number	6297
Charities Regulatory Authority Number	20011123
Company Number	78931
Registered Office and Principal Address	1 Clanwilliam Square Grand Canal Quay Dublin 2
Auditors	KSI Faulkner Orr Limited Behan House 10 Lower Mount Street Dublin 2 Ireland
Bankers	AIB 1-4 Lower Baggot Street Dublin 2 Ireland
Solicitors	Dillon Solicitors Unit A1 Nutgrove Office Park Rathfarnham Dublin 14

Arthritis Ireland
DIRECTORS' ANNUAL REPORT
for the financial year ended 31 December 2020

The directors present their Directors' Annual Report, combining the Directors' Report and Trustees' Report, and the audited financial statements for the financial year ended 31 December 2020.

The financial statements are prepared in accordance with the Companies Act 2014, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Directors' Report contains the information required to be provided in the Directors' Annual Report under the Statement of Recommended Practice (SORP) guidelines. The directors of the company are also charity trustees for the purpose of charity law and under the company's constitution are known as members of the board of trustees.

In this report the directors of Arthritis Ireland present a summary of its purpose, governance, activities, achievements and finances for the financial year 2020.

The company is a registered charity and hence the report and results are presented in a form which complies with the requirements of the Companies Act 2014 and, although not obliged to comply with the Statement of Recommended Practice (Charities SORP effective January 2015), the organisation has implemented its recommendations where relevant in these financial statements.

Arthritis Ireland is limited by guarantee and does not have a share capital. At the balance sheet date there were 10 members whose guarantee is limited to €1.27. This guarantee continues for one year after membership ceases. The company is governed by the Companies Act 2014 and produces its accounts in compliance with that Act.

Mission, Objectives and Strategy

Mission Statement
We seek to ensure that every person living with arthritis in Ireland is supported to live a full and active life, having access to appropriate health services and treatments. We work to ensure an enhanced quality of life for people living with arthritis, minimising the devastating effects that arthritis can have on lives.

Vision
A better world for people living with arthritis today and a world without arthritis tomorrow.

Purpose
- We are the first and frequent point of support for people living with arthritis in Ireland.
- We develop and deliver the services and supports which allow people living with arthritis to lead full and active lives.
- We listen to our community and advocate solutions to their needs through developing evidence-based policy proposals.
- We influence the research agenda and promote development of new diagnostics, treatments and supports.

Values
- We understand the importance of trust and acting with the utmost INTEGRITY. We are responsible, accountable and operate to the highest governing standards.
- We are committed to TRANSPARENCY and are honest and clear about what we do, what we don’t do and why.
- Our PERSON-CENTRED approach puts people living with arthritis at the heart of everything we do. Arthritis doesn’t discriminate, so it’s important for us to understand the lived reality of every person affected by this debilitating disease.
- We strive to be INCLUSIVE and ensure that the voices of those living with arthritis always takes priority.
- We work in PARTNERSHIP with people living with arthritis, their families, employers, health professionals, service providers and other organisations to achieve the best possible outcomes and greatest impacts.
- We are INNOVATIVE, forward thinking and dynamic. We are committed to finding smarter ways of doing things to improve quality of care.

Arthritis Ireland
DIRECTORS' ANNUAL REPORT
for the financial year ended 31 December 2020

Structure, Governance and Management

Structure
Arthritis Ireland is governed by a board of directors. The board is elected at the AGM and consists of not more than 15 representatives as follows: not more than 4 directors from the societies (three from the Irish Society for Rheumatology (ISR) and one from the Irish Rheumatology Health Professionals Society (IRHPS) including the chairperson if a societies director), 4 directors nominated by the Arthritis Ireland branches and elected at the AGM, and 7 ordinary directors to be co-opted by the remaining members of the board. The present membership of the board is listed on the 'directors and other information' page. The directors and secretary who served during the year had no financial interests in the organisation. The board of Arthritis Ireland meets on a bi-monthly basis.
Arthritis Ireland has a Governance and Finance Committee, which is chaired by a board member and is responsible for the following areas: audit and finance, board structure, succession planning, memo and articles of association, AGM, Code of Governance implementation and review, compensation and benefits, legal awareness.

