

**Elton John AIDS Foundation**

**Annual report and financial statements**

£10.7m

Total Income in 2016



10

Number of Countries our awarded grants will impact



248,495

HIV tests funded by the Foundation in 2016



£23m

Leveraged since 2013



1,000,000

Individuals provided with direct support in 2016



17%

Cost to income ratio of our fundraising activities in 2016



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## Annual report and financial statements

For the year ended 31 December 2016

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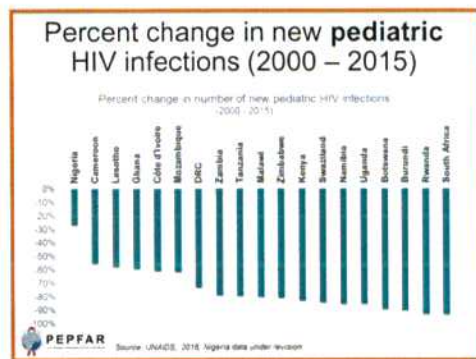
*\*The Trustees' Report incorporates the Strategic Report*

# Chair and Executive Director's introduction

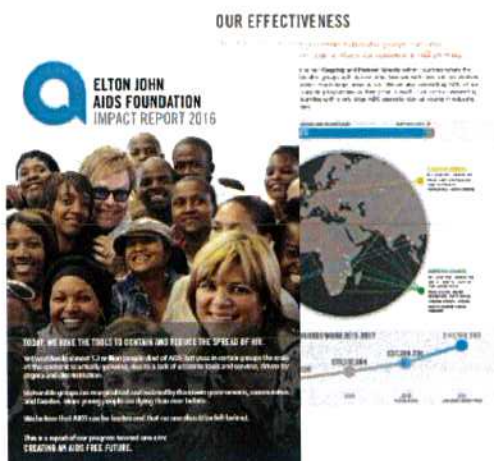
## Support provided

This year, the Foundation passed the midway point in its international grant making strategy. External evaluation of our progress to date indicates that since 2014 more than two million people who might otherwise have been left behind have learned about HIV and received care and support. Over 458,000 have had an HIV test; 21,922 of those who tested positive were started on HIV treatment. Last year, we doubled the number of people reached with HIV information and testing. We have doubled that output again this year, with fewer resources. This is an important contribution to UNAIDS's '90-90-90' goal and the global vision of an AIDS free future.

This year the full fruits of the Foundation's support over the last eight years of treatment programmes for pregnant mothers living with HIV have also become apparent. The vision of helping to enable a generation of children born HIV free is being realised: the number of women giving birth to babies infected with HIV has plummeted.



The Foundation passed the midway mark of its current 2014-2018 Grants Strategy and documented its impact thus far in a new Impact Report.



Review of our current portfolio, both with our grantee partners and against the external environment indicates that our priorities are justified and our interventions are sound. Grantees are performing well against targets and, where interventions have proven effective, grantees have successfully advocated for them to become national standards.

## Advocacy

During 2016 the Elton John AIDS Foundation and Sir Elton personally were highly engaged in a range of critical developments. This included support for the United Nations High Level Meeting on AIDS in June, which brought together heads of state and ministers from around the world to review progress against pledges made a decade earlier. At the meeting, which was held in New York, the goal of defeating AIDS as a global threat by 2030 was re-stated by all, although the means, political will and tolerance to achieve this was not universally committed, underscoring the need for further activity in 2017.

Dozens of the Foundation's grantees were amongst the 20,000 NGO workers, activists and scientists who attended the International AIDS Conference in Durban in July 2016. Sir Elton and Prince Harry had a central role in calling on young people to engage in solutions to the growing HIV incidence amongst youth, and Sir Elton, David Furnish and Ambassador Birx announced the first grantees under a new partnership between the Foundation and the U.S. government for LGBT communities in Africa.



Elton John, David Furnish & Deborah Birx in Durban 2016

## Fundraising

Almost half our revenue during 2016 came from institutional donors and private foundations, including the U.S. government, Big Lottery Fund, ViiV Healthcare Foundation and Vitol Foundation. This is a testament to the quality of our grant management and our ability to continually enhance performance and leverage additional support.

Events income was equally strong. Revenue from our flagship Woodside Gallery Dinner event rose by 75% against 2015, and we ended the year with a gala dinner at Tate Modern to coincide with the museum's Radical Eye exhibition of a selection of Sir Elton's photography.



Love Bravery launch photo



Elton with Jean-Christophe Babin

In line with our Fundraising Strategy, we sought to broaden our donor base and income streams. Commercial income increased significantly with a new clothing range entitled Love Bravery in collaboration with Lady Gaga.

A series of private cultivation dinners for individual donors who are interested in the work of the Foundation were held during 2016 and hosted by Trustees and Patrons including Graham Norton, David Furnish, David Walliams, Lady Ruth Dundas and Lord Alli. These events generated almost 5% of income during the year.

## Strategic Planning

In anticipation of its 25<sup>th</sup> anniversary in 2018, which also sees the end of the current strategic plan, the Foundation has commissioned a series of mid-term external evaluations of its work. Reviews of overall grant making and MSM (men who have sex with men) grants to date were completed in late 2016 and early 2017. A review of our grant making in support of people who inject drugs and are vulnerable to HIV begins in the second quarter of 2017. These reports will look at progress against end-strategy targets and indicate any significant changes in our assumptions or the external landscape as well as any required adjustments or enhancements to our current grants portfolio and strategic work plan.

A detailed advocacy strategy which integrates both our high-level advocacy activities to date with funded work in the field, is being developed in early 2017.

Collectively, these insights and greater focus will enable us to maximise our reach during our 25<sup>th</sup> birthday year and as we look forward to a new strategic cycle.

## Thank you

As we head into 2017, there are many challenges to global development and to our dream of an AIDS free future. We remain inspired by our amazing partners in the field and what they continue to achieve every day, how they find innovative ways to leverage additional support and how they make every £1 we invest go further. They justify the incredible generosity of our wonderful supporters; they validate the passion of our Founder, Board of Trustees, patrons, staff and volunteers. As a community bound by an urgent and clear purpose, we are getting closer to an AIDS free future.



**David Furnish**  
Chairman



**Anne Aslett**  
Executive Director

# Objectives & activities

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## Purpose

The Foundation's vision is an AIDS free future. Our purpose is to contribute to making this vision a reality. An AIDS free future can only be achieved by eliminating new HIV infections and making sure that people do not become sick and die. Everyone needs access to non-discriminatory HIV information and services that allow them to keep healthy and safe. It is essential that those most at risk of HIV, and therefore most stigmatised because of that risk, are not left behind in the creation of an AIDS free future.

Our main contribution to this vision is through making grants, mainly to civic organisations that will improve people's access to services and get their rights addressed. The Foundation also supports these organisations to become more effective. EJAF believes that since collaboration between formal and non-formal sectors is essential in achieving this vision, it will use its influence with other grant makers, with governments and companies to leverage further funding and services and break down stigma and discrimination. It will also seek to engage and influence public policy and funding as it relates to HIV services.

## Main activities undertaken

The Foundation continues to fund a broad range of services for those living with or affected by HIV, including education, peer support, medical care and commodities, HIV counselling and testing. The Foundation funds operational research but does not support pure medical research. Emphasis is given to the most disadvantaged or high risk groups, both nationally and internationally, and to community driven programmes that place people living with HIV at the centre of service provision.

### Grant making activity

The Foundation's website provides information about how it views the current landscape and needs of the AIDS epidemic. It highlights case studies of responses it has made to those needs to date and details the type of work it aims to fund going forward.

### Advocacy and communications

The Foundation seeks to use its influence to unlock bi-lateral and unilateral resources in the global fight against AIDS and to ensure that such resources are

appropriately weighted towards key drivers of the epidemic and those groups or populations most at risk. It also seeks to bring new champions to the issue who have either resources, access or geographical reach to influence global impact.

## Public benefit

The overall objectives of the Foundation, as defined in its mission statement, are:

*The Elton John AIDS Foundation exists to empower people infected, affected and at risk of HIV/AIDS; to alleviate their physical, emotional and financial hardship, enabling them to improve their quality of life, live with dignity and exercise self-determination.*

EJAF believes and values that:

- Everyone is entitled to dignity and respect.
- Everyone has the right to access the best medicine.
- Everyone has the right to information, opportunities and choices as part of the empowerment process.
- Those most directly affected by the epidemic are central to finding effective solutions.
- Care and concern for each person, respect for their human and legal rights – particularly of the most vulnerable and marginalised – is central to any caring community.

EJAF aims to:

- Be transparent and accountable.
- Be effective and responsive as a grant making charity.
- Achieve a positive impact with its funding.
- Work in partnership with a wide range of stakeholders.
- Learn from its work and share knowledge gained.

The Trustees consider that the Foundation has complied with Section 17 of the Charities Act 2011 in respect of Public Benefit, and the Trustees have had regard to the Charity Commission's guidance.

## Performance evaluation and planning

An appraisal of the charity's performance against goals is reviewed annually by both staff and Trustees. The charity's strategic plan, covering the

period 2014-2018, was approved by the Board in December 2013. Work plans against the strategy are developed annually to fulfil governance, finance, fundraising and grant making objectives and monitored at Senior Management Team and committee meetings throughout the year. An end-of-year Strategy Day and organisational review in December 2016, as well as external grants review conducted in Q4 of 2016 and into 2017 confirms that the charity is on target to deliver against most goals. The achievements of the Foundation are referred to in the Grant Making, Advocacy & Communications, Fundraising and Finance Reviews later in this report.



# Grant making review

## Review of the year

Grant commitments made	2016 £000	2015 £000
LGBT Fund	2,999	-
Pioneer	4,330	5,307
Support	556	3,279
Advocacy	430	343
Robert Key Memorial Fund	60	116
New commitments	8,375	9,045
Exchange (gain)/loss	(615)	246
Grant support costs	608	1,144
<b>Expenditure on charitable activities</b>	<b>8,368</b>	<b>10,435</b>

During 2016, the Grants Team received 457 requests (2015: 183) for support, with a total value of £143m (2015: £64m). The current grants portfolio stands at £27.9m (2015: £21m).



Outreach Workers and Members of the People Living with HIV Network at an ART centre in Kachin, Myanmar.

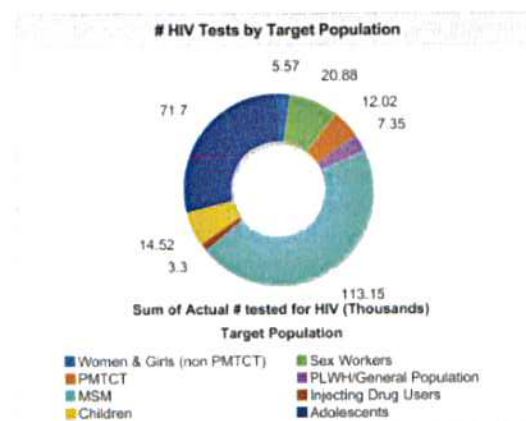
The Foundation is delighted to hear from 2016 grantees that, they have reached over 1,000,000 with various HIV services including testing, access to treatment and prevention. This is double the number of people reached from 2015, with less funds.

Field trips were undertaken during the year to current and potential grantees in Mozambique, Lesotho, South Africa, India, Myanmar, Thailand, as well as within the UK.

## Populations supported

During 2016, the Foundation estimates that it provided HIV testing to 248,495 (131,000 in 2015) individuals (of whom 86,222 were children and adolescents).

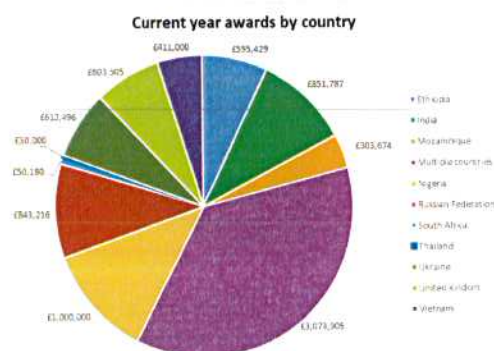
The beneficiaries by target population and type of support offered are as follows:

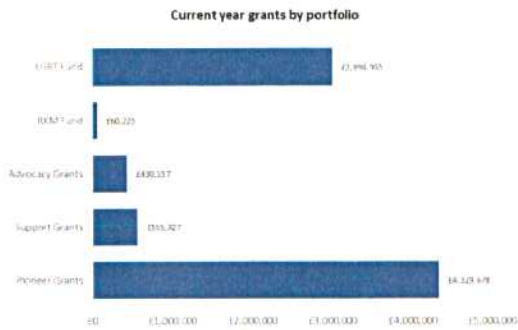


In addition to direct support the Foundation provides indirect support, such as the advice available on its website.

## Grants made in 2016

New grant commitments in 2016 totalled £8.4m (2015: £9.0m), and can be broken down by grant type as follows:





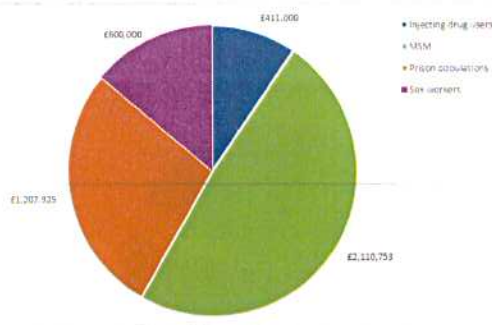
### LGBT Fund

At the International AIDS Conference in Durban, July 2016, the inaugural recipients were announced. \$4m was awarded to set up a Rapid Response Fund that will provide small grants to address stigma and discrimination. First launched in London by Sir Elton John and Ambassador Deborah L. Birx in November 2015, the \$10 million Fund was created to address stigma, discrimination, and violence faced by Lesbian, Gay, Bisexual and Transgender (LGBT) people. The grants will strengthen the capacity of local community organizations and expand HIV prevention and treatment for LGBT people.

