



## Elton John AIDS Foundation

# Annual report and financial statements

Company number: 02787008  
Charity Commission number: 1017336

**£9.3m**

Total Income in 2018



**9**

Number of countries  
our awarded grants will  
impact



**1,183,841**

HIV tests funded by the  
Foundation in 2018



**67,812**

Of those who tested  
positive started on HIV  
treatment



**1,946,851**

Individuals provided  
with direct support in  
2018



**19%**

Cost to income ratio of  
our fundraising  
activities in 2018



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

# Chair and Chief Executive Officer's introduction

## Support provided

This year saw close out of the grant strategy approved by the Board in 2013 and provided an opportunity to reflect on its achievements. Over the last five years we have disbursed £42.5m in grants which has tested 2.8m people and put 153,000 people living with HIV on lifesaving treatment. As part of this work, we have conceived and funded flagship programmes in the UK and South Africa: funded 32 grants pioneering new ways of delivering HIV services, testing and treatment; supported the national adoption of PrEP via the NHS in the UK; helped change discriminatory laws affecting communities at risk of HIV in Kenya, Jamaica and Ukraine, developed three multi country funds (see below), launched the first social impact bond for HIV in the world and forged new partnerships with national governments and multilateral organisations such as Unitaid and the Global Fund.

## Multi Country Funds

2018 marked the end of our two-year partnership with PEPFAR and Frontline Aids (formerly the International AIDS Alliance) for the LGBT Fund supporting individuals in Sub Saharan Africa and the Caribbean who are up to 22 times more vulnerable to HIV than the general population. The Fund developed 'deep engagement' grants designed to make a lasting change to the HIV response for LGBT people by establishing programmes in Kenya, Mozambique and Uganda. These programmes reached more than 32,000 people with services. The Fund's Rapid Response element operated in 21 countries where LGBT people face violence, stigma and discrimination. Grantees provided small, emergency funding to over 19,000 very marginalised individuals seeking physical safety; tested 11,000 people for HIV and started 2,416 people on antiretroviral medication. Personal stories from the Fund were documented in a photo journalism series covered extensively in the New York Times and at the International AIDS Conference, which highlighted some of the acute physical and psychological needs that the Fund sought to address.



Robin Hammond photographer

Against a backdrop of rising infections in Eastern Europe and Central Asia, where an estimated 1.6m people are living with HIV and 97% of the 190,000 new infections annually are amongst key populations, we announced the first grantees under our Eastern Europe and Central Asia Key Populations Fund (EECAKP Fund) in collaboration with the Dutch government, Gilead Sciences and AIDSfonds. The Fund supports work in 10 countries including Russia, Ukraine and Armenia. Working in partnerships with communities and health systems – the Fund aims to reach key populations in the region with HIV prevention, testing, and treatment services. More than £7m has been disbursed from the Fund to date, reaching 8,000 people with prevention services, providing an HIV test to 3,582 and putting 433 people on HIV treatment.

## New Partnerships

At the end of 2017 we were working towards developing significant new programmes aimed at adolescents (the only age demographic for whom HIV is growing) particularly young women as part of our Young Survivors Program. To inform this, along with the Global Fund for AIDS, TB & Malaria, we commissioned strategic advisory firm Dalberg to undertake a review of the vulnerabilities and drivers of adolescent HIV in Lesotho and Botswana, using a human centred design approach. We subsequently convened a wide group of funders, NGOs, and researchers, as well as commercial marketing specialists to share Dalberg's findings and to review options for intervention. A key insight from this work was that much of the vulnerability to HIV for young women and girls is being driven by men 5-10 years their senior who, although they have more

freedom to access HIV prevention and care, do so at very low rates.



MenStar Partners Coalition

In response, the Foundation pivoted its focus on adolescents to cofound a new partnership with PEPFAR, the Global Fund, Unitaid, Gilead Sciences, Johnson & Johnson and the Children's Investment Fund Foundation, supporting innovative approaches to deliver appropriate and effective HIV/AIDS services for men, thus reducing their risk of infection and death and their onward transmission of HIV to their young female partners. The \$1.2bn MenStar Coalition, launched in July 2018, will leverage the strengths of its partners to significantly expand diagnosis and treatment of HIV for millions of young men. Its first formal programme will be a national HIV self-testing campaign in Kenya in early 2019.

More information about these initiatives and our broader programmatic work can be found on pages 9-11 of this report.

## Advocacy

Our advocacy work, with policy makers, business leaders, activists and the media, is designed 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 human rights of those living with or at high risk of HIV. During 2018, we have engaged in a range of high-profile activities (see pages 16-19) from the broad and global to the local and highly specific.



A poignant example is challenging the practice of funeral directors in the UK refusing to embalm the body of someone who had died of AIDS. The Foundation supported the National AIDS Trust to challenge this with the Health & Safety Executive and the funeral directors' industry. The new guidance restores dignity to those who have died of AIDS, their partners and families.

## Fundraising

During 2018, we developed a number of critical partnerships for institutional funding. Grants from these bodies were not realised during the year due to contract delays. As a result, our institutional funding fell to 24% (2017: 54%) of our income. When these partnerships are finalised, institutional income is expected to rise considerably, continuing the overall upward trajectory of this income stream. Financial planning mitigates any significant timing-related income fluctuations.

Individual donor and events revenue performed well, raising over £5 million during the year (2017: £4 million) with two gala events in London. For the first time. The Foundation launched a large awareness and fundraising appeal to the general public in collaboration with ESI media, which was matched by the UK government. Online auctions and merchandise also formed part of the campaign, revenue from which will be largely realised in 2019. More information on these can be found on pages 20-21 of this report.

## Strategic Planning



2018 marked our 25<sup>th</sup> anniversary. We used this milestone to undertake the most comprehensive set of external reviews in our history across both the U.K. and U.S. offices of the Elton John AIDS Foundation. Governance, fundraising, grant making, communications and organisational structure were all reviewed and appraised. Our goal was to confirm the best operational model, policies and practices to enable the Foundation to be as effective as possible in its mission over the next decade.

The key recommendation from these evaluations was that the Foundation should integrate its governance and activities into a global structure, minimising duplication, optimising synergies and speaking with one voice for maximum efficiency and

impact. Accordingly, a new, global organisational structure and staff team, led by Anne Aslett as newly appointed global CEO, was confirmed by both U.K. and U.S. boards on 5<sup>th</sup> November 2018.