In addition, Arthritis Ireland also operates the following working groups, that are composed of board members, staff and external representatives and have the following focus:
- Services: Oversees the development of our services to ensure we are providing the appropriate support to people living with arthritis.
- Advocacy: Advises and supports the development and implementation of the organisation's advocacy strategy.
- Research: Responsible for our work in the area of research and our search for a cure.
- Fundraising: Develops new and innovative ways to raise funds to contribute to the sustainable development of the organisation.

Financial Review
The results for the financial year are set out on page 11 and additional notes are provided showing income and expenditure in greater detail.

Income
Total income for the year amounted to €2,062,930 (2019: €986,870).

In 2019, we published a new strategic plan which guides our work and covers the period 2019-2023. As part of this process, we articulated a new vision, mission and purpose for the organisation.
Despite the prospective economic environment, the directors remain confident that Arthritis Ireland will continue to achieve its strategic priorities into 2021 and beyond.

Financial Results
At the end of the financial year the company has assets of €1,725,601 (2019 - €989,387) and liabilities of €184,145 (2019 - €138,075). The net assets of the company have increased by €690,144.

Reserves Position and Policy
The Board recognises that an integral part of charitable fundraising has an element of risk and therefore agrees to provide a minimum General Reserve fund of €500,000 for safeguarding the provision of its services in the event of adverse economic difficulties. These are referred to as Unrestricted Funds in its financial statements.

The full reserves policy of the charity is detailed in note 3.

Covid-19
Following the announcement of government guidelines regarding the Covid-19 pandemic, the Arthritis Ireland offices were closed, and all staff began to work remotely from home. All face-to-face activities and supports ceased and this has remained in place for the remainder of 2020. Where possible, the organisation’s services and supports have been adapted for virtual delivery. The Directors will continue to monitor the impact of the pandemic on the organisation’s activities and financial performance.

Arthritis Ireland
DIRECTORS' ANNUAL REPORT
for the financial year ended 31 December 2020

Directors and Secretary
The directors who served throughout the financial year, except as noted, were as follows:

Tim O'Sullivan (Chairperson)
Seoirse Smith (Resigned 5 September 2020)
Emma MacDermott (Resigned 5 September 2020)
Andrew Kinsella
Andrea MacMahon (Resigned 20 January 2020)
Finbar O'Shea
Keith Nix
Stephen Crowe
Eric Boyle
Martina Cooney
Ursula Fearon
Miriam O'Sullivan
John O'Flynn (Appointed 5 September 2020)

The secretary who served throughout the financial year was Andrew Kinsella.

Compliance with Sector-Wide Legislation and Standards
The company engages pro-actively with legislation, standards and codes which are developed for the sector. Arthritis Ireland subscribes to and is compliant with the following:
- The Companies Act 2014
- The Charities SORP (FRS 102)

Auditors
The auditors, KSI Faulkner Orr Limited have indicated their willingness to continue in office in accordance with the provisions of section 383(2) of the Companies Act 2014.

Statement on Relevant Audit Information
In accordance with section 330 of the Companies Act 2014, so far as each of the persons who are directors at the time this report is approved are aware, there is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

Accounting Records
To ensure that adequate accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at 1 Clanwilliam Square, Grand Canal Quay, Dublin 2.

Approved by the Board of Directors on 13 May 2021 **and signed on its behalf by:**

Tim O'Sullivan (Chairperson)
Director

Andrew Kinsella
Director

Arthritis Ireland

DIRECTORS' RESPONSIBILITIES STATEMENT

for the financial year ended 31 December 2020

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the net income or expenditure of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the relevant financial reporting framework, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and net income or expenditure of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and the Directors' Annual Report comply with Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditor in connection with preparing the auditor's report) of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the Board of Directors on 13 May 2021 **and signed on its behalf by:**

Tim O'Sullivan (Chairperson)
Director

Andrew Kinsella
Director

INDEPENDENT AUDITOR'S REPORT
to the Members of Arthritis Ireland

Report on the audit of the financial statements

Opinion

We have audited the company financial statements of Arthritis Ireland for the financial year ended 31 December 2020 which comprise the Statement of Financial Activities (incorporating an Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2020 and of its surplus for the financial year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", as applied in accordance with the provisions of the Companies Act 2014 and having regard to the Charities SORP; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the Provisions Available for Audits of Small Entities, in the circumstances set out in note 4 to the financial statements, 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 directors' 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 the company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's Report thereon. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited. In our opinion the financial statements are in agreement with the accounting records.