### Flagship Grant

During 2016 no new flagships grants were awarded. Feasibility work was undertaken to explore a multi-layered Flagship intervention in the UK to reduce the rate of late HIV diagnosis which currently stands at approximately 40%. Options are being explored for using a social impact bond to achieve this in the London Borough of Lambeth. This preparatory work is likely to result in a flagship grant being awarded in 2017.

### Pioneer Grants

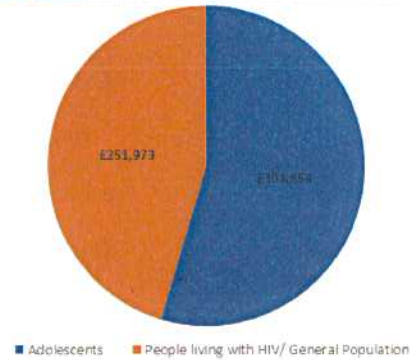


Where Flagship Grants advance a co-ordinated response amongst multiple stakeholders (such as government, civil society and the media) who are already deeply engaged in HIV work, Pioneer Grants by contrast are for new, standalone programmes that can act as proof of concept in how to deliver results for a beneficiary group, or in a geography, that has great need but is proving extremely challenging. Like Flagship grants, Pioneer grants

prioritise key populations at higher risk – such as Men who have Sex with Men (MSM), Sex Workers and people who use drugs.

The chart above displays the focus of the EJAF Pioneer Grants awarded in 2016 totalling £4.3m.

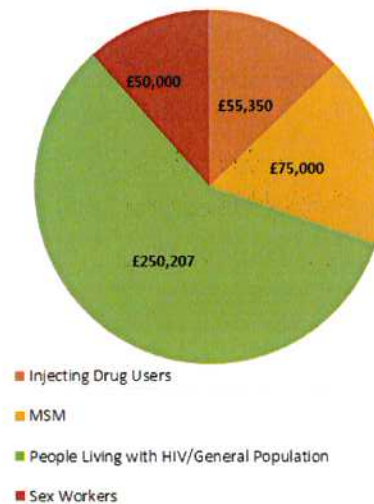
### Support Grants



EJAF's Support Grants, which align with the UNAIDS Global Plan, are ones in which we are a part of a wider coalition helping to fight the epidemic within the generalised population.

The chart above shows Support Grants awarded by EJAF in 2016, totalling £0.55m.

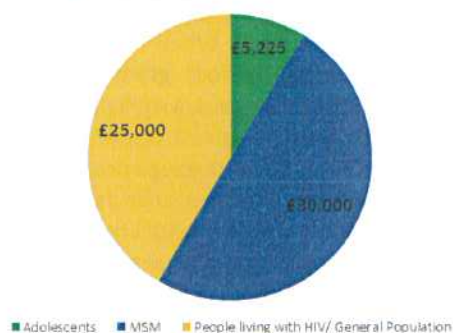
### Advocacy Grants



Recognising that the most effective responses must be shared quickly and widely to generate impact, Advocacy Grants aim to influence donors and countries to develop and implement effective initiatives that incorporate lessons learned by EJAF, its grantees and partners, and to increase funding for HIV from key donors (e.g. DfID, PEPFAR). These grants are part of an expanding area in our current

strategy and in 2016 a total of £430k of Advocacy Grants were made.

### Robert Key Memorial Fund Grants



These grants are named in memory of Robert Key MBE (1947-2009) who co-founded with Sir Elton John the UK arm of the Elton John AIDS Foundation. Robert was the first Executive Director of the Foundation. He had a personal mission to provide support to individuals who had no access to treatment or were shunned and shamed because of their links to HIV.

During 2016 a total of £60,225 of Robert Key Memorial Fund Grants were made.

### Plans for future periods

The grants function will continue to monitor the pipeline of applications and performance of funded grants against the approved strategy.

As a measure to test whether the approved strategy remains relevant and appropriate, a mid-term strategy review was commissioned in 2016 to evaluate progress against anticipated results across the grants portfolio and within the MSM portfolio. These reviews also scanned the external landscape for material changes since the strategy was developed. Learning from these evaluations will be shared internally and with other stakeholders across the HIV development sector.

In 2017 we anticipate a greater focus on key affected populations that are currently underrepresented in the portfolio such as people who inject drugs and on youth, especially in countries of high HIV prevalence.

## The grant making process



Clients arriving to take OST at the Drug Dependency Treatment Hospital in Myitkyina, Myanmar.

The Foundation's grant making activity operates on the following basis:

**How to Apply for a Grant.** Potential applicants are directed to the Grants section of the EJAF website, where they can view details of the 4 grant portfolios that EJAF awards funds under:

- The Robert Key Memorial Fund, which is open all year round and applicants can submit a Concept Note at any time.
- Pioneer Grants. Pioneer Grants are open for application at certain times (usually 4 times per year, for 6 weeks at a time).
- Support Grants which are by invitation only.
- Flagship Grants– are by invitation only.
- Advocacy Grants – are by invitation only.

Any applicant wishing to apply for a grant must submit a Concept Note online (for Robert Key Memorial Fund and Pioneer Grants) or send through a Concept Note following an expression of interest (for Support/Flagship/Advocacy Grants). If EJAF approves the Concept Note, the applicant is invited to submit a full application online. In addition to the main application, applicants are requested to provide: Project Budget, Project Work Plan, Project Diagram, Latest Accounts, 2 References, Constitution or Articles of Association, Financial Management Procedure and the EJAF Policy Questionnaire. Applicants have 4 weeks to submit their application.

**EJAF Review Process.** When an application has been submitted, the Grants Coordinator checks the content of the proposal to make sure all the information provided is complete. Additionally, references, accounts and all other supplementary documentation are reviewed prior to a full review to ensure that the applicant meets our eligibility criteria. When reviewing an application, several areas are considered to gauge the suitability of the programme to address the identified problem. For example, whether the proposal fits our current grants strategy, and whether there is a clear idea of

what the project is seeking to achieve. Similarly, the reviewer will consider the financial viability of the proposal, whether it offers value for money in comparison to other grants and whether the applicant has sourced other income for the project. The proposal and accompanying comments are then sent to the Grants Panel for approval/rejection.

**EJAF/Grantee Relationship.** Once an application has been approved, the Grants Coordinator will notify the applicant of the formal approval via email. The applicant is then required to submit a preferred reporting and payment schedule, the start date of the grant, confirmation of project targets/goals, confirmation of their Senior Financial Representative (SFR), the CV of the SFR and an organogram. A Letter of Agreement is then drawn up and sent to the applicant for signing, with the first tranche of funds being paid out before the project start date. Usually, grantees will be required to report back on progress every 6 months (comprising of a narrative report, expenditure report and work plan report), with payment of each subsequent tranche of funds contingent upon a satisfactory project update.

**How EJAF Determines Impact.** At application stage, applicants are required to submit clear project outcomes, how these outcomes will be measured, and specific targets/indicators (such as Total Beneficiary Numbers, Higher Level Goals and Key Performance Indicators). When reporting to EJAF during the project period, grantees submit a narrative on project progress, a work plan report and submit up to date data against agreed targets. This enables the Grants Team to gauge progress against the application, but this can also be assessed based on a project visit, discussions with other partners, or case studies. Applicants may also – but are not required to – submit additional information regarding progress which will demonstrate the project's impact (i.e. an organisational 'Impact Report', detailed project data or news articles).

**"I FEEL RESPECTED": SUPPORTING GAY MEN AND OTHER MEN WHO HAVE SEX WITH MEN IN INDIA"**

In June, the Elton John AIDS Foundation visited India to meet with our programme partners and see firsthand the incredible work being done to support LGBT populations in the country.

Globally, men who have sex with men (MSM) are 19 times more likely to be living with HIV than those in the general population. The fear of stigma, discrimination and violence means that many men at risk of HIV avoid seeking health services, which fuels the epidemic. In 2013, India reconstituted a colonial era law – Section 377 - that criminalizes homosexuality. This pushed many in need of help underground.

On a visit to a clinic that provides HIV services to gay men and other men who have sex with men in Hyderabad, we met **Rajesh, 25** (right).

He told us that a peer educator from the programme reached out to him at a popular cruising site in the city and suggested he visit the clinic. There, Rajesh received a HIV test and following his diagnosis, has returned ever since:

*"Time is important to me, so it's great I can come here any time of the day. The staff are helpful and I'm safe here – I feel respected".*

With support from the Foundation, the centre – one of 5 similar clinics for MSM we support across the country - provides a range of services for LGBT people including HIV testing, counselling and treatment, all under one roof.

Before the programme started, HIV services were in different areas of the city, meaning clients like



Rajesh had to make multiple trips to take a HIV test and receive the results.

This integrated model of care encourages people to return regularly, safe in the knowledge that staff members understand and are sensitive to the specific health needs of LGBT people.

It's just one of the ways we ensure that no one at risk of or affected by HIV gets left behind.



# Spotlight on our work in India, Thailand and Myanmar

## June 27th – July 7th 2016

### 28<sup>th</sup> June, India HIV/AIDS Alliance, Delhi, India

India HIV/AIDS Alliance (“the Alliance”) runs the “Samarth” project, which, in six different cities - Delhi, Bangalore, Baroda, Bhubaneswar, Hyderabad and Pune - creates community-testing sites for at-risk gay men and other men who have sex with men (MSM) and transgender (TG). The sites offer testing, and linkage to care, with each site serving a slightly different population. We visited the Alliance headquarters in New Delhi, and the site of the future clinic there.



Foundation staff with members of the Basera Trust and India HIV/AIDS Alliance in Delhi

The site of the Delhi testing centre, which we visited, is in an industrial area, near several MSM/TG cruising and sex work hot spots. Below the clinic, the Wajood programme (working with the grassroots organisation the Basera Trust) operates a safe space for TG people, including health advice, crisis management services, and a small beauty area for clients to dress up and freely express themselves. Those attending the Basera Trust space are likely to use the testing services. In contrast to some of our other MSM projects, the site is very visibly aimed at a specific target group of users. Designs are colourful, creating a welcoming and LGBT-friendly atmosphere. Once tested positive at the site they are transferred to a government-run clinic two miles away, where they receive ART. Outreach workers from Samarth check in with clients to gather information on adherence.

### 29<sup>th</sup> June, YRG CARE (GAITONDE CENTRE for AIDS Research and Education), Hyderabad, India

YRG CARE is an Indian NGO that was among the first to work in HIV. Based in Chennai, they operate an AIDS hospital, as well as research projects and clinical trials, and programmes for HIV. Our project seeks to ascertain whether integrated care centres, which combine various HIV services, lead to better HIV outcomes for MSM and PWID than previously dispersed services which made it very inconvenient for people to access ARTs. Such interventions are

urgently necessary given the high prevalence among these two populations in India.

On our trip, we visited the integrated centre in Hyderabad catering for MSM. Hyderabad is a major urban centre in India, with a high concentration of MSM and transgender (TG). The centre we visited was unusual for YRG CARE, it was in an NGO office, rather than in a hospital, as are most other centres. Several innovations absent from India’s state healthcare system have helped the centre build a substantial client base of around 30 visitors a day. Outreach workers spend time at popular cruising spots using a snowball method to create demand for testing and to ensure those initiated on ARTs are retained on treatment; the number of visits a beneficiary has to make until ART initiation is reduced compared to those needed at public facility; a case worker accompanies each person diagnosed with HIV to initiation at the public hospital; a fingerprint system allows for easy tracking and cloud-based, real-time data gathering and analytics; and opening hours are amenable to the beneficiaries with the centre also able to arrange ART appointments in the hospital at more preferable times.



The clinic manager with a client, Rajesh, 25, using the centre’s biometric system

### 1<sup>ST</sup> July, APCOM (Asia Pacific Coalition on male sexual health), Bangkok Thailand

In South East Asia, we are working with APCOM, the Asia Pacific Coalition on Men who have Sex with Men on a digital campaign to encourage young MSM in major cities to test for HIV and/or take PrEP. In its first year, APCOM has successfully launched in Bangkok under TestBKK, and we were very impressed with the results of the campaign. Based on user feedback, the campaign is sex-positive – the slogan is “SUCK F\*#K TEST REPEAT” – and seeks to entertain, rather than just educate the audience, e.g., through funny videos intermixed with health promotion messages.

A web series centred around gay young men in Bangkok, GayOK, which introduces health promoting messages, links to testing locations from the third episode and is styled similarly to HBO's "Looking" has been watched over two million times. This strength in content has translated into high uptake of testing at TestBKK's 6 partner clinics, with >2,900 young MSM being tested. Part of what has allowed TestBKK to develop such powerful messaging is undoubtedly the employment of local staff from the beneficiary group, who we met during our visit.