Grant Making Strategy review

Acting on these recommendations began pre-year end. Our goals as a grant maker drive all our activities: informing how we resource, communicate and advocate. Accordingly, we began our integration by commissioning Accenture to support the development of a new global grant making strategy that builds on our U.K. and U.S. learning in the previous five years and integrates grants programmes in Europe, Africa, Asia and the Americas. EJAF Grants Director Mohamed Osman and his team worked closely with Accenture who did an external landscape review and engaged members of the board and grants panel, external experts, peers and activists for their input and advice. The final 2019-2023 strategy proposal represents an ambitious vision for our work, including location, beneficiary, intervention and learning goals; new internal processes for grant solicitation and review, and a new monitoring and evaluation function. It was presented to the Board for discussion and review on 7<sup>th</sup> February 2019.

The grant strategy will be followed by similarly global plans for fundraising, advocacy and communications

as well as overall organisational development and resourcing. These will be presented to the board in Q2 of 2019.

## Our Promise

We have just over a decade to reach the Sustainable Development Goal (SDG) set by the United Nations to end AIDS globally by 2030. As one of the foremost private HIV/AIDS institutions in the world, it is the Foundation's duty to play a critical role in supporting our progress towards that goal.

With a clear vision, new global structure and expanded resources we pledge to our donors, volunteers, partners and to those we all seek to serve – people living with or vulnerable to HIV across the world – that we will do just that with dedication, creativity and compassion.



**David Furnish**  
Chairman



**Anne Aslett**  
Chief Executive officer

# Objectives & activities

## 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. The Foundation 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 bilateral 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. Our communications aim to bring both the progress and continuing jeopardy regarding ending AIDS to the attention of policymakers, business and the general public.

## 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.*

*The Foundation 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.*

*The Foundation 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 and we are developing a new strategic plan for the next five years. 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. During 2018, the charity's risk register process and reporting was reviewed and updated with external

support from Finance & Investment Committee Member Monica Risam. Our annual end of year Strategy Day was replaced in 2018 by a series of comprehensive, interlocking external reviews across all our activities. 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	2018 £000	2017 £000
EECA KP Fund	6,994	-
LGBT Fund	494	5,254
Pioneer	1,318	3,048
Support	190	1,515
Advocacy	285	87
Robert Key Memorial Fund	61	90
Flagship	-	20
<b>New commitments</b>	<b>9,342</b>	<b>10,014</b>
Exchange loss	491	308
Grant support costs	1,015	811
<b>Expenditure on charitable activities</b>	<b>10,848</b>	<b>11,133</b>

In 2018, the Grants team received 640 requests for support (2017: 655), with a total value of £84.1 million (2017: £98.4 million). The current grants portfolio stands at £29.5 million (2017: £36.3 million).



Community HIV testing for Sex Workers in Tanzania

The Foundation was delighted to hear from 55 grantees that they have reached over 1.9 million individuals (2017: 1.8 million) with various HIV services including testing, access to treatment and prevention.



Clients at an Integrated Care Clinic for People who Inject Drugs in Delhi, India

Field trips were undertaken during the year to current and potential grantees in Russia, Ukraine, Kazakhstan, Armenia, Uzbekistan, Kyrgystan, Tajikistan, United States, India, Kenya, Tanzania, Uganda, Mozambique as well as within the UK.

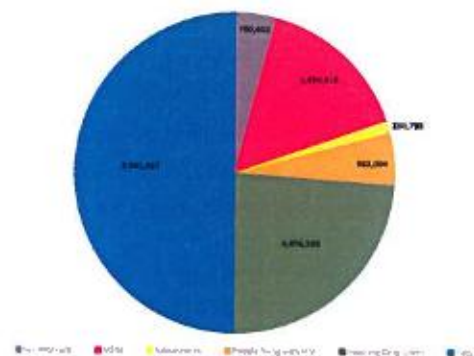


A mobile HIV and harm reduction clinic in Russia

## Populations supported

During 2018, the Foundation estimates that it provided HIV testing to 1,183,841 individuals (2017: 1,098,012) of whom 262,402 were children and adolescents (2017: 293,517).

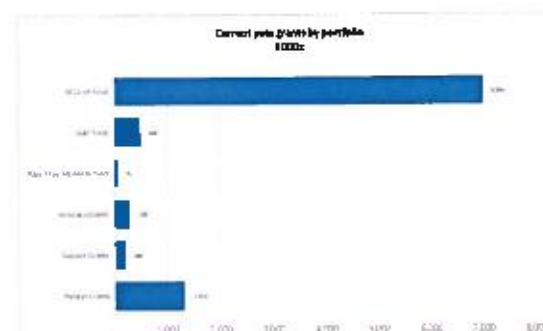
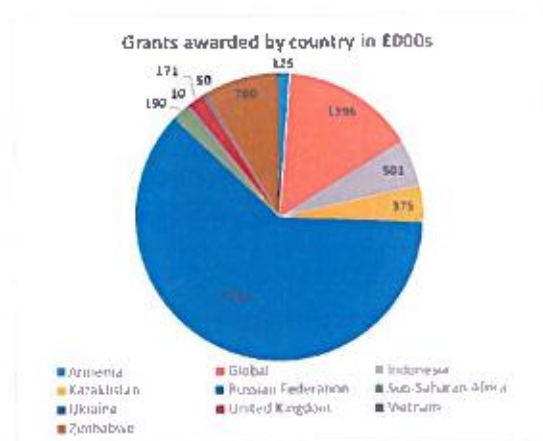
The beneficiaries by target population are as follows:



In addition to **direct support** the Foundation provides **indirect support**, in the form of **advice and technical support**.

## Grants made in 2018

New grant commitments in 2018 totalled **£9.3 million** (2017: **£10.0 million**), and can be broken down by country and grant portfolio type as follows:



### Flagship Grants

During 2018 no new flagship grants were awarded. By the end of 2018, the flagship grant with Anova Health in South Africa was completed. During the course of the grant, Anova Health had scaled up a national communication campaign, completed a PrEP demonstration project and rolled out a national clinical competence programme. The Social Impact Bond became active supporting HIV testing and treatment in Lambeth (see additional information on page 16).