INDEPENDENT AUDITOR'S REPORT
to the Members of Arthritis Ireland

Matters on which we are required to report by exception
Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Annual Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not complied with by the company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Further information regarding the scope of our responsibilities as auditor
As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
to the Members of Arthritis Ireland

The purpose of our audit work and to whom we owe our responsibilities
Our report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the 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 any responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Emma Delaney

Emma Delaney
for and on behalf of
KSI FAULKNER ORR LIMITED
Statutory Auditors
Behan House
10 Lower Mount Street
Dublin 2
Ireland

13 May 2021

Arthritis Ireland
STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
for the financial year ended 31 December 2020

	Notes	Unrestricted Funds 2020 €	Restricted Funds 2020 €	Total 2020 €	Unrestricted Funds 2019 €	Restricted Funds 2019 €	Total 2019 €
Income							
Voluntary Income	6.1	**1,093,894**	**-**	**1,093,894**	77,204	-	77,204
Charitable activities							
- Grants from governments and other co-funders	6.2	**-**	**493,786**	**493,786**	-	540,896	540,896
Activities for generating funds	6.3	**393,412**	**-**	**393,412**	209,684	-	209,684
Other income	6.4	**2,912**	**78,926**	**81,838**	3,272	155,814	159,086
Total income		**1,490,218**	**572,712**	**2,062,930**	290,160	696,710	986,870
Expenditure							
Charitable activities	7.1	**718,991**	**626,016**	**1,345,007**	420,026	912,372	1,332,398
Other expenditure	7.2	**13,541**	**14,238**	**27,779**	9,520	19,962	29,482
Total Expenditure		**732,532**	**640,254**	**1,372,786**	429,546	932,334	1,361,880
Net income/(expenditure)		**757,686**	**(67,542)**	**690,144**	(139,386)	(235,624)	(375,010)
Transfers between funds		**-**	**-**	**-**	139,386	(139,386)	-
Net movement in funds for the financial year		**757,686**	**(67,542)**	**690,144**	-	(375,010)	(375,010)
Reconciliation of funds							
Balances brought forward at 1 January 2020	17	**500,000**	**351,312**	**851,312**	500,000	726,322	1,226,322
Balances carried forward at 31 December 2020		**1,257,686**	**283,770**	**1,541,456**	500,000	351,312	851,312

The Statement of Financial Activities includes all gains and losses recognised in the financial year.
All income and expenditure relate to continuing activities.

Approved by the Board of Directors on 13 May 2021 **and signed on its behalf by:**

Tim O'Sullivan (Chairperson)
Director

Andrew Kinsella
Director

Arthritis Ireland
BALANCE SHEET
as at 31 December 2020

	Notes	2020 €	2019 €
Fixed Assets			
Tangible assets	**12**	**67,944**	58,638
Current Assets			
Debtors	**13**	**23,692**	5,805
Cash at bank and in hand		**1,633,965**	924,944
		1,657,657	930,749
Creditors: Amounts falling due within one year	**14**	**(184,145)**	(138,075)
Net Current Assets		**1,473,512**	792,674
Total Assets less Current Liabilities		**1,541,456**	851,312
Funds			
Restricted funds		**283,770**	351,312
General fund (unrestricted)		**1,257,686**	500,000
Total funds	**17**	**1,541,456**	851,312

Approved by the Board of Directors on 13 May 2021 **and signed on its behalf by:**

Tim O'Sullivan (Chairperson)
Director

Andrew Kinsella
Director

Arthritis Ireland
STATEMENT OF CASH FLOWS
for the financial year ended 31 December 2020