APCOM staff with "SUCK F\*#K TEST REPEAT" promotional materials

As part of our visit, we met two beneficiaries. One of them had been introduced to PrEP through TestBKK, and was very happy about the treatment. We visited the Silom Community Clinic, a research clinic located in a major hospital, and the Rainbow Sky Clinic, a community clinic primarily serving young MSM at a nearby university. Both facilities had clearly been designed with users' needs in mind (e.g., late opening hours, pleasant atmosphere) and are well-organised and staffed.

### 2<sup>nd</sup> July, HIV Foundation Asia, Bangkok, Thailand

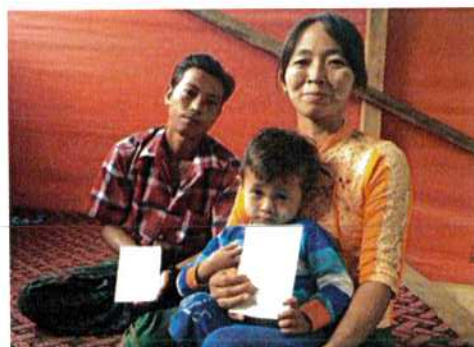
In Bangkok, we also visited the HIV Foundation Asia who run an outreach and case management programme for migrant MSM in Bangkok, mostly from Myanmar. These workers, in factories, and as cleaners in offices, lack Thai language skills and are both unaware of their risk of HIV and unable to navigate the Thai healthcare system. By matching case workers to migrant workers, the Foundation has achieved impressive testing, initiation and retention rates among the population it serves.

### 3<sup>rd</sup>– 5<sup>th</sup> July, Chai (Clinton Health Access Initiative), Yangon and Kachin State, Myanmar

In 2014, the Foundation awarded a grant to the Clinton Health Access Initiative (CHAI) to respond to the scarcity of health services and high HIV prevalence among people who inject drugs in Kachin State, Myanmar. Estimates by the Myanmar

government put the number of injecting drug users in the country at about 83,000 (other sources say the figure could be as high as 300,000 however), with high concentration in northern areas such as Kachin. The aim of the 'Strengthening Systems, Saving Lives' programme was to increase access to treatment among male and female people who inject drugs living with HIV by coming up with a model of how HIV testing and counselling, increased partner testing and referral pathways to public sector ART sites can be integrated within existing harm reduction interventions. In addition, CHAI also intended to provide technical assistance to the National AIDS Program to strengthen national policies on HIV.

Foundation staff travelled to Kachin state to visit a Drug Dependency Treatment Hospital, operating as a 'one-stop' clinic where people who inject drugs living with HIV receive both ART and Opioid Substitution Therapy (OST). OST take-up at the facility seemed to be operating well, and Foundation staff attended the site the following morning to see clients receiving methadone, dispensed by hospital staff. The following day involved a visit to the drop-in centre in NaMaTee which is operated by the Substance Abuse Research Association (SARA). A portion of the grant from the Foundation was used to support drop-in-centre outreach services such as needle and syringe programmes and condom distribution. In addition, due to the infrastructural challenges facing people in rural Kachin, SARA also operates in Shaduzup – a 4-hour journey from NaMaTee – where it operates an 'outpost' clinic to bring harm reduction and HIV services to people who inject drugs in remote areas.



Khar Li (husband), an injecting drug user, Daw Seng Pan (wife) and Seng Htoi Awng (daughter) at the drop-in-centre in NaMaTee. They all are HIV-positive and now receiving ART because of the improved treatment referral pathway.

# Advocacy & communications review

## Review of the year

Advocacy & Comms Expenditure	2016 £000	2015 £000
Advocacy & communications expenditure	49	39

This year, at the invitation of the Secretary General, heads of state and ministers from around the world came to the United Nations in New York to review progress against pledges made a decade earlier. The goal of defeating AIDS as a global health threat by 2030 was re-stated by all.

With an unchanged global frame and timescale for the fight against AIDS, the Foundation's advocacy agenda therefore remained focused on two core advocacy goals:

Sufficient funds from the global community to meet the requirements of 90-90-90 targets for HIV testing, treatment and retention.

Funds available to bi-lateral, multilateral and private donors are used to reflect the epidemiology of AIDS: fund where the epidemic is and leave no one behind.

## Advocating for Sufficient Funds - \$13bn

Following a highly-targeted set of advocacy activities during 2015, including in the United States where Sir Elton testified at a hearing of the Senate Appropriations Sub-Committee on State, Foreign Operations and Related Programs, the beginning of 2016 saw an additional \$244m of U.S. aid made available to HIV programmes globally.

Our key goal during 2016 in terms of unlocking further global resources was therefore to support the second greatest source of HIV/AIDS aid funds: The Global Fund for TB, AIDS and Malaria, which held its Replenishment Conference in September, hosted in Montreal by Prime Minister Trudeau.

During summer 2016, the Foundation partnered with various organisations, including the Bill & Melinda Gates Foundation, in support of the Global Fund.

At the International AIDS Conference in Durban (see below) Elton and Global Fund Executive Director

Mark Dybul were interviewed by the BBC about current priorities in the fight against AIDS, including the need for strong, well-funded international institutions. In early September, Elton and David recorded a message of support that was screened at the Replenishment conference itself in Montreal. These initiatives all helped produce very strong support from national governments, particularly the UK, with a total of \$12.9bn pledged. Loyce Maturu, from EJAF grantee Africaid, was the youth spokesperson at the conference.

## Ensuring Available Funds are Spent Where They Are Needed

Russia - \$333m in Federal Budget

In May, Elton and Anne convened a meeting in Moscow which was attended by the Senior Expert of the Federal AIDS Centre Natalya Ladnaya; Director of UNAIDS' Senior Expert Team for Russian and Central Asia; heads of the leading NGOs for HIV services to intravenous drug users; positive women and LGBT (EJAF grantee Phoenix Plus). Also present were journalists Pavel Lobkov and Anton Krasovsky as well as Tanya Cooper from Human Rights Watch. It was facilitated by renowned Russian journalist and writer Vladimir Pozner.



Elton and Anne talk to session participants at a round table meeting with stakeholders in Moscow

In addition to the continuing concern of homophobic legislation in Russia and its application, some critical logistical and policy roadblocks were discussed. Subsequent appeals to President Putin were made on these issues by Elton. Anne also had further discussions with policy makers and NGOs.

Some key points, such as government commitment to a national HIV/AIDS strategy and a ring-fenced



federal budget (\$333m per year); centralized, pooled procurement for AIDS drugs and removal of mandatory testing of HIV for foreigners were all agreed shortly following Elton's visit.

Russians remain very vulnerable to the national AIDS epidemic, the largest in the region and the only epidemic that is rapidly expanding. Further advocacy to highlight these issues will be implemented in 2017.

## LGBT services in Africa

The Foundation's support of South African NGO Anova to deliver LGBT-friendly services in government health clinics is the first of its kind on the African continent. It is making outstanding progress, with health personnel at over 200 facilities now trained to deliver confidential, appropriate and sensitive healthcare information and services. The programme is scheduled to expand and conduct over one million HIV tests for LGBT by the end of 2018. The corresponding social media campaign – We The Brave – has developed a huge online following and its ad featuring the first ever gay kiss on South African television attracted international attention. Despite some viewer complaints, its broadcast was upheld by the SA advertising standards authority.

To kick off Elton and David's trip to the Durban International AIDS Conference in July, we visited one of the health clinics in the local township that now offers LGBT friendly services thanks to Anova. We were joined by the Director of Health Services for KwaZulu Natal province, the Director of Anova Prof James McIntyre and the South African Minister of Health Rt Hon Aaron Motsoaledi. The visit, which offered an opportunity to meet LGBT patients and healthcare staff, and to discuss with the Minister the need for financing of HIV services for LGBT, including PrEP, was filmed by national TV station SABC and covered in print by the South African Times, raising widespread, positive awareness of LGBT in South Africa in relation to healthcare.



Elton and David with Provincial Director for Health (centre) talking to nurses and LGBT patients at the Gateway Clinic in Durban: one of 100 clinics in the EJAF-funded Anova programme.

The message from the Gateway Clinic visit was underscored by a new EJAF grant award – Me & My Healthcare Provider – made to the International AIDS Society at the Conference itself. This grant celebrates doctors, nurses and other frontline healthcare workers who deliver quality, integrated HIV services to LGBT patients, often in the face of extreme prejudice, discriminatory traditions and beliefs, and hostile legislation. Awards were made to six healthcare providers by the patients who nominated them.

Chris Beyrer, President of the International AIDS Society, joined Elton and David for the presentations, which were given in the Global Village of the International Conference Centre – typically the area for activists and NGOs. U.S. Representative Barbara Lee, a long-time AIDS campaigner, joined the line-up. Acknowledging and celebrating healthcare providers who show professionalism and compassion in the face of bigotry sends a powerful message to their peers across Africa and beyond. The presentation featured in multiple print and online news coverage of the Conference.



Elton with recipients of the EJAF-funded Me & My Healthcare Provider award

The \$10m LGBT Fund in partnership with PEPFAR also announced its inaugural grantees at the International AIDS Conference. Elton, David and PEPFAR Director Deborah Birx were present to make the presentations. The \$4m Rapid Response element of the Fund went to the International AIDS Alliance, who will manage multiple awards to LGBT CBOs in Africa to defend and protect LGBT rights to information and safe HIV treatment in the face of intimidation and discrimination. The Global Forum on MSM and HIV was given a grant to provide technical support to the Rapid Response work and to forthcoming long term Fund grants as they are awarded in 2017.

Choosing the International AIDS Conference to stage a press conference about these awards, together with supporting activities in local health clinics and

with LGBT-friendly healthcare staff ensured maximum media coverage for the message that the LGBT community cannot be left behind in the fight against AIDS and funds must be made available to support these services. In addition to the press pool, Elton and Ambassador Birx also undertook news interviews with the BBC and Sky News TV crews.



Elton, David, Ambassador Deborah Birx of PEPFAR and Chris Beyrer, Chairman, Int'l AIDS Society, at a press conference to announce awardees of LGBT Fund

## Giving Priority to Adolescents

In early 2015 we launched the Young Survivors appeal. This prioritises young people aged 10-19 years old who are living with or at risk of HIV. It is this demographic where HIV is growing fastest, making AIDS the leading cause of death for teenagers in Africa and the second leading cause of death for this group in the world.

It was extremely important to highlight the urgent need to educate and protect young people at risk of and living with HIV/AIDS. We chose a Special Session at the International AIDS Conference to drive home this message. Elton and Prince Harry, who co-founded the children-focused charity Sentebale in Lesotho, spoke at the Session about how to engage young people in this challenge. The session was moderated by Loyce Maturu, formerly a peer counsellor at EJAF grantee Africaid in Zimbabwe.



Elton and Prince Harry with Loyce Maturu at the Special Session on Young People, International AIDS Conference, Durban

After the session, Elton and Prince Harry were interviewed by two young people about the issue of HIV for youth in a Facebook live broadcast that went out to over 10 million youths across Africa.

Critical to raising awareness of HIV amongst adolescents is finding compelling role models. Away from the conference, we held a private discussion with key international figures who are already engaged in the issue of youth and HIV: Prince Harry, the children and grandchildren of Elizabeth Taylor, Elizabeth Glaser and President Nelson Mandela. A commitment was made to work together on international advocacy and awareness raising of HIV for adolescents, culminating in the next International AIDS Conference in Amsterdam in 2018.



Elton and Prince Harry with the children and grandchildren of Elizabeth Taylor, Nelson Mandela and Elizabeth Glaser at a private meeting on awareness raising of HIV amongst youth

Finally, Elton, Prince Harry and Nelson Mandela's grandsons Kewku and Ndaba all signed the UNAIDS ProTEST wall at the Conference in front of the international press corps. The wall invites signatories to leave messages promoting HIV testing, particularly for youth.



Signing the UNAIDS ProTEST wall, Durban International AIDS Conference

The UK team were grateful for the services and support of Scott Campbell and of Berlin Rosen, the communications partner of EJAF U.S., as well as UK-based Murray Chalmers PR. The visit to Durban was covered by BBC, Sky News, Mic.com, the Guardian,

Daily Mail, Evening Standard, Independent online, USA Today, SABC, International Business Times, The Globe and Mail and many more. This offered many opportunities to underscore our advocacy goals.

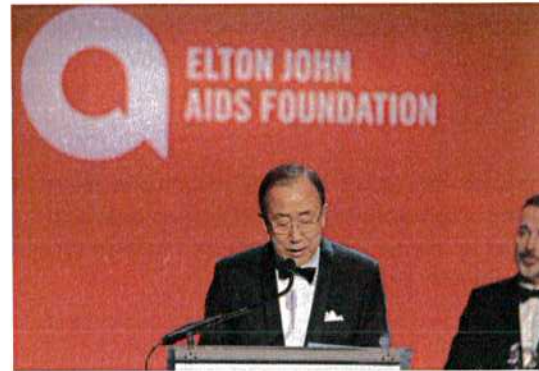
We are also grateful to David Alexander, from Starkey Hearing Foundation, who created a photo and video record of the trip.



EJAF Chairman David Furnish accepts the Impact Award from Population Council President Julia Bunting.

In October, the LGBT work of the Foundation was highlighted by a special award by Population Council, with whom EJAF is collaborating on a programme for LGBT in Nigeria. The award was accepted on behalf of EJAF by Chairman David Furnish, who in the same month was named as one of the 20 most influential LGBT CEOs in Britain.