### EECAKP Fund

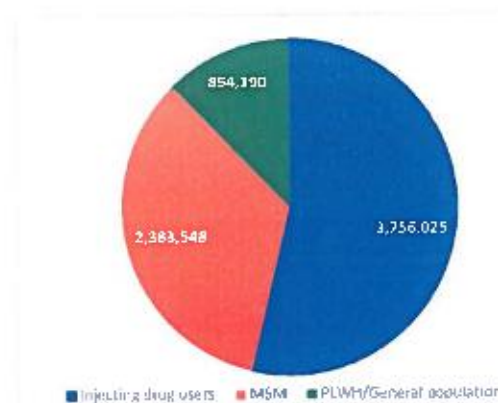
Seventy per cent of people living with HIV will be in middle income countries in 2020 and Infection rates are growing fastest in EECA particularly amongst people who use drugs and the LGBT community. At the same time, multilateral and bilateral aid is withdrawing from many middle-income countries, leaving a huge funding gap in an expanding epidemic.

In 2017, we established a new, unique programme – the Eastern Europe & Central Asia Key Populations Fund (EECAKP Fund) – to effectively mobilise funding and provide targeted support. 2018 was the first year that grants were committed for this fund.



HIV testing in Ekaterinburg, Russia

Four Lighthouse Initiatives have started, piloting innovative methods of health care delivery in four cities in the Russian Federation. Lighthouses are complemented by smaller community initiatives across the country. A pioneering, online self-testing project has been launched in Kazakhstan, and in Armenia, a new community-based rapid-testing initiative has helped people in remote areas know their status. Across the region, an Emergency Fund has been established which supports projects from community organisations that are struggling to continue vital HIV services.



The chart above displays the focus of the Foundation's EECAKP Fund grants awarded in 2018 totalling £7.0 million.

### LGBT Fund

In 2015, we established a \$10 million Rapid Response Fund to address stigma, discrimination and violence faced by Lesbian, Gay, Bisexual and Transgender (LGBT) people. This fund was fully

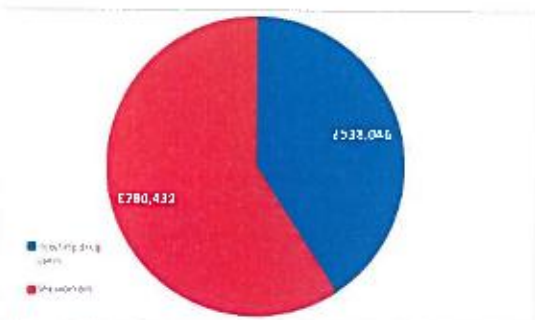
committed by the end of 2017 and the fund was extended in 2018 with an additional grant from UNAIDS of £0.5 million. This amount was awarded in 2018.

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



HIV nurses, Clinton Health Access Initiative team and Thomas Brigden from EIAF at a rural ART centre in Katha, Myanmar



The chart above displays the focus of the Foundation's Pioneer Grants awarded in 2018 totalling £1.3 million.

### Support Grants

The Foundation'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.

Support Grants awarded by the Foundation in 2018 were for adolescents in Sub-Saharan Africa and totalled £0.2 million.



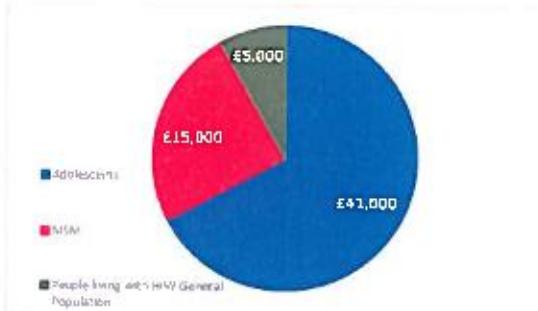
CUAMM, Beira, Mozambique

### Advocacy Grants

Please refer to the Advocacy & Communications Review on page 16.

### 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 2018 a total of £90k of Robert Key Memorial Fund Grants were awarded.

### Plans for future periods

The end of 2018 marked the completion of our five-year strategic plan developed in 2013. We have developed a new global grant making strategy in partnership with Elton John AIDS Foundation US. The strategy will be presented to the Board for consideration during Q1 of 2019. Once approved, it will inform the Foundation's overall grant making for the next five years. Given the extended investment in EECA, we plan to conduct more field visits and grantee engagements in the region. We shall review and enhance our grant making processes including the introduction of salesforce community platform to enable our grantees to better engage with their data. In addition, we will add to our staff numbers to help build our monitoring and evaluation capacity.

## The grant making process

The Foundation's grant making activity currently operates on the basis outlined below. However, this structure will be modified in 2019 to reflect our revised global processes.

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

- a. The Robert Key Memorial Fund is open all year and applicants can submit a Concept Note at any time.
- b. Pioneer Grants are open for application at certain times (usually 4 times per year, for 6 weeks at a time).
- c. Support Grants are by invitation only.
- d. Flagship Grants are by invitation only.
- e. 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 the Foundation 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, two references, Constitution or Articles of Association, financial management procedure and the Foundation's policy questionnaire. Applicants have four weeks to submit their application.

**The Foundation's 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 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.

**The Foundation /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 six months (comprising a narrative report, expenditure report and work plan report), with payment of each subsequent tranche of funds contingent upon a satisfactory project update.

**How the Foundation 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 the Foundation 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).

## “Silence is not an option”

Support. Don't Punish is a global advocacy campaign that the Foundation has funded that supports the well-being of people who use drugs. Ilya (36) from Moscow is one of them. "I believe that we must recognize that people need medicine and treatment and that banning drugs won't work."



Sir Elton John joins thousands of others around the world in promoting the "Support. Don't Punish" campaign.

The Andrey Rylkov Foundation promotes humane drug policies that are based on tolerance, protection of health, dignity and human rights in Russia. Ilya is one of their clients. He was not at all surprised when he found out he has HIV. "I suspected a long time ago that maybe I am HIV positive. Many friends of mine are HIV positive and I knew the risks of getting infected too." From the start Ilya was determined not to let his own HIV diagnosis silence him. "Who would I keep this a secret from? Hiding your status only makes things worse. Silence is not an option."