	Notes	2020 €	2019 €
Cash flows from operating activities			
Net movement in funds		**690,144**	(375,010)
Adjustments for:			
Depreciation		**13,541**	9,520
		703,685	(365,490)
Movements in working capital:			
Movement in debtors		**(17,887)**	23,028
Movement in creditors		**46,070**	33,560
Cash generated from operations		**731,868**	(308,902)
Cash flows from investing activities			
Payments to acquire tangible assets		**(22,847)**	-
Net increase in cash and cash equivalents		**709,021**	(308,902)
Cash and cash equivalents at 1 January 2020		**924,944**	1,233,846
Cash and cash equivalents at 31 December 2020	**20**	**1,633,965**	924,944

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2020

1. TAX CLEARANCE

The charity is compliant with relevant circulars, including Circular 44/2006. "Tax Clearance Procedures Grants, Subsidies and Similar Type Payments"

2. GENERAL INFORMATION

Arthritis Ireland is a company limited by guarantee incorporated in the Republic of Ireland. The registered office of the company is 1 Clanwilliam Square, Grand Canal Quay, Dublin 2 which is also the principal place of business of the company. The financial statements have been presented in Euro (€) which is also the functional currency of the company.

Arthritis Ireland is governed by a Memorandum and Articles of Association. In our new strategic plan we have identified 6 key strategic priorities:

1. Provide relevant and meaningful services to people living with arthritis across the full journey of their disease.
2. Make Arthritis Ireland the 'go-to' destination for information, services and supports.
3. Ensure our organisation is dynamic, networked, transparent and resourced to deliver our strategic priorities.
4. Advocate and offer solutions to the State to recognise its role and responsibilities to people living with arthritis.
5. Build public awareness and understanding of arthritis.
6. Influence research activities for better treatments, diagnoses and cures.

Arthritis Ireland has throughout the year been fundraising and spending its funds in support of its strategic priorities. As explained fully in note 17.2, we are funding research and academic teaching through the establishment of Chairs of Rheumatology in University College Dublin and Trinity College Dublin.

3. SUMMARY OF SIGNIFICANT 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.

Basis of preparation
The financial statements have been prepared on the going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "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) (effective 1 January 2015)".

The company has applied the Charities SORP on a voluntary basis as its application is not a requirement of the current regulations for charities registered in the Republic of Ireland. As permitted by the Companies Act 2014, the company has varied the standard formats in that act for the Statement of Financial Activities and the Balance Sheet. Departures from the standard formats, as outlined in the Companies Act 2014, are to comply with the requirements of the Charities SORP and are in compliance with section 4.7, 10.6 and 15.2 of that SORP.

Statement of compliance
The financial statements of the company for the financial year ended 31 December 2020 have been prepared on the going concern basis and in accordance with the Statement of Recommended Practice (SORP) "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) (effective 1 January 2015)" and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Fund accounting
The following are the categories of funds maintained:

Restricted funds
Restricted funds represent income received which can only be used for particular purposes, as specified by the donors. Such purposes are within the overall objectives of the company.

Unrestricted funds
Unrestricted funds consist of General and Designated funds.

- General funds represent amounts which are expendable at the discretion of the board, in furtherance of the objectives of the company.
- Designated funds comprise unrestricted funds that the board has, at its discretion, set aside for particular purposes. These designations have an administrative purpose only, and do not legally restrict the board's discretion to apply the fund.

Donations and legacies
Income from donations and legacies includes donations from individuals and corporate bodies. This income is recognised on a receipts basis. This income is unrestricted.

Income from charitable activities
Income from Charitable Activities includes grant income from the Health Service Executive and Department of Rural and Community Development, corporate sponsorship and income for Chairs of Rheumatology. This income is reflected in the Statement of Financial Activities in the period in which the related expenditure is incurred. This income is always restricted.

Income from fundraising
Fundraising income is derived from activities and events held by the organisation and the general public. This income is recognised when it is received and is classified as unrestricted.