The remarkable efforts by UN Secretary General Ban Ki-Moon to bring LGBT rights fully into the United Nations family during his time in office through the Free & Equal initiative will have a profound and lasting effect on international relations. We were keen to honour this achievement and highlight its significance to EJAF's work with LGBT communities. The Secretary General was invited to receive the Founder's Award in recognition of these achievements at An Enduring Vision, the New York fundraising gala hosted by EJAF U.S. in early November. The award, which has only had one other recipient (Hillary Clinton) was widely covered as part of the event press.



UN Secretary General Ban Ki-Moon receives the Founder's Award at An Enduring Vision

In addition to these various activities to make the case for continued AIDS funding and support and to highlight the needs of those most vulnerable, the Foundation managed a targeted communications programme which generated significant social, online and print media for our funded work across 23 different countries and our fundraising projects. These included the Love Bravery clothing line designed by Lady Gaga, a new HIV testing service at Kings College Hospital in South London and support of prophylaxis treatment for HIV – PrEP – in the UK and beyond.

## Plans for future periods

In a period of considerable political turbulence and uncertainty, the Foundation will continue to work with policy makers, business leaders and activists to keep the fight against HIV high on the public and policy agenda; to press for global resources to adequately fight the epidemic and to reduce laws and practices which significantly infringe the dignity and human rights of those living with or at high risk of HIV. We will also publicly champion evidence based innovation that can accelerate progress towards an AIDS free future. Following the US election and a series of European elections, we will continue to monitor the potential impact that political changes may have with regards to the sector and our goals.

At home, we will use recommendations from the National Institute of Clinical Excellence (NICE) to champion more widespread and routine HIV testing in areas of high and extremely high HIV prevalence. This will include activities envisaged within the Foundation's Social Impact Bond which we aim to launch in the second half of the year.

As the HIV epidemic in Eastern Europe continues to grow at an alarming rate and bilateral and multilateral HIV funders exit from middle income countries in the region, the Foundation will intensify

its efforts to support successful initiatives that destigmatise those most vulnerable to HIV, effectively expand testing and support scale up of HIV treatment programmes.

We will review and report on progress for the LGBT Fund in collaboration with PEPFAR, emphasising the need for continued action and compassion for this community around the world.

We will also continue to tailor communications to different audiences, using enhanced capability to describe impact and share personal stories from beneficiaries at both board and donor level, using digital and print media.



**Anne Aslett**  
Executive Director

# Fundraising review

## Review of the year

Fundraising income	2016	2015
	£0	£0
Total income	10,662	4,980
Less: investment income	(355)	(539)
<b>Fundraising activity income</b>	<b>10,307</b>	<b>4,441</b>
Fundraising costs	1,788	769
Less: investment costs	(13)	(13)
<b>Fundraising activity cost</b>	<b>1,775</b>	<b>756</b>
<i>Cost to income ratio for fundraising activities</i>	<i>17%</i>	<i>17%</i>

The Woodside Gallery Dinner in 2016, our principal fundraising event, raised just under £3.5million net income, a margin of 95.5%. New donors accounted for 40% of income compared to 2% in 2015. This is a result of donor cultivation that forms part of the new fundraising strategy. The Gallery Dinner event also benefitted from the first year of a three-year worldwide sponsorship agreement with international jewellers Bulgari. This was marked with a signing ceremony between Sir Elton and Bulgari CEO Jean-Christophe Babin on the night of the Woodside Gallery Dinner.

Bulgari has further supported the Foundation's work with an agreed 3-year, €1.5million euro commitment to fund our "Young Survivors" Appeal supporting adolescents in Africa.

- Specialist staff recruited including a research resource
- Donor pipeline and stewardship enhanced
- Donor propositions developed with a focus on adolescents and LGBT people at risk of HIV/AIDS
- Improved marketing collateral including an Impact Report
- Commercial income opportunities seized including the Lady Gaga inspired *Love Bravery* clothing range
- Cultivation events hosted by trustees and patrons including Graham Norton, David Walliams, Theo and Louise Fennell, Ruth Kennedy and David Furnish
- Improved relationships with historic supporters and active donor development from our network



The Bulgari donation will be used in Western Kenya and delivered on the ground by Save the Children.

To mark World AIDS Day, the Foundation held a fundraising dinner on 1 December at London's Tate Modern. The event coincided with 'The Radical Eye: Modernist Photography from the Elton John Collection' exhibition which showcased 180 vintage and iconic photographs from Elton's personal collection. Over £1m was raised from this event.

We continued to implement the new fundraising strategy which set out to diversify fundraising beyond events. Key developments in the year included:



**Plans for 2017 onwards**

- Delivery of the 4<sup>th</sup> Woodside Gallery Dinner in June with a fundraising focus on the Centre for Adolescent Health at the Kwa-Zulu Natal Children’s Hospital in Durban
- A second premium event on the 30 November 2017 in London to highlight our work with the LGBT community around the world
- Continued focus on cultivation and expanding our network of champions that can help with introductions
- Commercial income – Sale of the ‘Music Man’ prints of Elton by Romero Britto and development of a capsule collaboration with Bulgari



**Glenn Horder**  
Head of Events and Partnerships



**Jamie Webb**  
Senior Philanthropy Advisor

# Financial review

## Review of the year

Consolidated financial outcome	2016 £000	2015 £000
Income	10,662	4,980
Costs of raising funds	(1,788)	(769)
Expenditure on charitable activities	(8,369)	(10,434)
Gains on investment	697	90
Net surplus/(deficit)	1,203	(6,135)

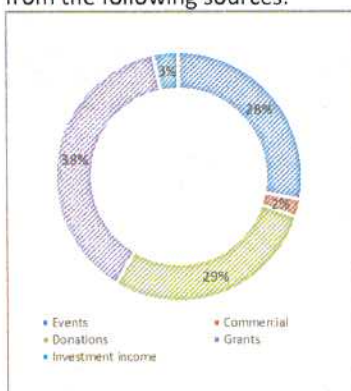
The Foundation doubled its income in 2016 against the previous year. This was due to significant institutional support, including a multi country programme for LGBT in collaboration with the U.S. government and partnerships with private foundations for programmes in Uganda, Mozambique and South Africa. Further collaborations are planned for 2017.

These partnerships are a measure of the very high quality of our internal grants management and a recognition that EJAF brings additional rigour to its financial grant review, including external, on site expenditure and process verification for four significant international grants. External auditors Crowe Clark Whitehill also conducted a review of EJAF's own internal grants process, offering significant assurance on all policies and procedures.

Event income, and revenue from donors new to the charity also increased significantly in the year, with new donors accounting for almost half of all event income.

### Incoming resources

The Foundation's consolidated income was raised from the following sources:



### Charitable expenditure

Consolidated Total Expenditure on Charitable Activities decreased to £8.4m (2015: £10.4m). Some proposed programmes took longer than anticipated to develop and so did not progress to approval stage during the year. This includes work with the state sector in the UK to reduce late diagnosis of HIV. Some 93% of total expenditure in the year constitutes direct awards to implementing partners. The remainder is used to ensure that these partners and the projects are adequately supported, monitored and evaluated, that the charity is governed and managed effectively and appropriately and in support of further developing the effectiveness of the charity's fundraising.

### Net surplus/(deficit)

Overall in 2016, the Foundation reports a net surplus of £1.2m (2015: deficit of £6.1m). This was the result of Consolidated Total Expenditure decreasing to £10.2m (2015: £11.2m), and incoming resources increasing to £10.7m (2015: £5.0m).

## Investments

The Foundation has an agreed Investment Policy. This provides delegated authority to the Finance & Investment Committee (FIC) to manage the Foundation's investments within stated parameters. The investment policy confirms that the Foundation will not make any investments which conflict with its aims.

The Foundation seeks to produce the best financial return within an acceptable level of risk. The investment objective is to generate a return at least matching inflation in the longer-term after expenses. This should allow the Foundation to maintain the real value of investable funds, before they are required for grant making. The Foundation adopts a total return approach to investment, generating investment return from income and capital gains or losses.

The trustees understand that capital values will fluctuate. Since 2013, the Trustees have invested a portion of the Foundation's investments in fixed income securities and preference shares to increase investment income while maintaining an acceptable level of risk.

## Reserves policy and going concern

The objective of the Foundation's reserves policy is to ensure that the level of unrestricted reserves will finance and accommodate the strategic plans of the Foundation, mindful of the economic environment in which it finds itself.

The Board, through its delegated authority to the Finance and Investment Committee agreed to maintain unrestricted reserves of £6m, which equates to 12 months of grant disbursements and sustainable operating costs. This is considered sufficient to safeguard ongoing commitments and operations.

Monies received by EJAF for specific initiatives, are classified as restricted. Each restricted pot is administered separately to ensure accurate allocation and compliance with the donors' requirements.

EJAF's total funds as at 31 December 2016 are £16.3m (2015: £15.1m) of which £1.8m are classified as restricted funds (2015: £1.5m) and £14.5m as unrestricted funds (2015: £13.6m). £0.2m of the unrestricted funds have been designated for the Robert Key Memorial Fund. Our UNAIDS matching commitment of \$5m has subsequently been paid into the LGBT fund and shows within restricted funds in early 2017. This level of reserves is above the Foundation's target reserves level. However, the trustees believe this is acceptable given the increase in our larger, multi-year partnership agreements - such as the LGBT Fund in collaboration with PEPFAR - to support national or regional projects. Such partnerships, of which a new, Eastern Europe version is planned for 2017/18, require the Foundation to have significant 'match' funds available.

The Board have reviewed the financial position of the Foundation and consider that adequate resources continue to be available to fund the activities of the Foundation for the foreseeable future. The Board are of the view that the Foundation is a going concern.

## Plans for future periods

EJAF plans to maintain fundraising at current levels to fully execute the 2014-2018 Grants Strategy.

As the Foundation's Treasurer Iain Abrahams came to the end of a three-year term, and as we develop more complex partnership structures including a Social Impact Bond in the UK, the Board is looking to identify a new Honorary Treasurer with comparable breadth of experience to lend to the Board.



# Structure, governance & management

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## Trustees report

The Trustees of the Elton John AIDS Foundation (EJAF) are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2016. Since all Trustees are directors of the organisation, this report can also be considered as the Directors' report.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" effective 1 January 2015 together with applicable accounts standards and the Companies Act 2006.

The Foundation has maintained trustee indemnity insurance to indemnify trustees and other officers against the consequences of any neglect or default on their part.

## Governing document

The Elton John AIDS Foundation was incorporated on 1 February 1993 and is governed by its Memorandum and Articles of Association. As part of good practice the Articles of Association and Charitable Objects were reviewed in 2016, together with Terms of Reference for its sub-Committees (see below) and Conflict of Interest Policy to ensure these various governing documents remain current and are entirely congruent. Modifications to all documents were proposed and agreed by the Board in May 2016.

## Directors and Trustees

The governing body of the Foundation is its board of Trustees, who are also directors for the purposes of company law. The names of the Trustees who served during the year are set out under Reference & administrative details later in this report.

The appointment and induction of new Trustees is overseen by the Board. The Foundation currently operates with a Board of 9 Trustees that collectively offer a range of expertise in development, the non-profit sector, fundraising, financial management, marketing and legal affairs, as well as representing

the views of those affected by and living with HIV/AIDS. A needs analysis of the Board's skill base is undertaken to ensure it retains sufficient expertise to govern the organisation. Trustees can be nominated by any existing board member and must be proposed at a board meeting. Trustees appointed after 1 January 2013 serve a three-year term with the option for further term's re-election, subject to unanimous vote.

A formal Trustee Handbook covers the legal objectives, mission and powers of the Foundation, how it operates, Board composition and terms of reference for the charity's Grant Making, Fundraising and Finance Committees. The handbook also sets out the role of Trustees (recruitment, responsibilities and leaving the Board) and provides guidance from the Charity Commission with respect to good governance and Trustees' responsibilities.

An induction planner and checklist for new Trustees are also included. In addition to the handbook, the Foundation has an assessment framework that includes an analysis of any conflicts of interest, a self-assessment questionnaire for the Board, a Trustee performance appraisal and a diversity perception questionnaire. This framework is reviewed every other year. Any new Trustees are, as part of their ongoing training and understanding of the organisation and the context of its activities, expected to attend one meeting of each of the grants, fundraising and finance committees and to take a role within one of these committees, in addition to visiting programmes in the field.

### Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Elton John AIDS Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

Apart from the Executive Director, the Board of Trustees gives its time and expertise voluntarily and receives no remuneration or other emoluments from the Foundation. The Charity Commission has agreed that the Executive Director, who is also a Trustee, can be paid for her services to the organisation. This dispensation is specifically addressed within the Foundation's governing documents.

## Governance structure

The Foundation's governing Board, which constitutes 9 Trustees, meets up to four times a year of which one meeting sets EJAF's overall policy and direction in all areas of its work for the coming year. This includes reviewing the Foundation's mission statement, its charitable aims, risks and current objectives.

Subsequent meetings take a specific focus on grant making, fundraising and finance respectively, and are informed by specialist committees (further details of which are given below) that each convene up to three times per year. Each group consists of

voting Trustees and honorary non-executives (a quorum of three), specialist advisers where appropriate and staff members. In this way, the Board collectively has both general oversight of the organisation's activities as well as detailed understanding of each of its key areas of operation.