### Not a crime

Despite growing recognition of the negative consequences of the international 'war on drugs', recent developments, such as the worsening HIV crisis in Russia, show that drug policies are far from centring the well-being of affected communities. Instead, these policies demonise, dehumanise, oppress and criminalise people who use drugs. Ilya experiences the repressive drug policies in Russia

daily: "My two close friends were imprisoned, only because they used drugs together. It's unclear to me how the authorities come up with the terms of punishment. I've been thinking about this a lot. I believe it is much better to offer people substitution therapy than put them in jail. Drug dependency is a health condition, not a crime."



Ilya, client of The Andrey Rylkov Foundation

### To the point

Every year the Andrey Rylkov Foundation takes part in Support. Don't Punish. This global advocacy campaign was launched in 2013. It seeks to empower, mobilise and raise the voices of allies, activists and community-based organizations to advance policies that support the well-being of people who use drugs.

The campaign has been successful in terms of mobilising people, opening spaces for dialogue with policy makers and influencing the public narrative around drugs and people who use them. Many organizations in over 200 cities in 93 countries around the world take part in Support. Don't Punish.

Ilya thinks this campaign is very important to support people who use drugs in Russia. "The name of the campaign is right to the point. I believe that we must recognize that people need medicine and treatment and that banning drugs won't work. It should be taken into account that drug use has always existed and will exist. And it is necessary to support people. Instead, our government is trying to punish us harder and harder."

## Providing stigma-free services in Asia

**SAATHI - 'Subhiksha' – India – Prison Populations**  
Prisoners across the world have an increased vulnerability to HIV yet continue to be left behind in national responses. In India, home to over 400,000 prisoners, only a fifth of prisons report having integrated HIV counselling and testing as part of the standard health services on offer. In 2017, the Foundation provided a grant to SAATHI to establish a project to reach individuals in prisons and other closed settings in 11 states across the country. In addition to offering routine HIV support within prisons themselves, the project seeks to address the issue of onward transmission upon release, by successfully linking ex-inmates to HIV treatment programmes in the community.



HIV testing event for inmates on World AIDS Day

Heavily endorsed by the government, who are bolstering EJAF's efforts by providing medical staff, antiretroviral treatment (ART) and diagnostics support, the 'Subhiksha' project has already tested 78,714 people for HIV in 209 prisons across India. Further, it has linked 192 people living with HIV to treatment programmes both inside facilities and in the community.

A network of over 1,000 prison peer volunteers have been recruited to promote the programme and educate others about the importance of HIV testing. The programme has been well received, with the National AIDS Control Organisation (NACO) holding a series of launch events and highlighting the project as a best practice example of partnership working.

**Population Services International – A Total Market Approach to Scaling Up Effective Harm Reduction in Vietnam - Vietnam – People who inject drugs**  
Although Vietnam has made impressive progress in addressing its HIV epidemic, more than 11,000 new

infections are recorded each year, with people who inject drugs still accounting for the majority of the estimated 250,000 people living with HIV. In 2016, the Foundation began work with Population Services International to reduce new infections among people who inject drugs, by increasing the availability of needles and syringes in major urban areas of the country.

Our project, ensured that low-dead space syringes (which retain 100 times less blood than more traditional versions) were available in a variety of ways, including at tea stalls during the night time (which are located near to local 'shooting galleries') and at truck stops surrounding large cities such as Hanoi and Ho Chi Minh. In addition, the project ran community HIV testing days, where people who inject drugs could attend for stigma free HIV services. Over the course of 24 months, the project has tested over 12,000 people for HIV and distributed over 10 million safe, low-dead space syringes. Even in a highly criminalized environment, the programme demonstrated that meeting people 'where they are' is the most effective way of reaching key vulnerable populations.



Mr Duc and family

Mr Duc, a bike messenger, tested at a PSI motorbike servicing and HIV testing event at a coffee shop in Ho Chi Minh City. He has injected drugs for more than seven years but could not remember his last HIV test. When asked what made HIV testing at a coffee shop better than testing at a health facility, he explained "Oh! I hate the smell of hospitals. And I don't like the way people look at me when I go to a health facility." On getting tested at a PSI-run community event, Duc said, "These people are just like me, and they don't look at me like I am a bad person."

# Grant Income

## Review of the year

Grant income	2018	2017
	£000	£000
Grant income received	2,238	6,502

In 2018, we extended our UNAIDS partnership within the LGBT Fund. This Fund has supported LGBT communities in multiple African countries. The extended grant was awarded to MPact Global Action for Gay Men's Health and Rights which was formally known as The Global Forum on MSM & HIV (MSMGF).

Our new subsidiary, EJAF Social Impact (1) CIC, was incorporated in 2017 to create a Social Investment Partnership. The aim of the partnership is to reduce HIV transmission in South East London by bringing additional investment to fund the commissioning of new evidence-based Interventions. We have been commissioned by the three councils of Lambeth, Southwark, and Lewisham to increase and better target testing to reduce undiagnosed and late diagnoses of HIV and to improve patient pathways

and treatment outcomes by reducing those that disengage from services. We expect to help between 250 and 340 people living with HIV over the next two years.



**Mohamed Osman**  
Grants Director

# Advocacy & communications review

## Review of the year

Advocacy & Comms Expenditure	2018	2017
	£000	£000
Advocacy & communications expenditure	46	22
Advocacy grants	285	87

Our 25<sup>th</sup> anniversary year offered the opportunity for reflection and renewed dedication to our mission. It provided multiple platforms and channels to raise awareness about HIV today and to advocate for those most affected by the AIDS epidemic: young people, the LGBT community, people who inject drugs and the marginalised such as sex workers and incarcerated populations.



Sir Elton receiving the Crystal award

## Mobilising global capitalists

In January, Sir Elton received the Crystal Award for his philanthropy and musicianship at the World Economic Forum in Davos. In front of an audience of world leaders, philanthropists and global CEOs, he used the occasion to highlight how an increasingly unequal world leaves more people vulnerable to disease, particularly HIV which thrives in poverty, discrimination and sexism. Chief Executive Officer, Anne Aslett also held a number of meetings during the course of the Forum to explore potential public/private partnerships for the Foundation's ongoing work, particularly with young people.