Other income
Other income is derived from branch income and bank interest. Branch income derives from activities and fundraising held by the branches throughout Ireland. This income is recognised in the Statement of Financial Activities when received. Branch and bank interest income is unrestricted.

Expenditure
Expenditure is analysed between costs of charitable activities and raising funds. The costs of each activity are separately accumulated and disclosed and analysed according to their major components. Expenditure is recognised when a legal or constructive obligation exists as a result of a past event, a transfer of economic benefits is required in settlement and the amount of the obligation can be reliably measured. Support costs are those functions that assist the work of the company but cannot be attributed to one activity. Such costs are allocated to activities in proportion to staff time spent or other suitable measure for each activity.

Allocation of Support Costs
Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs are analysed between cost of raising funds and expenditure on charitable activities. Where costs cannot be directly attributed, they are allocated in proportion to the benefits received. Salaries and associated costs which can be attributed to specific projects are charged accordingly.

Donated services or facilities
Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item 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. On receipt, donated 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.

Reserves Policy
Income/revenue is received from time to time on both a restricted and unrestricted basis. Restricted income is received against a specific project or service either donor advised or corporate sponsorship and cannot be used for any other purpose other than the wishes of the donor. Unrestricted income is used at the discretion of management and is generally deployed against frontline services as the need arises.

The policy applies to all funds detailed within the financial statements of the organisation as audited each year by its auditors.

- The Board has a policy to ensure all funds, whether invested in short or long-term financial instruments, guarantees the original capital sum.

- The Board recognises that an integral part of charitable fundraising has an element of risk and therefore agrees to provide a General Reserve fund of €500,000 for safeguarding the provision of its services in the event of adverse economic difficulties. These are referred to as Unrestricted Funds in its financial statements.

- The organisation has commitments to provide funding to medical institutions to ensure that its Chairs of Rheumatology are in place. The total commitment to this programme is €2.5m. These funds are referred to as Restricted Funds in its financial statements. The board has resolved that once this Restricted Funding has reached €2.5m, the company's current obligations are met and it is the decision of the Board as to where to allocate any further surpluses, as they arise.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Land and buildings freehold	-	2% Straight line
Fixtures, fittings and equipment	-	10% Straight line
Motor vehicles	-	20% Straight line

Debtors
Debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Income recognised by the company from government agencies and other co-funders, but not yet received at financial year end, is included in debtors.

Cash at bank and in hand
Cash at bank and in hand comprises cash on deposit at banks requiring less than three months' notice of withdrawal.

Taxation and deferred taxation
Arthritis Ireland is registered as a charitable organisation (CHY 6297) with the Revenue Commissioners, therefore no provision has been made for corporation tax.

4. PROVISIONS AVAILABLE FOR AUDITS OF SMALL ENTITIES

In common with many other charitable companies of our size and nature, we use our auditors to assist with the preparation of the financial statements.

5. CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of these 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.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Establishing useful economic lives for depreciation purposes of tangible fixed assets
Long lived assets, consisting primarily of tangible fixed assets, comprise a significant portion of the total assets. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review these asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

6. INCOME

6.1 DONATIONS AND LEGACIES

	Unrestricted Funds	Restricted Funds	2020	2019
	€	€	€	€
Donations and legacies	**1,093,894**	**-**	**1,093,894**	77,204

6.2 CHARITABLE ACTIVITIES

	Unrestricted Funds	Restricted Funds	2020	2019
	€	€	€	€
Dept. of Rural and Community Development	**-**	**89,812**	**89,812**	70,423
Programme income	**-**	**8,028**	**8,028**	25,543
Health Service Executive	**-**	**164,196**	**164,196**	177,108
Branch grants	**-**	**3,570**	**3,570**	25,622
Sponsorship	**-**	**154,225**	**154,225**	200,680
Other grants	**-**	**23,955**	**23,955**	30,020
Research	**-**	**50,000**	**50,000**	11,500
	-	**493,786**	**493,786**	540,896

6.3 OTHER TRADING ACTIVITIES

	Unrestricted Funds	Restricted Funds	2020	2019
	€	€	€	€
Fundraising	**393,412**	**-**	**393,412**	209,684