Any new Trustees are inducted according to processes set out in the Trustee Handbook and join one of the Foundation's individual committees. Additional committee members are sought, as needed, to complement Trustee engagement.

The Board will review any additional or updated guidelines that the Charities Commission issue on Trustees' responsibilities.

### The Grant Panel

The Grants Panel reviews the outputs, geographical spread and strategic focus of grants, as well as in-depth analysis of proposed individual grants. This analysis is provided in the form of electronic reports produced by grants staff who assess funding applications' merits in the context of EJAF's current goals, commitments and approved strategy. The Trustees have a 10-day window to consider assessments and discuss any issue directly with the Executive Director or grants staff by phone before submitting their vote against each application. Any voting member of the Grant Panel can request a meeting to discuss the grant application(s). Funding decisions are made by way of a majority vote and are ratified by the Board. There is an appeal procedure for grant applicants that are unsuccessful. Face-to-face meetings 1-2 times per year allow for reflection on achievements and a more in-depth review of progress against strategy, lessons learned and changes in funding landscape, all of which inform future strategic decisions.

Up to three trustees contributed to each of the four Grant Panel reviews held in 2016.

### The Fundraising Development Group (FDG)

FDG has delegated authority to set fundraising strategy and goals, identify new opportunities and agree specific elements of critical fundraising projects, marketing and communications. Decisions are made by a majority vote or, where there is a significant financial outlay, risk or change in strategic direction, recommended to the full Board. The FDG meets a minimum of twice a year.

Between three and four trustees contributed to each of the three FDG meetings in 2016.

The Board has identified the following major risks to which the Foundation is exposed:

Risk	Mitigation strategy
Over reliance on a single source of funds	Current fundraising strategy prioritises diversification of funding sources, and proactive cultivation of new donors.  New Donor Research Manager in 2016.
Failure to raise anticipated funds	More fundraising mechanisms are being deployed in 2017 as well as developing new markets in Europe.  Sales plans are created for all fundraising events.  Unrestricted reserves held.
Grantee uses the grant monies fraudulently or otherwise not in accordance with the grant letter	Grants paid in instalments subject to measurable progress made.  Grantees suspended where there is concern that grants may have been misused.  Each grant reviewed every 6 months – KPI, financial, management, value for money and overall country risk assessment.  Grantees visited in country at least once a year to verify reports, performance and in country context in relation to HIV.  Random financial review of grantees conducted by External Accountants.
Liquidity & cash flow risk	The Foundation's investment policy sets out the minimum amounts of cash to be held in readily accessible form.
Investments underperform	Investment judgement of FIC members. High risk investments are avoided. Investments reviewed at each FIC.

## Management

The Executive Director is appointed by the Trustees to manage the operations of the Foundation. To facilitate this effectively, the Executive Director has, within the terms of delegation approved by the Trustees, authority for all operational matters, including grants, fundraising and finance.

The Senior Management Team (SMT) met regularly during the year to update on progress against goals for 2016 and to identify new opportunities and risks. The SMT also reviewed a set of indicators developed in 2015 which measure the charity's performance at raising, managing and distributing funds and

ascertain how effectively we administer and govern at a Board and executive level. These indicators are tracked quarterly. We are now able to benchmark these against our peer organisations in 2017.

In view of the expanded financial complexity and workload of the Foundation's operations, including establishment of a non-profit entity in the U.S.; new, multi-year funding partnerships and commitments with multiple grantees and sub grantees, and the development of a Social Impact Bond vehicle in the UK, it was felt that additional financial resource was required. Patrick Aylmer, who served as Financial Director on a part time basis, left the charity at year end. A new, full time Finance Director started in June 2017.

Jamie Webb, Senior Philanthropy Advisor, left the charity in June 2017. The Board have decided not to recruit a successor to this role until discussions about the global structure of fundraising both within the UK foundation and its sister organization, Elton John AIDS Foundation U.S., are concluded. This is anticipated to be by November 2017. Core sponsor and individual donor liaison for the Foundation's fundraising and cultivation events will continue to be managed by Glenn Horder, Head of Events and Partnerships, supported by the Donor Research Manager.

There is a clearly articulated and approved staff structure within which all staff have defined management lines, detailed job descriptions and a formal appraisal process. Appraisals are informed by individual work plans and goals. Staff meetings were held and minuted on average every 6 weeks throughout the year. A Staff Handbook outlines the Foundation's relevant policies and procedures.

The Foundation's principle on remuneration is to ensure the reward package is competitive with other equivalent organisations, to enable recruitment and retention of staff. The Foundation will continue to identify further opportunities to develop staff members' relevant professional qualifications and knowledge; deepen staff engagement with the work of Foundation grantees and explore discrete projects that create new staff teams.

## Role and contribution of volunteers

In line with the mission statement, volunteers play a vital part in supporting the fundraising and charitable activities of the Elton John AIDS Foundation. During the year, the Foundation benefited from over 15 volunteers who supported

### The Finance and Investment Committee (FIC)

FIC has delegated responsibility for the organisation's financial, investment and risk management activities. It specifically reviews financial performance, advises on the Foundation's investment strategy and undertakes periodic reviews of organisational risk, internal controls and financial policies and procedures.

FIC met four times during the year, with each meeting attended by 3-4 Trustees who were supported by the Finance Director. The committee formally reviewed the organisation's financial performance and strategy, which included examining the 2015 audited accounts, managing and setting the risk appetite of the Foundation and reviewing the 2017 budget.

### EJAF Trading Limited

The Foundation has a wholly owned trading subsidiary, EJAF Trading Limited, which provides the management for one-off fundraising events. All profits from its activities are paid to the charity. During 2016, EJAF Trading Limited generated sales of £2.8m (2015 - £2.9m) and a net profit of £nil (2015 - £nil). The Trustees are satisfied with the performance and results of the subsidiary for the year ended 31 December 2016.

EJAF Trading Limited (Company Registration Number 02951448) is based at 1 Blythe Road, London W14 OHG and its directors are:

Sir Elton John  
David Furnish  
Anne Aslett

George Kangis resigned as Company Secretary in July 2016.

### Elton John Aids Foundation (South Africa)

The charity also has a partner company in South Africa - Elton John AIDS Foundation (South Africa) (EJAF SA) Registration number IT3473/2004 038-398-NPO. It was established in November 2004 to facilitate a fundraising event in Cape Town in January 2005. The net proceeds of any fundraising by EJAF SA are distributed within South Africa, by EJAF SA, to HIV/AIDS programmes. The funding guidelines of the partner company are the same as those of the UK Foundation.

### International Friends of Elton John AIDS Foundation UK

To accommodate multiple U.S. based donors who wished to support our work in Africa and Asia, the Foundation has incorporated a US subsidiary, the International Friends of Elton John AIDS Foundation UK ("International Friends"), and IRS approval has been obtained for it to be exempt under 501(c)3.

International Friends of Elton John AIDS Foundation UK (Employer Identification Number 81-2095910) which was incorporated in March 2016 is based at Crowe Horwath LLP, 225 W. Wacker Drive, Suite 2600, Chicago, IL 60606 and its directors are:

Anne Aslett  
Monica Risam  
Jamie Cooper

### Risk analysis

The Board of Trustees continue to review and assess the risks that the charity faces and potential impact they may have on the organisation. This analysis is undertaken both for the charity and for individual large-scale grants.

The main components of the risk management system are as follows:

Area	Detail
Risk register	<p>The Risk Register includes key risks, their likelihood and significance and how they are managed and mitigated.</p> <p>During 2016, the Senior Management Team undertook a detailed review of the Foundation's Risk Register. This was subject to review and approval by both by FIC and the Board.</p>
Grant review procedures	<p>During 2016, Crowe Clark Whitehill, the UK member firm of Crowe Horwath International, a major international firm of accountants, conducted a review of four selected grants.</p> <p>Crowe Clark Whitehill reported on 3 grant recipients during 2016.</p>
Reporting	<p>The Board is presented with the risk register at least annually.</p> <p>The Finance and Investment Committee reviews the risk register, assesses the adequacy of existing controls and reports its findings to the Board.</p>

critical fundraising activities, including the Woodside Gallery Dinner event and one regular volunteer to help with administrative office duties such as filing.

## Internal control

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. These controls are periodically subject to governance review by the FIC.

## Statement of disclosure to auditors

So far as the Trustees are aware, at the time of approving our Trustees Annual Report and Strategic Report, there is no relevant audit information of which the charitable company's auditors are unaware. Additionally, the Trustees have taken all the necessary steps that they ought to have taken as trustees to make themselves aware of all relevant audit information and to establish that the charitable company's auditors are aware of that information.

## Auditors

A resolution to reappoint Bourner Bullock as the Foundation's auditors was proposed at the Annual General Meeting.

On behalf of the board of Trustees



David Furnish  
Trustee

Dated: 26-08-2017



Mothers from a Foundation supported project celebrate World AIDS day

# Reference & administrative details

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## Foundation information

Company number	02787008
Company type	Limited by guarantee
Charity Commission Number	1017336
Registered office	1 Blythe Road, London W14 0HG
Website	<a href="http://www.ejaf.org">www.ejaf.org</a>

## Advisers

Auditors:	Bourner Bullock, 212-224 Shaftesbury Avenue, London WC2H 8HQ
Bankers:	Barclays Bank, 1 Churchill Place, London E14 5HP
Solicitors:	Eversheds, 1 Wood Street, London EC2V 7WS

## Photographer

Greg Williams for photographs on pages 19 and 20

## Directors and Trustees

The governing body of the Foundation is its board of Trustees, who are also directors for the purposes of company law. Trustees who served during the year are:

David Furnish	Chairman
Sir Elton John	Founder
Anne Aslett	Executive Director
Iain Abrahams	(resigned 12 December 2016)
Johnny Bergius	
Scott Campbell	
Mark Dybul	(re-appointed 12 December 2016)
Evgeny Lebedev	(appointed 12 December 2016)
Rafi Manoukian	
Graham Norton	(re-appointed 12 December 2016)

Company Secretary:  
George Kangis (resigned 22 July 2016)

## Management and staff

Anne Aslett	Executive Director
Patrick Aylmer	Finance Director (to 31 December 2016)
Mohamed Osman	Grants Director
Fiona Russell	Finance Director (from 19 June 2017)
Jamie Webb	Senior Philanthropy Advisor (to 30 June 2017)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE ELTON JOHN AIDS FOUNDATION

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We have audited the financial statements of The Elton John Aids Foundation for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether accounting policies are appropriate to the group and parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 December 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND  
TRUSTEES OF THE ELTON JOHN AIDS FOUNDATION

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**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the Strategic Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**David Matkins (Senior Statutory Auditor)**  
**For and behalf of Bournier Bullock, Statutory Auditor**

**Chartered Accountants**  
**Statutory Auditor**  
Sovereign House  
212-224 Shaftesbury Avenue  
London WC2H 8HQ

.....  
.....

Date



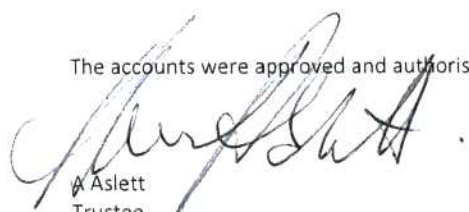
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2016 £	Total 2015 £
<b>Income</b>						
Donation and legacies	2	2,019,704	-	5,469,090	7,488,794	1,530,286
Other Trading activities	3	2,818,249	-	-	2,818,249	2,910,598
Investments	4	351,308	-	3,970	355,278	538,618
<b>Total income</b>		<b>5,189,261</b>	<b>-</b>	<b>5,473,060</b>	<b>10,662,321</b>	<b>4,979,502</b>
<b>Expenditure</b>						
Costs of raising funds	5	904,715	-	883,307	1,788,022	769,349
Expenditure on charitable activities	6	3,940,651	64,338	4,363,651	8,368,640	10,434,513
<b>Total expenditure</b>		<b>4,845,366</b>	<b>64,338</b>	<b>5,246,958</b>	<b>10,156,662</b>	<b>11,203,862</b>
Gains on investments	12	697,034	-	-	697,034	89,630
<b>Net income/(expenditure)</b>	<b>9</b>	<b>1,040,929</b>	<b>(64,338)</b>	<b>226,102</b>	<b>1,202,693</b>	<b>(6,134,730)</b>
Transfers between funds	16	(64,338)	64,338	-	-	-
<b>Net movement in funds</b>		<b>976,591</b>	<b>-</b>	<b>226,102</b>	<b>1,202,693</b>	<b>(6,134,730)</b>
<b>Reconciliation of funds</b>						
Fund balances at 1 January 2016		13,372,517	200,000	1,532,358	15,104,875	21,239,605
<b>Fund balances at 31 December 2016</b>	<b>15</b>	<b>14,349,108</b>	<b>200,000</b>	<b>1,758,460</b>	<b>16,307,568</b>	<b>15,104,875</b>

CONSOLIDATED AND CHARITY BALANCE SHEETS  
AS AT 31 DECEMBER 2016

	Notes	Group		Charity	
		2016 £	2015 £	2016 £	2015 £
<b>Fixed assets</b>					
Tangible assets	10	13,608	2,935	4,151	-
Investments	12	3,057,995	8,292,501	3,057,995	8,292,502
		<u>3,071,603</u>	<u>8,295,436</u>	<u>3,062,146</u>	<u>8,292,502</u>
<b>Current assets</b>					
Debtors	11	241,107	350,840	1,465,370	1,672,699
Investments	12	5,226,902	10,340,410	5,226,902	10,340,410
Cash at bank and in hand	20, 21	20,368,505	7,095,377	19,026,606	5,763,413
		<u>25,836,514</u>	<u>17,786,626</u>	<u>25,718,878</u>	<u>17,776,521</u>
Creditors: amounts falling due within one year	13	(8,860,444)	(6,113,776)	(8,821,310)	(6,100,737)
<b>Net current assets</b>	15	<u>16,976,070</u>	<u>11,672,850</u>	<u>16,897,568</u>	<u>11,675,784</u>
Total assets less current liabilities		<u>20,047,673</u>	<u>19,968,286</u>	<u>19,959,714</u>	<u>19,968,286</u>
Creditors: amounts falling due over one year	14	(3,740,105)	(4,863,411)	(3,740,105)	(4,863,411)
<b>Net assets</b>	15	<u>16,307,568</u>	<u>15,104,875</u>	<u>16,219,609</u>	<u>15,104,875</u>
<b>Represented by:</b>					
Unrestricted funds	15	14,349,108	13,372,517	14,730,529	13,372,517
Designated Funds	16	200,000	200,000	200,000	200,000
<b>Total Unrestricted Funds</b>		<u>14,549,108</u>	<u>13,572,517</u>	<u>14,930,529</u>	<u>13,572,517</u>
Restricted funds	17	1,758,460	1,532,358	1,289,080	1,532,358
<b>Total charity funds</b>		<u>16,307,568</u>	<u>15,104,875</u>	<u>16,219,609</u>	<u>15,104,875</u>

The accounts were approved and authorised for issue by the Board on.....