Annie Aslett, Linda Gail Bekker & Debra Gold



Sir Elton John delivering the Diana Memorial speech

## Challenging Digital Platforms

In May, the Foundation partnered with the National AIDS Trust in their 30<sup>th</sup> year to co-host the Diana, Princess of Wales Lecture on HIV, founded in memory of the late Princess Diana for her campaigning work on HIV/AIDS.

Elton John delivered the lecture which celebrated achievements in the global AIDS fight since the death of Diana, including those he had witnessed with Princess Diana's son, HRH the Duke of Sussex during 2017. He stressed the responsibility of the media and particularly global digital platforms such as YouTube, Facebook and Instagram to project messages and stories that counter the prejudice and discrimination which still surround HIV. He noted that these platforms can be a force for good, particularly for young people. The occasion brought together leaders from across the UK HIV community as well as key international figures including the Executive Directors of Unitaaid and of the Global Fund to Fight AIDS, TB & Malaria and Linda-Gail Bekker, President of the International AIDS Society.

## Raising Awareness and Political Will in Eastern Europe

In anticipation of a new round of grant awards as part of the Eastern Europe & Central Asia Key Populations Fund, in May Elton John, Chairman David Furnish, Anne Aslett and Grants Director Mohamed Osman visited Armenia. Reviewing the country's single HIV treatment clinic with President Sarkissian, Sir Elton stressed the importance of fighting stigma for those affected by HIV and introducing new tools and methodologies including PrEP and self-testing.



Immediately following this, the group travelled to Kiev in Ukraine where a public festival at Kurzah dedicated to awareness and acceptance of HIV and organised by the ANTI Aids Foundation showcased programmes funded by the Elton John AIDS Foundation over the past 15 years. These included de-institutionalisation of children living with HIV; support for families affected by HIV/AIDS, self-testing and appropriate HIV care to men who have sex with men, outreach and needle exchange to people who use drugs. Elton and David participated in a live national radio broadcast to highlight the enormous advances made since 2003 in finding, treating and supporting those living with HIV in Ukraine and in breaking down stigma surrounding the disease.



Hospital visit in Ukraine May 2018

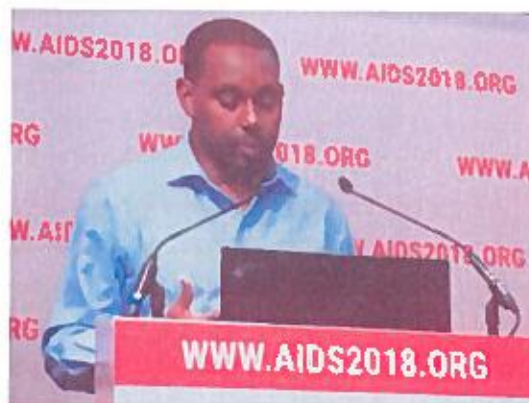
Prior to their departure, the group visited the 100% Clinic, a hospital founded by the Foundation's first ever grantee in Ukraine – the All Ukrainian Network of People Living with HIV. In a move to normalise HIV care, the hospital provides services to general patients as well as at risk groups and those living with HIV. It is supported by the Ministry of Health and is part of the eHealth system tracking HIV testing and access to care.

## Convening Partners in the global AIDS Community

At the 22nd International AIDS Conference in Amsterdam, Foundation staff participated in multiple sessions. Many of the sessions were with grantees and partners including: a Gilead-sponsored symposium chaired by Chief Executive Officer, Anne Aslett, entitled "Together we can stop the Virus". In addition, Grants Director Mohamed Osman chaired 'Strategy for Improving HIV testing for Men' at the PEPFAR partners meeting. He also delivered a presentation at the 'Changing the Game in adolescent-centred design: Assets, Access, Adherence' session.

Additionally, EJAF sponsored the Lancet Commission on 'The Future of Global Health and the HIV

Response' report which was launched at the conference.



Mohamed Osman, Grants Director at AIDS 2018

At the conference's Opening Plenary, Elton John was joined onstage by HRH the Duke of Sussex and Ndaba Mandela, the grandson of international human rights icon Nelson Mandela, to unveil MenStar. This is a billion-dollar global coalition focused on HIV testing and treatment of men. Representatives from the MenStar Coalition partners – PEPFAR, Unitaid, the Global Fund, Gilead Sciences, Johnson & Johnson and Children's Investment Fund Foundation also joined the line-up.



MenStar Coalition Partners

Elton also met with the First Lady of Kenya, Margaret Gakuo Kenyatta, to discuss the implementation of one of the MenStar Coalition's first initiatives: an HIV self-testing campaign aimed at young men in Kenya.

In a year when the rise of HIV in Eastern Europe was the subject of multiple sessions and abstracts, the conference also proved a highly topical platform for announcing the first-round grantees of the Eastern Europe & Central Asia Key Populations Fund. There was a lively press conference moderated by Chris Beyrer (Desmond M Tutu Professor of Public Health and Human Rights at John Hopkins School of Public Health). Sir Elton announced grant awards to the Global Health Research Centre of Central and Humanitarian Action, who have been awarded a "Lighthouse" grant to develop an example of at-scale HIV services for people who inject drugs and sex

workers in St. Petersburg. Dutch NGO AIDS Fonds confirmed that they will co-fund the £1.5 million Emergency Support element of the Fund and will manage its implementation. Lambert Grijns, Ambassador for Sexual and Reproductive Health and Rights & HIV/AIDS announced a €1 million contribution to the Fund on behalf of the Dutch government.

Sir Elton and David Furnish also gave Interviews highlighting the critical importance of maintaining funding for HIV programmes and fighting stigma and discrimination to a range of media outlets including CNN, Channel 4 and BuzzFeed.