6.4 OTHER INCOME

	Unrestricted Funds	Restricted Funds	2020	2019
	€	€	€	€
Branch income	**-**	**64,688**	**64,688**	135,852
Interest income	**-**	**-**	**-**	61
Other income	**2,912**	**-**	**2,912**	3,211
Support in kind	**-**	**14,238**	**14,238**	19,962
	2,912	**78,926**	**81,838**	159,086

7. EXPENDITURE

7.1 CHARITABLE ACTIVITIES

	Direct Costs	Other Costs	Support Costs	2020	2019
	€	€	€	€	€
Administration	-	-	**108,974**	**108,974**	118,357
Community Support Service	-	-	**223,129**	**223,129**	351,597
Education & Information Programmes	-	-	**82,865**	**82,865**	70,177
Awareness and Advocacy	-	-	**135,257**	**135,257**	118,327
Governance	-	-	**114,694**	**114,694**	111,294
Research	-	-	**368,720**	**368,720**	423,495
Fundraising	-	-	**311,368**	**311,368**	139,151
	-	**-**	**1,345,007**	**1,345,007**	1,332,398

7.2 OTHER EXPENDITURE

	Direct Costs	Other Costs	Support Costs	2020	2019
	€	€	€	€	€
Other expenditure	-	**13,541**	-	**13,541**	9,520
Support in kind	-	-	**14,238**	**14,238**	19,962
	-	**13,541**	**14,238**	**27,779**	29,482

7.3 SUPPORT COSTS

	Charitable Activities	Other Expenditure	2020	2019
	€	€	€	€
Bank charges	**3,020**	-	**3,020**	4,185
Professional and consultancy fees	**29,314**	-	**29,314**	38,972
Administration	**27,667**	-	**27,667**	21,101
Maintenance and Insurance	**48,493**	-	**48,493**	36,203
Accountancy fees	**28,447**	-	**28,447**	29,660
Auditor fees	**8,485**	-	**8,485**	4,403
Meetings	**1,407**	-	**1,407**	5,769
Support in kind	-	**14,238**	**14,238**	19,962
Staff costs	**413,695**	-	**413,695**	365,263
Programme expenses	**781,414**	-	**781,414**	824,910
Professional membership	**3,065**	-	**3,065**	1,932
	1,345,007	**14,238**	**1,359,245**	1,352,360

8. ANALYSIS OF SUPPORT COSTS

	Basis of Apportionment	2020 €	2019 €
Bank charges	Governance	**3,020**	4,185
Professional and consultancy fees	Governance	**29,314**	38,972
Administration		**27,667**	21,101
Maintenance and Insurance		**48,493**	36,203
Accountancy fees	Governance	**28,447**	29,660
Auditor fees	Governance	**8,485**	4,403
Meetings	Governance	**1,407**	5,769
Support in kind		**14,238**	19,962
Staff costs		**413,695**	365,263
Programme expenses		**781,414**	824,910
Professional membership	Governance	**3,065**	1,932
		1,359,245	1,352,360

9. NET INCOME

	2020 €	2019 €
Net Income is stated after charging/(crediting):		
Depreciation of tangible assets	**13,541**	9,520

10. EMPLOYEES AND REMUNERATION

Number of employees
The average number of persons employed during the financial year was as follows:

	2020 Number	2019 Number
Office and administration	**9**	7

The staff costs comprise:	2020 €	2019 €
Wages and salaries	**413,695**	365,263

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

11. SALARY BANDS

The number of employees whose total employee benefits (excluding employer pension costs) for the reporting period fell within the bands below were:

	Number of Employees	Number of Employees
€60,000 - €70,000	**1**	1
€70,000 - €80,000	**1**	1

12. TANGIBLE FIXED ASSETS

	Land and buildings freehold	Fixtures, fittings and equipment	Motor vehicles	Total
	€	€	€	€
Cost				
At 1 January 2020	144,688	152,557	28,287	325,532
Additions	-	22,847	-	22,847
At 31 December 2020	144,688	175,404	28,287	348,379
Depreciation				
At 1 January 2020	91,670	150,320	24,904	266,894
Charge for the financial year	2,894	7,747	2,900	13,541
At 31 December 2020	94,564	158,067	27,804	280,435
Net book value				
At 31 December 2020	**50,124**	**17,337**	**483**	**67,944**
At 31 December 2019	53,018	2,237	3,383	58,638