A Aslett  
Trustee

The Elton John AIDS Foundation  
Company Registration Number 02787008  
Charity Registration Number 1017336

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016		2015	
		£	£	£	£
Net cash provided by/(used in) by operating activities	19		1,773,984		(1,949,806)
<b>Cash flows from investing activities:</b>					
Investment Income received		467,656		505,622	
Payment to acquire fixed assets		(13,560)		-	
Payment to acquire current asset investments		(65,327)		(247,952)	
Proceeds on sale of current asset investments		5,157,033		162,705	
Proceeds on sale of fixed asset investments		5,953,342		-	
<b>Net cash provided by investing activities</b>			<b>11,499,144</b>		<b>420,375</b>
<b>Increase/(decrease) in cash</b>	<b>20, 21</b>		<b>13,273,128</b>		<b>(1,529,431)</b>
<b>Cash balance at 1 January 2016</b>			<b>7,095,377</b>		<b>8,624,808</b>
<b>Cash balance at 31 December 2016</b>			<b>20,368,505</b>		<b>7,095,377</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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**1 Accounting policies**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**1.1 Preparation of the financial statements on a going concern basis**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

**1.2 Group financial statements**

These financial statements consolidate the results of the charity and its wholly-owned subsidiaries, EJAF Trading Limited and International Friends of Elton John AIDS Foundation UK on a line by line basis. A separate statement of financial activities for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

The charity received Gift Aid from EJAF Trading Limited of £2,352,438 (2015: £2,710,667) which has been eliminated on consolidation.

The charity received donations from International Friends of Elton John AIDS Foundation UK of \$1,200,000 (£975,483). No such amount was received in the previous year as the subsidiary was only incorporated in March 2016.

**1.3 Income**

Income consists of grants received, donations and gift aid on income when donations are made under Gift Aid or a Deed of Covenant. Income from grants and general donations is recognised when entitlement has been passed to the charity, it is probable the income will be received and the amount can be measured reliably. Bank interest is recognised when receivable.

Income from EJAF Trading Ltd is recognised when entitlement has been passed to the company, it is probable the income will be received and the amount can be measured reliably.

**1.4 Legacy income**

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Foundation that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executors intention to make a distribution. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

**1.5 Donated services and facilities**

Donated assets are included in incoming resources when legally transferred to the charity. The value attributed to the transfer is that which a willing buyer would have been prepared to pay for the assets.

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. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

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 be 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.

**1.6 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable settlement will be required and the amount can be measured reliably.

Costs of raising funds comprise commercial trading event costs and their associated support costs.

Charitable activities include expenditure associated with providing activities for the beneficiaries and includes both the direct costs and support costs relating to those activities; governance costs and general support costs for activities undertaken to further the purpose of the charity.

Staff costs are apportioned between activities on a time spent basis. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

**1.7 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture and equipment

Straight line over 3 years

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**1.8 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the charity during the period in accordance with section 28 of FRS 102.

**1.9 Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net movements in funds.

**1.10 Grant Commitments**

Grants are accounted for when the commitment arises. Commitments at the year end are therefore recorded as grant creditors. Grant creditors are classified as amounts falling due within one year based on the payment dates to be made. Grant creditors are classified as amounts falling due over one year based on the payment dates to be made. Grant creditors falling due over one year have been discounted to reflect the present value of the grant commitment as at the balance sheet date. The discount rate used represents the opportunity cost of the average interest which could be received by the company if the funds were to be invested in the company's bank accounts.

**1.11 Accumulated Funds**

Restricted Funds are subject to individual donors' specific terms and conditions as to their utilisation. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated Funds comprises the Robert Key Memorial Fund. The purpose of this fund is set out in the notes to the accounts.

**1.12 Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.13 Cash at bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.14 Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Creditors amounts falling due after more than one year are measured at amortised cost using the effective interest method.

**1.15 Investments**

Fixed asset investments are recognised at fair value calculated at closing market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

Forward Contracts are recognised at the fair value of the gain or loss that would be recognised if the contract were to be closed at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

Investments in subsidiaries are held at cost less any impairments.

**1.16 Company Status**

The Company does not have share capital and is limited by guarantee up to a maximum of £1 for each member. The company satisfies the requirements of Section 60 (1) of the Companies Act 2006 and, having made a statutory declaration to this effect, is exempt from using the word 'Limited' in its name.

**1.17 Judgements and estimation uncertainty**

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

The Group makes estimates and judgements regarding the following areas: depreciation, intangible income relating to office space, intangible income for auction items

**2 Donation and legacies**

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donations	2,019,704	1,380,307	3,400,011	1,211,409
Grants received	-	4,088,783	4,088,783	318,877
	<u>2,019,704</u>	<u>5,469,090</u>	<u>7,488,794</u>	<u>1,530,286</u>

Included in donations is £883,307 of intangible income (2015: £187,495), £82,500 (2015: £38,000) relates to office space provided free of charge for use by the Foundation. £800,807 (2015 £149,495) relates to items donated to the Foundation for auction at charity events.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

3.1 Trading Income

The wholly-owned trading subsidiary, EJAF Trading Limited (Company number 02951448), which is incorporated in the United Kingdom, pays all its distributable profits to the charity by Gift Aid. EJAF Trading Limited provides management of one-off fundraising events. The charity owns the entire issued share capital of 1 ordinary share of £1. A summary of the trading results is shown below:

	2016 £	2015 £
Turnover	2,818,249	2,910,598
Cost of sales	(447,864)	(149,914)
Administrative expenses	(19,244)	(50,775)
Interest receivable	1,297	758
<b>Net profit</b>	<b>2,352,438</b>	<b>2,710,667</b>
Amount gifted to the charity	(2,352,438)	(2,710,667)
Retained in the subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Tangible assets	9,457	2,935
Current assets	389,876	1,481,035
Creditors: amounts falling due within one year	(399,332)	(1,483,969)
<b>Total net assets</b>	<b>1</b>	<b>1</b>
<b>Aggregate share capital and reserves</b>	<b>1</b>	<b>1</b>

Administrative expenses includes auditor's remuneration of £9,519 (2015: £8,700)

3.2 US subsidiary

The wholly-owned US charitable subsidiary, International Friends of Elton John AIDS Foundation UK (EIN 81-2095910), which is incorporated in the US, pays all its distributable profits to the charity through grant payments. The subsidiary was incorporated in March 2016. A summary of the results is shown below:

	2016 £	2015 £
Turnover	1,071,513	-
Administrative expenses	(8,071)	-
<b>Net profit</b>	<b>1,063,442</b>	<b>-</b>
Amount gifted to the charity	(975,483)	-
Retained in the subsidiary	87,959	-
The assets and liabilities of the subsidiary were:		
Current assets	1,092,760	-
Creditors: amounts falling due within one year	(1,004,801)	-
<b>Total net assets</b>	<b>87,959</b>	<b>-</b>
<b>Aggregate share capital and reserves</b>	<b>87,959</b>	<b>-</b>

4 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Interest on cash deposits	112,196	3,970	116,166	104,123
Interest on other investments	239,112	-	239,112	434,495
	<b>351,308</b>	<b>3,970</b>	<b>355,278</b>	<b>538,618</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

5 Cost of raising funds

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Trading direct costs	447,864	-	447,864	149,914
Fundraising costs				
Intangible income expense	-	883,307	883,307	149,495
Investment management charge	12,987	-	12,987	12,627
Salaries	337,202	-	337,202	350,211
Other	106,662	-	106,662	107,102
	<u>904,715</u>	<u>883,307</u>	<u>1,788,022</u>	<u>769,349</u>

Intangible income expense relates to donated auction items from fundraising events.

6 Expenditure on charitable activities

	Flagship grants £	LGBT fund £	Pioneer grants £	Advocacy grants £	Support grants £	Robert Key fund £	Total 2016 £	Total 2015 £
Grants committed (note 6.1)		2,998,905	4,329,678	430,557	555,827	60,225	8,375,192	9,044,610
Movement of discount on grant liability	16,480	(5,228)	8,501	(6,571)	12,006	-	25,188	(84,900)
Exchange (gains)/losses and contributions		(169,040)	(371,841)	-	(73,994)	-	(614,875)	246,140
Payments to sub-contractors		-	-	-	-	-	-	702,786
Other grants costs		8,080	7,652	1,215	40,736	200	57,883	66,387
Staff costs		113,975	149,926	16,210	20,920	2,267	303,298	258,602
Advocacy		18,369	24,162	2,612	3,372	365	48,880	38,741
Governance (see note 6.2)		21,324	28,051	3,033	4,594	424	57,426	47,781
General support (see note 6.2)		40,279	56,492	6,128	11,892	857	115,648	114,366
	<u>16,480</u>	<u>3,026,664</u>	<u>4,232,621</u>	<u>453,184</u>	<u>575,353</u>	<u>64,338</u>	<u>8,368,640</u>	<u>10,434,513</u>

6.1 Grants committed to institutions

	2016 £	2015 £
International HIV/AIDS Alliance	2,998,905	
The Population Council	900,000	
India HIV/AIDS Alliance	850,447	
Healthright International	612,496	
Doctors of the World	600,000	
APOPO	595,429	
YR Gaitonde Centre for AIDS Research and Education	-	993,674
APCOM	-	789,799
Elizabeth Glaser Pediatric AIDS Foundation	-	1,229,268
Infectious Diseases Institute	-	745,165
UHAI	-	986,908
Jhpiego	-	744,485
Other institutions	<u>1,817,915</u>	<u>3,555,311</u>
	<u>8,375,192</u>	<u>9,044,610</u>

6.2 Analysis of governance and support costs

	Governance	General support	Basis of apportionment
Audit Fees	15,443	-	Governance
Staff costs	25,685	68,346	Allocated on time
Legal and other professional fees	4,176	1,161	Invoice specific
Depreciation	2,208	-	Governance use of asset
Trustees insurance	2,451	-	Governance
Trustee expenses	3,487	-	Governance
General office	3,976	46,141	Office running expenses
	<u>57,426</u>	<u>115,648</u>	

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

**7 Trustees**

The Charity Commission has authorised payment of reasonable remuneration to one trustee for services undertaken in the administration of the charity, provided the trustee concerned withdraws from any meeting whilst the trustees remuneration is being discussed. The trustee concerned, Anne Aslett, was paid remuneration during the year, with the total, including national insurance, pension and healthcare, being £143,649 (2015: £135,900).

During the year £2,333 of travel and accommodation was reimbursed to 2 trustees in relation to their duties (2015: £3,214).

During the year the charity paid £2,451 (2015: £2,574) for trustees indemnity insurance to indemnify the trustees and other officers against the consequences of any neglect or default on their part.

During the year the charity paid £23,747 (2015: £23,747) to defined contribution pension schemes in respect of Anne Aslett.

**8 Employment costs**

	2016 £	2015 £
Wages and salaries	611,468	540,930
Social security costs	73,144	55,996
Other pension costs	39,953	36,214
Other employment costs	9,966	50,701
	<u>734,531</u>	<u>683,841</u>

The number of employees whose annual emoluments were £60,000 or more were:

	2016 Number	2015 Number
<u>General management function</u>		
£70,000 - £79,999	1	-
£80,000 - £89,999	-	2
£90,000 - £99,999	1	-
£100,000 - £109,999	1	1
£130,000 - £139,000	1	-
	<u>4</u>	<u>3</u>

Contributions totalling £36,664 (2015: £30,400) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

**Number of employees**

The average monthly number of employees during the year was:

	2016 Number	2015 Number
General management function	<u>11</u>	<u>8</u>

During the year, 1 employee (2015: 1) was made redundant at a cost of £4,334 (2015: £53,000). This amount included an ex-gratia payment of ENil (2015: £41,300).