## Advocacy in the UK

In December 2018 we partnered with ESL Media as their chosen charity for the *Evening Standard* Christmas campaign which ran from 4<sup>th</sup> December 2018 until 11<sup>th</sup> January 2019. The campaign, called AIDSfree Cities, shone a spotlight on the similarities and differences between the AIDS epidemics in six key cities around the world: London, Atlanta, Kiev, Nairobi, New Delhi and Maputo. The campaign kicked off in Atlanta, where Elton John visited the Ponce Treatment Centre. There he and *Evening Standard* proprietor Evgeny Lebedev talked to clinicians and patients about the alarmingly high rates of HIV and AIDS in the city, where gay African American men have a 60% lifetime chance of contracting HIV and some reports estimate 54% of black gay men who are HIV positive are not in care. Elton and Evgeny took an HIV test to promote the importance of knowing your status and accessing treatment. They then joined a group of key stakeholders in Atlanta's HIV community: Kelsa Lance Bottoms, Mayor of Atlanta city; Chairman of the Fulton County Commission Rob Pitts, Wendy Armstrong, Medical Director of the Ponce Center, Jeff Cheek, Director of the Ryan White Program and Alicia Philipp, President of the Community Foundation of Greater Atlanta. The group heard patients and activists including Dazon Dixon Diallo, President of non-profit Sisterlove, describe the challenges of fighting HIV in Atlanta today.



Mr Lebedev and Sir Elton John at the Ponce Center in Atlanta (Jeremy Selwyn)

Every weekday across a six-week period, the campaign featured powerful and intimate stories of people living with HIV – commercial sex workers, gay men, mothers, former drug users, parents. It told stories of people's lived experience in 2018: the efficacy of treatment, the persistent issue of stigma and the drivers of vulnerability. In addition to the 900,000-monthly circulation through the *Evening Standard*, articles from the campaign were reproduced in the *Independent* online which has 80m unique users per month, and highlights featured on the Foundation's own social media channels, with a reach of 800,000 during the campaign period.



Evening Standard Campaign - Press reporting

The Department for International Development and the Department of Health and Social Care partnered with the campaign through the Aid Match scheme to support work in Maputo and Nairobi. Secretaries of State Matt Hancock and Penny Mordaunt contributed opinion pieces to the *Evening Standard* on the importance of the campaign and former U.S. First Lady Michelle Obama lent her support with an editorial in the paper on Christmas Eve.

## Plans for future periods

During 2019, we will expand our current global advocacy strategy to include the domestic HIV epidemic in the United States; developing a new public private partnership with American counties where HIV prevalence is high, that can highlight the challenges and opportunities for an accelerated national response to ending AIDS.

We will work with a range of partners to support the replenishment of the Global Fund fighting AIDS, TB and Malaria, and to leverage significant additional corporate and political support for our work in Eastern Europe and with young men.

We will continue to champion the support by national governments of international development, particularly multilateral mechanisms that effectively channel funds for HIV services where they are most needed.

We will challenge the criminalisation of sexuality, HIV transmission and drug use that fuels the spread of the disease in marginalised groups.

We will streamline our communications channels, bring a dedicated Communications Director onboard, and develop a series of materials that bring our global structure and vision and our strategic priorities to a wider audience.



**Anne Aslett**  
Chief Executive Officer

# Events and Donations review

## Review of the year

Event & Partnership income	2018	2017
	£000s	£000s
Event and partnership income	5,191	4,373
Event and partnership costs	(1,161)	(1,751)
<b>Net event and partnership income</b>	<b>4,030</b>	<b>2,622</b>

## Argento Ball

On 27<sup>th</sup> June 2018, Elton John and David Furnish hosted the Argento Ball at their home Woodside, to mark a milestone fundraising event celebrating 25 years of achievements by the Elton John AIDS Foundation and held in association with Bvlgari, the iconic Italian Jewellery brand, and long-standing supporters of the charity Bob and Tamar Manoukian.

With ticket sales, auction, pledges and personal donations on the night, over £4.4 million in total was raised from the evening to support the charity's work with young people around the world. This is the only age group for whom HIV infections are rising, with more than 200,000 young people infected with HIV last year alone.



Ed Sheeran performing at Argento Ball

The auction which included a breath-taking, bespoke McLaren 570S Spider super car hand-sprayed by McLaren's craftsmen and women in 'special' metallic Blade Silver; a unique Gucci Experience incorporating tickets to Sir Elton's Farewell Tour Concert; and a private breakfast with Victoria Beckham alongside the creation of a bespoke copy of the garment that Victoria was wearing on the evening.



Argento Ball in June 2018 at Woodside

Long-term EJAF supporter and Trustee of the Foundation Graham Norton was Master of Ceremonies for the night which featured a captivating performance by the most successful recording artist of 2017, Ed Sheeran; celebrity impressions from Nicole Parker as well as a roof-raising DJ set from the Platinum Award winning drum and bass band, Rudimental.

In addition to the entertainment, guests were presented with the Elton John AIDS Foundation's headline achievements since its formation in 1993.

"HIV has changed from a death sentence to a manageable condition, requiring just one pill a day. We are so very proud of the Elton John AIDS Foundation's role in this extraordinary progress over the last 25 years and will continue in our mission to create a future free from AIDS," commented David Furnish.

## Inner (Deep) Space by Chris Levine

David Furnish and celebrated multi-disciplinary artist Chris Levine hosted the preview night of Inner (Deep) Space, Levine's exhibition of new immersive sensory installation artworks on sale during Frieze Week including a donation from sales in benefit of the Elton John AIDS Foundation.



David Furnish and Chris Levine

A great supporter and friend of the charity, Chris Levine is perhaps best known for producing what is already being described as one of the most iconic images of the twenty-first century, *Lightness of Being*. The exhibition preview at Park Village Studios near Regent's Park saw 150 guests and EJAF patrons and supporters treated to a private view of Levine's largest solo exhibition to date.

## The Band: Gala Opening Night

Gary Barlow, Howard Donald, Mark Owen and Robbie Williams along with David Furnish hosted a Gala Opening Night of "The Band", a new musical based on the music of Take That at the Theatre Royal Haymarket, to benefit the Elton John AIDS Foundation in its 25<sup>th</sup> anniversary year.



Take That performing at The Band Gala Opening Night



The cast of The Band musical perform with Take That

All the stall seating was replaced with tables for the event which featured a special dinner and auction and culminated with a performance by Take That.

The Gala Opening Night marked the launch of the Evening Standard/Independent Christmas Campaign.

## Evening Standard / Independent Christmas Campaign

For the first time, we launched a two-month AIDSfree Christmas appeal with the *Evening Standard* and *The Independent* reaching out to

people around the world to show that HIV can be beaten.