13. DEBTORS

	2020	2019
	€	€
Other debtors	**23,692**	-
Accrued Income	**-**	5,805
	23,692	5,805

14. CREDITORS

Amounts falling due within one year	2020	2019
	€	€
Trade creditors	**25,245**	34,380
Taxation and social security costs	**10,100**	19,314
Other creditors	**-**	(300)
Pension accrual	**(3,851)**	(1,870)
Accruals	**12,476**	11,471
Deferred Income	**140,175**	75,080
	184,145	138,075

15. State Funding

Agency	**Pobal**
Government Department	Department of Rural and Community Development
Grant Programme	Scheme to support National Organisations in the Community and Voluntary Sector
Term	Expires 31st December 2020
Total Fund	€89,812
Expenditure	€89,812
Capital Grant	No
Restriction on use	Support for staff wages
Agency	**Health Serivce Executive**
Government Department	Department of Health
Grant Programme	Section.39
Term	Expires 31st December 2020
Total Fund	€164,196
Expenditure	€164,196
Capital Grant	No
Restriction on use	Self Management Courses

16. RESERVES

	2020	2019
	€	€
At 1 January 2020	**851,312**	1,226,322
Surplus/(Deficit) for the financial year	**690,144**	(375,010)
At 31 December 2020	**1,541,456**	851,312

17. FUNDS

17.1 RECONCILIATION OF MOVEMENT IN FUNDS

	Unrestricted Funds	**Restricted Funds**	**Total Funds**
	€	**€**	€
At 1 January 2019	500,000	726,322	1,226,322
Movement during the financial year	-	(375,010)	(375,010)
At 31 December 2019	500,000	351,312	851,312
Movement during the financial year	757,686	(67,542)	690,144
At 31 December 2020	**1,257,686**	**283,770**	**1,541,456**

17.2 ANALYSIS OF MOVEMENTS ON FUNDS

	Balance 1 January 2020	Income	Expenditure	Transfers between funds	Balance 31 December 2020
	€	€	€	€	€
Restricted funds					
Restricted	351,312	572,712	640,254	-	283,770
Unrestricted funds					
Unrestricted General	500,000	1,490,218	732,532	-	1,257,686
Total funds	**851,312**	**2,062,930**	**1,372,786**	**-**	**1,541,456**

Included in restricted funds is the funding for the Chair of Rheumatology in Trinity College Dublin (TCD), which Arthritis Ireland established in 2015.
This programme aims to address the significant gap in research and teaching time in Ireland and also aims to improve the understanding of arthritis amongst medical students.
Arthritis Ireland has raised funds through its own activities and through the support of The Atlantic Philanthropies, the HSE, industry partners, individual donors and its voluntary branch network. All payments were discharged in 2020 and TCD will assume the full costs of this academic post.

17.3 ANALYSIS OF NET ASSETS BY FUND

	Fixed assets - charity use	Current assets	Current liabilities	Total
	€	€	€	€
Restricted funds	67,944	1,657,657	**(184,145)**	1,541,456
	67,944	**1,657,657**	**(184,145)**	**1,541,456**

18. STATUS

Arthritis Ireland is limited by guarantee and does not have a share capital. At the balance sheet date there were 10 members whose guarantee is limited to €1.27. This guarantee continues for one year after membership ceases. The company is governed by the Companies Act 2014 and produces its accounts in compliance with that Act.

19. RELATED PARTY TRANSACTIONS

There were no transactions with the directors during the period.

Key management includes the Chief Executive Officer (CEO). The amount paid or payable to key management for employee services of the CEO was €80,000 (€80,000:2019).

20. CASH AND CASH EQUIVALENTS

	2020	2019
	€	€
Cash and bank balances	**1,633,965**	924,944

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 13 May 2021