**9 Net income/(expenditure) for the year**

This is stated after charging/(crediting):	2016 £	2015 £
Depreciation	2,887	270
Auditor's remuneration	15,443	14,123
Gains and losses on exchange	(539,716)	28,500



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

10 Tangible fixed assets - group and charity

	Furniture and equipment £	Charity total £	Subsidiary Furniture and equipment £	Group Total £
<b>Cost</b>				
At 1 January 2016	27,147	27,147	14,812	41,959
Additions	5,337	5,337	8,223	13,560
<b>At 31 December 2016</b>	<b>32,484</b>	<b>32,484</b>	<b>23,035</b>	<b>55,519</b>
<b>Depreciation</b>				
At 1 January 2016	27,147	27,147	11,877	39,024
Charge for the year	1,186	1,186	1,701	2,887
<b>At 31 December 2016</b>	<b>28,333</b>	<b>28,333</b>	<b>13,578</b>	<b>41,911</b>
<b>Net book value</b>				
At 31 December 2016	4,151	4,151	9,457	13,608
At 31 December 2015	-	-	2,935	2,935

11 Debtors

	Group 2016 £	2015 £	Charity 2016 £	2015 £
Trade debtors	137,255	64,344	31,240	30,000
Other debtors	676	114	178	114
Amounts owed by group undertakings	-	-	1,365,000	1,470,929
Prepayments and accrued income	103,176	286,381	68,952	171,656
	<b>241,107</b>	<b>350,840</b>	<b>1,465,370</b>	<b>1,672,699</b>

12 Investments

	Group 2016 £	2015 £	Charity 2016 £	2015 £
Market Value at 1 January 2016	18,632,912	18,335,247	18,632,913	18,335,248
Additions to Investments at cost	65,327	370,740	65,327	370,740
Disposal of Investments at cost	(10,999,248)	(162,705)	(10,999,248)	(162,705)
Net gain on revaluation	585,906	89,630	585,906	89,630
<b>Market Value at 31 December 2016</b>	<b>8,284,897</b>	<b>18,632,912</b>	<b>8,284,898</b>	<b>18,632,913</b>
Realised and unrealised gains on investments	697,034	-	697,034	89,630

Of the 2016 total, £3,057,995 (both Group and Charity) and £87,960 (Charity) relates to fixed asset investments. £5,226,902 (both Group and Charity) relates to current asset investments.

All investments are held primarily to provide investment return for the charity.

Investments held are as follows:

	Market Value £	Percentage of UK Investments Total Investments %	Non UK
<b>Fixed Asset Investments</b>			
Other Fixed Asset Investments	3,057,995	36.9%	3,057,995
<b>Current Asset Investments</b>			
Notice Accounts	5,226,902	63.1%	-
	<b>8,284,897</b>	<b>100.0%</b>	<b>3,057,995</b>

Fixed asset investments are recognised at fair value calculated at closing market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

13 Creditors: amounts falling due within one year

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Trade creditors	67,084	22,072	59,305	19,977
Taxes and social security costs	40,999	1,095	41,233	1,095
Other creditors	-	2,020	-	-
Grant commitments	8,635,487	5,894,190	8,635,487	5,894,190
Accruals and deferred income	63,075	71,611	31,486	62,687
Derivative financial instruments	53,799	122,788	53,799	122,788
	<u>8,860,444</u>	<u>6,113,776</u>	<u>8,821,310</u>	<u>6,100,737</u>

14 Creditors: amounts falling due after more than one year

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Grant commitments	3,740,105	4,863,411	3,740,105	4,863,411
	<u>3,740,105</u>	<u>4,863,411</u>	<u>3,740,105</u>	<u>4,863,411</u>

15 Analysis of group net assets between funds

	Unrestricted fund	Designated fund	Restricted fund	Total
	£	£	£	£
Fixed assets	3,071,603	-	-	3,071,603
Current assets	21,241,825	215,000	4,379,689	25,836,514
Creditors: amounts falling due within one year	(6,743,016)	(15,000)	(2,102,428)	(8,860,444)
Creditors: amounts falling due after more than one year	(3,221,304)	-	(518,801)	(3,740,105)
	<u>14,349,108</u>	<u>200,000</u>	<u>1,758,460</u>	<u>16,307,568</u>

16 Designated funds

The income funds of the charity include designated funds comprising the following balances, which are ring-fenced for future use.

	Movement in funds				
	Balance at 1 January 2016 £	Income received £	Utilised/ transferred £	Fund Transfers £	Balance at 31 December 2016 £
The Robert Key Memorial Grant	200,000	-	(64,338)	64,338	200,000
	<u>200,000</u>	<u>-</u>	<u>(64,338)</u>	<u>64,338</u>	<u>200,000</u>

The Robert Key Memorial Grant

Robert Key MBE co-founded the Elton John AIDS Foundation with Sir Elton John in 1993. He was instrumental in its development and growth as both Executive Director and trustee until his death in October 2009. In his memory, the trustees of the Foundation established a new fund to honour Robert's passion and dedication to advancing the rights and needs of those most marginalised by the AIDS epidemic. The fund is used to support programmes that provide a direct and tangible benefit to those living with HIV/AIDS from marginalised communities and/or facing exceptionally difficult circumstances.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Restricted funds

The income funds of the charity include restricted funds comprising the following balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2016 £	Movement in funds		Balance at 31 December 2016 £
		Income received £	Utilised £	
UNAIDS	-	4,690,053	(3,683,364)	1,006,689
Mylan	47,401	-	-	47,401
Life Ball - Funds to support programmes for MSM at risk in Eastern Europe	268,205	411	(243,216)	25,400
WINQ 2016	-	15,750	(15,750)	-
Frankie Knuckles Fund	17,049	-	(17,049)	-
Reducing HIV infection in the UK	18,926	-	-	18,926
Elena Franchuk ANTIAIDS Foundation and Victor Pinchuk Foundation	252,498	5,457	(252,498)	5,457
Improving the Lives of HIV-positive Children and their Families in Ukraine	14,455	-	(14,455)	-
Zachary & Elijah Fund	88,071	6,100	(94,171)	-
Construction of Nwamitwa Community Centre, Limpopo, South Africa	205,288	-	-	205,288
Viiv Anova	-	223,771	(219,699)	4,072
Mothers Event	611	-	-	611
Funders' Collaborative For Children	75,195	13,931	-	89,126
Ukraine Street Children	64,429	-	(64,429)	-
Fair Play - Tackling HIV in Ukraine	176,289	-	(176,289)	-
Woodside Gallery Dinner 2016	-	334,379	(332,925)	1,454
Young Survivors	5,000	1,313	-	6,313
Woodside Gallery Dinner 2014	3,065	-	-	3,065
Woodside Gallery Dinner 2015	242,000	11,250	-	253,250
LGBT	-	52,500	(52,500)	-
Big Lottery Lambeth 2015/6	40,306	40,307	(80,613)	-
Children's Investment Fund	13,570	-	-	13,570
Radical Eye Dinner 2016	-	77,838	-	77,838
	<u>1,532,358</u>	<u>5,473,060</u>	<u>(5,246,958)</u>	<u>1,758,460</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Restricted funds

(continued)

UNAIDS

The LGBT Rapid Response Fund is a \$4m Fund that forms part of the \$10m "LGBT Fund" partnership between the United States Office of the Global AIDS Coordinator (in charge of PEPFAR) funds, UNAIDS, and EJAF. The LGBT Rapid Response Fund will rapidly disburse sums between \$5,000 and \$20,000 in situations where HIV services for LGBT people are in jeopardy. Its overall aim is to tackle the stigma, discrimination and violence facing LGBT people around the world.

Woodside Gallery Dinner 2016

Nigeria remains one of the most burdened countries in the world with an estimated 3 million people living with HIV. Persistent gaps in treatment and prevention services are a common feature and a significant number of infections still occur among MSM and their female sex partners. Pop Council has been active in Nigeria for over 50 years. They were the first organisation to undertake ground-breaking research on the HIV risk of MSM in Nigeria which has been instrumental in informing policy and program initiatives to address the unique needs of MSM. Over the years Pop Council has established itself as the credible 'go to' organisation for Key Populations in Nigeria. With EJAF funding, Pop Council will reorient the the Men's Health Network, Nigeria (MHNN) programme to focus more on the test and treat element, as opposed to the current awareness raising and condom distribution approach.

Mylan

The Foundation teamed up with Mylan Inc., one of the world's leading pharmaceutical companies, to give a combined \$1 million to the Business Leadership Council (BLC) for a Generation Born HIV Free for the elimination of mother-to-child transmission of HIV in Nigeria. The Saving One Million Lives initiative aims to prevent the deaths of one million mothers and children under five by 2015. Nigeria is home to 3.4 million people living with HIV, with approximately 60,000 children newly infected with the virus in 2012 alone – the most of any nation in the world. For many years, the mother-to-child transmission rate there has remained at 30%, despite other countries – from the U.S. to Botswana – virtually eliminating mother-to-child transmission of HIV. The BLC, in collaboration with many other private funders, is now supporting the Save One Million Lives team within the Government of Nigeria to apply this successful model across a dozen more high-priority states. The \$1 million commitment by Mylan and EJAF has supported this scale up effort through 2015, contributing to the national goal of testing 90% of pregnant mothers and treating those who are HIV-positive. The funding is initially targeting 2 of the 13 highest priority states for eMTCT in Nigeria – Plateau and Federal Capital Territory.

Life Ball - Funds to support programmes for MSM at risk in Eastern Europe

The Foundation is supporting a consortium made up of Phoenix Plus – Orel, menZDRAV Foundation – Moscow and LGBT Assistance - Nizhny Novgorod to provide HIV prevention and treatment services targeted at the Men who have Sex with Men (MSM) community.

WINQ 2016

'Freedom to be', is a residential support intervention taking place for 5 days in August. It offers the opportunity for 100 children growing up with HIV in the UK to attend. CHIVA works extensively with its clinical networks to ensure the most isolated children are able to access our support camp. CHIVA develop a varied, active and engaging programme of workshops and activities throughout the week, which enable the experience of HIV to be shared and explored in different ways. Where understanding and knowledge can be supported and developed and safe, open spaces for questions provided. The ethos of 'Freedom to be' is a safe, open space where young people are able to experience their HIV, feeling completely accepted.

Frankie Knuckles Fund

The Elton John AIDS Foundation, in collaboration with Judy Weinstein and Def Mix Productions, has established the Frankie Knuckles Fund to support HIV information, testing and treatment. Following the tragic death of the man known to millions as the "Godfather of House Music," on March 31st, 2014, the Elton John AIDS Foundation has been chosen to establish a Fund in Knuckles' memory. Black men remain at very high risk of HIV. They are 40% more likely than white men to be diagnosed with HIV late. This is particularly dangerous as people who are diagnosed late with HIV are 10 times more likely to die of AIDS. Donations fund the charity's work with men at high risk of HIV in Africa, African communities in the UK and African American communities in the U.S.A.

Reducing HIV infection in the UK

Testing Faith is an initiative that seeks to increase HIV testing amongst Black African Christian and Muslim communities by creating a step change in the way Faith leaders, understand and access sexual health promotion. By collaborating with local GUM provision and delivering HIV testing within worship centres, the programme is targeting faith leaders from African Christian & Muslim congregations as part of the national response to reduce undiagnosed HIV infection and support the aims and objectives of the THINK and Halve it Campaigns.

Elena Franchuk ANTIAIDS Foundation and Victor Pinchuk Foundation

EJAF received a USD\$2.5m donation to support a range of programmes within Ukraine in line with the Foundation's country strategy. The Foundation has commissioned contextual analysis into the vulnerabilities and needs of young women infected and at risk of HIV/ AIDS in Ukraine, with a view to identifying programmes that address these needs. A proportion of this fund will support this work. Further work has been undertaken to identify programmes targeting street children, which is also a key strategic focus for the Foundation's work in Ukraine. £721,151 of the fund has been allocated to 'Improving the Lives of HIV-Positive Children and their Families' (see below).

Improving the Lives of HIV-Positive Children and their Families in Ukraine

This restricted award represents a five year collaborative project to deliver support and referral services to children affected by HIV/ AIDS in Ukraine. The programme is funded by the Big Lottery Fund, the Elena Franchuk ANTIAIDS Foundation and Victor Pinchuk Foundation. It is being implemented by the All Ukrainian Network of People Living with HIV/ AIDS at ten centres across the country delivering support and referral services to children infected and affected by HIV/AIDS. The programme will also address stigma and discrimination against such children in 3,000 kindergarten and primary schools and introduce a staged disclosure process for an estimated 1,500 HIV positive children who are unaware of their status. Technical support is provided by the Romanian Angel Appeal.

Zachary & Elijah Fund

The Zachary & Elijah Fund was established in 2014 to provide a dedicated source of funding for the Foundation in tackling HIV/AIDS issues connected with young people under the age of 18. The Zachary & Elijah Fund is designed primarily to help young people and babies who have tested HIV positive. However, it will also provide support to young people whose family and community have been impacted by HIV/AIDS. There is no geographic constraint on where the fund can be applied.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Restricted funds

(continued)

Construction of Nwamitwa Community Centre, Limpopo, South Africa

The Nwamitwa Community Centre is a replication of the award-winning Etafeni Trust model of holistic support by and for communities infected with HIV. Funds for its construction were raised at the White Tie & Tiara Ball 2010. In one of the highest HIV prevalence areas of Limpopo province, the Centre's programmes will provide a refuge for mothers living with HIV; give them skills, help them to earn an income, provide home based care to those who are sick, support their antiretroviral treatment adherence and ensure they are food secure. AIDS-affected and vulnerable children will be receiving food, educational and emotional support. A life skills and employment programme will be provided for AIDS-affected youth. In total, an estimated 20,000 adults and children will benefit from the range of services.