The campaign went on a journey from London to Atlanta, Nairobi, Kiev, Delhi, Maputo and back, shining a spotlight on how people around the world are combatting the virus, how we can help and the vital work still to do. The aim was to accelerate the progress of these six cities in tackling their HIV/AIDS epidemic which culminated in a Cities Forum, bringing together representatives from all the six cities.

A combination of fundraising mechanisms and call to actions allowed the readers to contribute to the campaign in a variety of methods including a series of four online auctions featuring artwork, holiday packages and celebrity experiences along with several special edition pieces of merchandise. Supporters could also make their contributions by SMS, online, telephone and postal donation methods.

The Foundation enlisted a broad range of celebrity champions, many of whom recorded video messages urging the public to support the campaign and its fundraising channels.

News / AIDSfree

## 'We've come so far... now let's leave no one behind'

Sir Elton John issues rallying cry as leaders meet for forum



Rt Hon Matt Hancock and Rt Hon Penny Mordaunt

With the help of matching funding from UK Aid Match, the campaign raised £3.3 million.

## Plans for 2019

With the integration of the UK and US Foundations, the Academy Awards Viewing Party in Los Angeles on 24<sup>th</sup> February 2019 was a combined effort across both offices.

*Rocketman*, an epic musical fantasy about the uncensored human story of Elton John's

breakthrough years will premiere in London in May 2019 with a fundraising element. Our signature event style will also be taken to the South of France in July 2019 with the inaugural Elton John AIDS Foundation Summer Party. In the latter part of the year, we have more events lined up, including the Spectrum Barclays Gala in October 2019.

In addition, we will be moving our internal fundraising database onto an integrated system with grants and finance focusing on better stewardship procedures and better connectivity with digital media.



**Glenn Horder**

**Head of Events and Partnerships**

# Financial review

## Review of the year

Consolidated financial outcome	2018 £000	2017 £000
Income	9,345	12,177
Costs of raising funds	(2,080)	(1,751)
Expenditure on charitable activities	(10,848)	(11,133)
(Loss)/gain on investment	(400)	65
<b>Net deficit</b>	<b>(3,983)</b>	<b>(642)</b>

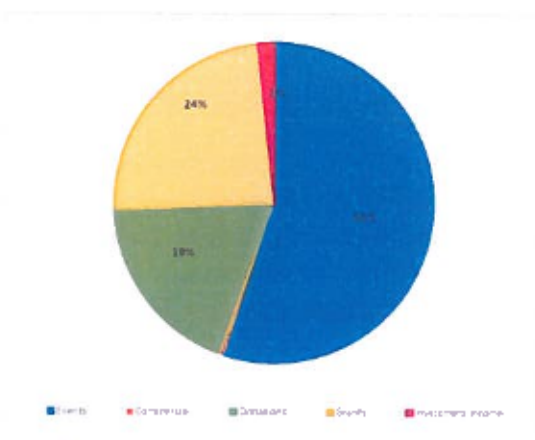
The Foundation's income was adversely affected by the cancellation of a planned summer event. Despite this, grant commitments remained on budget resulting in a deficit of just under £4 million.

We introduced a new finance system with pro-bono support from ION Industries Ltd. The new system is fully integrated with our grants database and will integrate with the new fundraising system due to be implemented in 2019. We also welcomed Vanda Marengi as UK Finance Manager.

We continue to ensure good financial governance over grants with financial reviews of four large international grants and two pre-grant reviews of new grantees carried out by accountants, Crowe UK LLP, offering significant assurance on policies and procedures.

### Incoming resources

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



### Charitable expenditure

Consolidated Total Expenditure on Charitable Activities decreased to £10.8 million (2017: £11.1

million) due to slightly decreased grant commitments, 86% (2017: 90%) of total expenditure in the year is direct awards to implementing partners. The remaining 14% was used to ensure that these partners and their 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. The percentage of expenditure on support increased in 2018 due to the cost of a grant review to measure and ensure our continuing effectiveness and also support with developing a new worldwide grant strategy for 2019 – 2023.

### Net deficit

Overall in 2018, the Foundation reported a net deficit totalling £4.0 million (2017: deficit of £0.6 million). This was the result of consolidated total expenditure increasing to £12.9 million (2017: £12.8 million) and incoming resources decreasing to £9.3 million (2017: £12.2 million).

## 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. FIC is chaired by the Treasurer and reports to the Board.

The Foundation seeks to produce the best financial return within an acceptable level of risk to maintain the real value of investable funds, before they are required for grant making.

## Reserves policy and going concern

The objective of the reserves policy is to ensure that the level of unrestricted reserves will finance the strategic plans of the Foundation, mindful of the economic environment in which it finds itself. The Board, through its delegated authority to FIC, agreed to maintain unrestricted reserves of £6 million, which equates to 12 months of grant disbursements and sustainable operating costs.

Monies received by the Foundation for specific initiatives, are classified as restricted. Each restricted fund is administered separately to ensure accurate

allocation and compliance with the donors' requirements.

The Foundation's total funds as at 31 December 2018 were £11.7 million (2017: £15.7 million) of which £1.2 million are classified as restricted funds (2017: £6.0 million) and £10.5 million as unrestricted funds (2017: £9.7 million). £0.9 million (2017: £2.0 million) of the unrestricted funds have been designated for the EECA KP Fund and £0.2 million (2017: £0.2 million) for the Robert Key Memorial Fund.

The Board has 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 is of the view that the Foundation is a going concern.

### Plans for future periods

With closer integration with the US Foundation, we will be implementing an integrated grants management, fundraising and finance system across

both entities and continuing to increase the efficiency of the system through automation.

Our new subsidiary, EJAF Social Impact (1) CIC, was incorporated in 2017 to create a Social Investment Partnership and is now fully operational. It has been consolidated in the 2018 financial statements.



**Fiona Russell**

Finance Director



# Structure, governance & management

## Trustees' report

The Trustees of the Elton John AIDS Foundation (The Foundation) are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2018. Since all Trustees are directors of the organisation, this report can also be considered as the Directors' report.

As part of the process of greater integration with EJAF US, Anne Aslett is now Chief Executive Officer of both EJAF UK and EJAF US. This move has enabled us to provide more cohesive support to our grantees, donors and other key stakeholders.