The Nwamitwa Centre is the second replica of the Etafeni model; previous centres having been established in Nyanga and Vrygrond in Cape Town province, both with support from EJAF.

ViiV Anova

The Anova Health Institute (Anova), a South African non-profit organisation, has led the development of MSM focused health services, MSM related training of health workers, and educational initiatives for MSM since 2008. Working nationally, in partnership with state health services and private practitioners, and donor support, Anova's Health4Men Initiative is extending access to competent MSM care. With support from the Elton John AIDS Foundation, Anova launched an MSM targeted communication campaign in June 2015, which is focusing on HIV prevention, and linkage to care for those infected. This will be accompanied by community outreach and community organisation strengthening activities. However, what is still needed is the development of the YMSM component of this initiative. This project will develop and implement a group process for YMSM, establish a YMSM drama group and video play and implement a YMSM strategy and communication campaign to reach YMSM aged 14 - 18 years.

Mothers' Event

While HIV can devastate indiscriminately, it's most lethal aim is at young women and their children. AIDS remains the greatest killer of women of reproductive age in the world. More than 7,000 young women – many young mothers – are infected with HIV each week. When mothers get sick, their illness also threatens the next generation as HIV-infected women pass the virus to their babies during or after pregnancy. Nearly 700 children are newly infected with HIV in this way every day. Without effective treatment, more than half of all babies born with HIV will die before their second birthday – over 3,600 each week. It is possible to stop new HIV infections among children and keep their mothers alive. All they need is reliable access to cheap, life-saving antiretroviral drugs. By caring for kids and young mothers who need treatment now, we are on the cusp of creating the world's first AIDS free generation. We need just £5 to help a mum protect her baby, and £300 a year to provide treatment to a child who did not get protection in time.

Funders' Collaborative For Children

In January 2012 EJAF assumed overall management responsibility of the Funders' Collaborative for Children (FCFC) Portfolio in Malawi. The goal of the (consortium-funded) FCFC is to improve the lives of 65% of the vulnerable children in Salima, Malawi across four domains; education, health, livelihood and social welfare. The programme aims to 'surround the child' by providing a package of high quality interventions that constitute the continuum of care for the child, family and the community.

Ukraine Street Children

This project aims to improve the lives of vulnerable and hard to reach girls and young women in Ukraine who are affected by HIV, homelessness and instability. The project will establish two halfway houses in Kyiv and Donetsk for street girls and their young children. It will also strengthen existing services, build provider capacity and seek the sustainability and replicability of these models.

Fair Play - Tackling HIV in Ukraine

In partnership with the Ukrainian government, local NGOs, international agencies, and the Ukrainian Football Federation the project seeks to develop an initiative to use football to break the silence around HIV in Ukraine. This project aims to encourage young people to think and speak critically about their health and future, ensure they have the information and support that they need in order to protect themselves, and inspire them to create an AIDS free generation.

Young Survivors

Most AIDS-related deaths among adolescents today are the result of HIV infections from at least a decade ago – the majority of these being mother-to-child transmission. Many of these young people don't know they are living with HIV either because they were not diagnosed at the time or were diagnosed and never followed up. Those adolescents that have been diagnosed are considerably less likely to be receiving treatment than adults. Stigma is still HIV's most deadly symptom. Many children slipped out of care and treatment programmes years ago, and others fear the discrimination they might suffer if they do disclose their condition. Our young survivors appeal will raise £5m to save the lives of adolescents living with HIV in five African cities. It will focus on scaling up HIV testing to ensure that more adolescents are diagnosed. And it will provide the right care and support for adolescents who know they are living with HIV will use our current partnerships with dynamic, youth-focused organisations to tap into what children really love doing.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Restricted funds

(continued)

Woodside Gallery Dinner 2014 - Myanmar, Zimbabwe and Ukraine

Three projects were chosen as 'Cases for Support' at the Woodside Gallery Dinner in 2014. These projects demonstrate EJAF's new strategy in action; support for Key Populations and Adolescents.

*The last mile - Young People in Zimbabwe*

Teenagers with HIV are dying in larger numbers than babies or adults who are similarly infected. The Foundation wants to stop that happening. Through this programme - delivered by Africaid - we pair adolescents living with HIV with a young HIV-positive volunteer who is healthy, already on treatment, and who will help them access the same support so they can get over their fears and get well. We want to make Harare the first city in Africa to reach all its young people who are living with HIV/AIDS. If we can stop them becoming sick and dying, we can also stop them passing HIV to anyone else. This 'last mile' is how we are making an AIDS free generation: one child at a time until no one is at risk.

*New hope for the forgotten of Myanmar*

Myanmar has one of the worst HIV epidemics amongst injecting drug users globally. Estimates show that a third of all people who inject drugs have HIV, with Kachin one of the most highly affected areas. Only now are international organisations able to assess the scale of the problem and confront a rising HIV epidemic that could threaten the whole region. The Elton John AIDS Foundation and the Clinton Health Access Initiative (CHA) are at the centre of this new response. We will support a pilot programme that offers a safe space for people to access the care they need to break the cycle.

*Drug users in Ukraine, the missing piece*

Through our partnership with the International HIV/AIDS Alliance, this innovative programme will target 6,000 young drug users across Ukraine, intervening to provide immediate care and attention. We will pioneer a model of HIV treatment and prevention, as well as link young people to drug rehabilitation and counselling services which have been severely lacking for so long. This programme will represent a turning point in service provision for young people. It will help us better understand this neglected population and ensure young people who use drugs can look forward to a life free of HIV.

Woodside Gallery Dinner 2015

Pledge 1 - TEST & PROTECT: Supported a football tournament or music festival where 5,000 young people can receive HIV prevention and testing services. At the Foundation, we know how to work with young people. Through our current partnerships with dynamic, youth-focused organisations, we tap into what children really love and by doing so, ensure that as many children and teenagers as possible can look forward to an AIDS-free future. It costs £5,000 to plan, publicise, equip, staff and run a football or music event that reaches 5,000 kids. This is how we will find adolescents living with HIV in our key cities – by attracting them with what they love and understand.

Pledge 2 - CASTING THE NET: Connected to 50,000 adolescents every week with critical information about their HIV risk. Africa is the fastest growing mobile market in the world. Even when young people don't have enough to eat, they will often still have a working mobile. This technology offers an unprecedented opportunity to reach thousands of young people with information they can trust in a format they love. It costs £20,000 to establish a 'magazine' format for mobile phones that serves 50,000 young people, becoming a trusted source of information and support.

Pledge 3 - REACH OUT: Funded a youth team to get 600 young people who are sick with HIV/AIDS on life saving treatment. Adolescents with HIV are dying in larger numbers around the world than babies or adults who are similarly infected, but typically not before their family has exhausted its assets trying to save them. It costs £40,000 to train, resource and manage a CATS team of 12. Each Adolescent Treatment Supporter can take on up to 50 clients for intensive, life saving support.

LGBT

Lesbian, gay, bisexual and transgender people (LGBT), especially men who have sex with men (MSM) are disproportionately affected by HIV/AIDS. 9% of AIDS related deaths in Africa occur in Nigeria, more than any other country on the continent. HIV prevalence among MSM in Nigeria is experiencing an exponential increase from 13.5% in 2007 to 22.9% in 2014. MSM are nearly 20 times more likely to be infected with HIV than general populations, particularly in countries where criminalization of same sex relationships drives such relationships underground, making people afraid to seek HIV treatment services for fear of stigma and discrimination. The project aims at providing comprehensive HIV/STI prevention services to Men who have sex with men (MSM) as well as their sexual partners in Lagos state in a flexible and most convenient approach that best suits the service users. In order to ensure these services are extended to a wider range of MSM as well as their sexual partners; services will not be restricted to the facility and will be available from 9am-9pm Monday to Friday and 12pm -9pm on weekends. Apart from the flexibility of these services which includes weekends, service user will also have access to an appointment portal via a developed software application which will be available on all smartphone with detailed information on services.

Big lottery 2015/16

The Elton John AIDS Foundation is working with the London Borough of Lambeth to set up a Social Impact Bond (SIB) to increase HIV testing in the Borough. This will fill a gap in the current provision of HIV tests for undiagnosed people living with HIV (PLWH) not actively looking for a test. This gap sits in stark contrast to the high quality of HIV care available, and the abundant provision of tests to those actively looking for them (in specialised sexual health clinics and online). Increased HIV testing in Lambeth will have an immense social impact by reducing late diagnosis of HIV among men who have sex with men (MSM) and black Africans, the two groups most affected by HIV in Lambeth. Reducing the rate of late diagnosis (estimated at 42% of PLWH in England by Public Health England), has multiple benefits: Firstly, earlier diagnosis will improve health outcomes of PLWH in Lambeth. Secondly, earlier diagnosis will reduce HIV care costs significantly. Thirdly, earlier diagnosis and consequent earlier viral suppression will prevent a significant number of onward transmissions of HIV.

Children's Investment Fund Foundation

Though the rate of mother-to-child transmission of HIV among Global Plan countries (the 22 countries with the highest number of pregnant women living with HIV) has experienced a significant reduction in recent years (currently ~16%, UNAIDS 2014 Progress Report on the Global Plan), efforts need to be intensified in order to meet the 5% target set by UNAIDS. Funds from CIFF will contribute to sustaining the virtual elimination of mother to child transmission of HIV (eMCT), and will contribute to achieving optimal ARV treatment for HIV infected mothers.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

17 Restricted funds

(continued)

Radical Eye Dinner 2016

At the Radical Eye Dinner 2016, the Foundation's project with Anova Health in South Africa was showcased. The Health4Men Initiative is dedicated to addressing the heightened HIV risk for MSM through the provision of competent, prejudice-free sexual health care for MSM, and accessible engaging HIV prevention and treatment information that will change behavior and improve health outcomes. The main focus will be to establish a National MSM Communication Campaign that will provide relevant prevention and treatment education and information, delivered in accessible and engaging ways, to reach gay-identified and other MSM. Anova will also build MSM service capacity in crucial areas within the private and public sectors, stimulate demand creation at the community level, and strengthen MSM community groups and networks. While building at national scale, Anova will target an area of high population density and high HIV prevalence with intensified communication and evidence based combination prevention strategies for maximum impact.

18 Gross Transfer between funds

The Trustees agreed to maintain a designated fund of £200,000 per year to the Robert Key Memorial Fund, which was set up in 2009. The total of grants disbursed and costs from this fund of £64,338 (2015: £126,946) is therefore shown as a reserves transfer.

19 Reconciliation of net movement in funds to net cash inflow from operating activities

	2016 £	2015 £
Net movement in funds	1,202,693	(6,134,730)
Investment income receivable	(355,278)	(538,618)
Gain on investments	(697,034)	(89,630)
Depreciation of tangible fixed assets	2,887	270
Increase/(decrease) in debtors	(2,646)	237,121
Increase in creditors	1,623,362	4,575,781
Net cash used in operating activities	<u>1,773,984</u>	<u>(1,949,806)</u>

20 Reconciliation of group net cash flow to movement in net funds

	2016 £	2015 £
Increase/(decrease) in cash	13,273,128	(1,529,431)
Net funds at 1 January 2016	7,095,377	8,624,808
Net funds at 31 December 2016	<u>20,368,505</u>	<u>7,095,377</u>

21 Analysis of net funds for the group

	2015 £	Cashflow £	2016 £
Cash at bank and in hand	<u>7,095,377</u>	<u>13,273,128</u>	<u>20,368,505</u>

22 Contingent Assets

The foundation had an ongoing legacy donation claim of £157,000 in 2016 (2015: £157,000). The grant of probate had not been granted in 2016. The income has not been recognised in the 2016 accounts due to the probable income criteria not being met.

23 Pension costs

Defined contribution

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an

	2016 £	2015 £
Contributions payable by the charity for the year	<u>39,953</u>	<u>36,214</u>

24 Revaluation reserve

The Unrestricted Reserves include realised and unrealised gains/ (losses) on investments, which are recognised in a revaluation reserve.

	Balance at 1 January 2016 £	Incoming Resources including gains £	Outgoing Resources including losses £	Transfers £	Balance at 31 December 2016 £
Revaluation reserve	-	697,034	-	(697,034)	-
	<u>-</u>	<u>697,034</u>	<u>-</u>	<u>(697,034)</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
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25 Financial instruments at amortised cost	2016 £	2015 £
Financial assets measured at fair value through profit and loss	8,284,897	18,632,911
Financial assets measured at amortised cost	-	-
Financial liabilities measured at amortised cost	3,828,064	4,863,411

**26 Interest costs**

Included within interest costs is £59,713 (2015 - £84,890 ) which relates to the unwinding of the discount regarding the grant commitments falling due over one year

**27 Related Parties**

Aggregate donations received during the year from trustees and parties connected to the trustees given without conditions placed on the charity were £22,000 (2015: £666,000).