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" together with applicable accounting 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 Foundation was incorporated on 1 February 1993 and is governed by its Articles of Association, which were reviewed and updated in November 2018. In order to enable closer integration between EJAF UK and EJAF US (which remain separate legal organisations) the governing documents of both organisations were updated to be as similar as possible. Under the new governance arrangements, when they are fully implemented, there will be six Trustees serving on both boards, three Trustees who only serve on the EJAF UK Board and three who only serve on the US Board. This arrangement enables close cooperation between the two organisations for matters of common interest, but also allows the independent Trustees to take decisions on behalf of their respective organisation without a conflict of interest, should the need arise.

## 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.

New Trustees are appointed by the Board on the recommendation of the Nominations & Remuneration Committee, which is chaired by the Deputy Chair of the Board. The Foundation operates with a Board of up to nine Trustees who collectively provide 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.

With the exception of the Chairman, David Furnish, (who has no time limit on his appointment) and Trustees who were in place when the new Articles were approved (where special transitional arrangements apply), Trustees serve a three-year term of office with the option for further term's re-election. In exceptional circumstances, a Trustee may be re-elected for a third term, after which they cannot serve as a Trustee again. Two new Trustees were appointed during the year: Lynda Funke joined as Deputy Chair and Ilana Kloss, previously on the Board of EJAF US, joined also as Trustee for EJAF UK. In addition, Ajaz Ahmed, was elected as a Trustee after the year end.

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 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 the directors for company law purposes) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees must prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 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.

The Trustees confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the charitable company's auditors are unaware. They have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

## Governance structure

The Foundation's governing Board, which constitutes up to nine Trustees, meets up to four times a year of which one meeting sets the Foundation'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 Charity Commission issue on Trustees' responsibilities.

## The Grant Panel

The Grant 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 the Foundation's current goals, commitments and approved strategy. The Trustees have a 10-day window to consider assessments and discuss any issue directly with the Chief Executive Officer 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.

A minimum of three Trustees contributed to each of the three Grant Panel reviews held in 2018.

## 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. Due to an extensive overhaul and consolidation of EJAF UK and US activities, as well as an external fundraising review, FDG did not meet in 2018.

## 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 members who were supported by the Finance Director. The committee formally reviewed the organisation's financial performance and strategy, which included examining the 2017 audited accounts, managing and setting the risk appetite of the Foundation and reviewing forecasts and budget.

## Nominations & Remuneration Committee

This Committee has been established to oversee the recruitment of new Trustees for recommendation to the Board and to set the remuneration of the CEO.

## 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 2018, EJAF Trading Limited generated sales of £2.3 million (2017 - £3.0 million) and a net profit before gift aid of £1.0m (2017 £1.6m). The Trustees are satisfied with the performance and results of the subsidiary for the year ended 31 December 2018.

EJAF Trading Limited (Company Registration Number 02951448) is based at 1 Blythe Road, London W14 0HG and its directors are:

Sir Elton John  
David Furnish  
Anne Aslett

## 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 US based donors who wished to support our work in Africa and Asia, the Foundation established a US subsidiary, the International Friends of Elton John AIDS Foundation UK ("International Friends"). The subsidiary granted £2.9 million to the Foundation (2017: £1.3 million).

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

Anne Aslett  
Monica Risam  
Jamie Cooper

## EJAF Social Impact (1) CIC

The Foundation established a community interest company, EJAF Social Impact (1) CIC in November

2018. This company is a vehicle for the first Social Impact Bond around HIV and it focuses on early identification and support for people with HIV in London. There was no revenue in the year to 31 December 2018 and costs were £0.2 million.

EJAF Social Impact (1) CIC (Company Registration Number 11059787) is based at 1 Blythe Road, London W14 0HG and its members are:

Anne Aslett  
Elton John Aids Foundation

## Risk analysis

The Board of Trustees continue to review and assess the risks that the charity faces and the 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	The Risk Register includes key risks, their likelihood and significance and how they are managed and mitigated.  During 2018, 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.
Grant review procedures	During 2018, Crowe, a major international firm of accountants, conducted a review of four selected grants and two pre-grant assessments.
Reporting	The Board is presented with the risk register at least annually.  FIC reviews the risk register, assesses the adequacy of existing controls and reports its findings to the Board.

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

Risk	
Impact of behaviour from staff, Trustees and other EJAF representatives.	All employees, Trustees and Committee members are thoroughly vetted. Employees are required to comply with a detailed Safeguarding Policy.
Loss of income resulting from political uncertainty and substantial reliance on Sir Elton John's attendance to generate event income	A new fundraising strategy has been developed with the US Foundation to help diversify income streams.
Failure of grant due to embezzlement or inappropriate behaviour.	We undertake thorough due diligence prior to making grants and stage payments. Grantees are subject to an audit review on a rotational basis.

## Management

The Chief Executive Officer is appointed by the Trustees to manage the operations of the Foundation. To facilitate this effectively, the Chief Executive Officer 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 2018 and to identify new opportunities and risks. New service level agreements were secured for HR and legal services.

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 on average every 6-8 weeks throughout the year. A Staff Handbook outlines the Foundation's relevant policies and procedures. During 2018, this was reviewed, updated and shared with staff.

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 four volunteers who supported critical fundraising activities, including the Argento Ball, and four volunteers who helped with grants and administrative office duties.

## Fundraising standards and complaints

In 2018, there were no failures by the charity, or by any person acting on its behalf, to comply with fundraising standards or scheme for fundraising regulation that the charity or the person acting on its behalf has voluntarily subscribed to. There were no complaints received by the charity, or by a person acting on its behalf for the purposes of fundraising, about the fundraising activities that the charity has done.

## 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

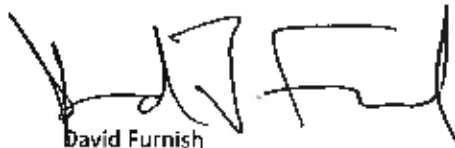
So far as the Trustees are aware, at the time of approving our Trustees Annual Report and Strategic

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

In 2017 we undertook a review of our audit service in line with good financial governance and selected new auditors following a tender process. During the year, UHY Hacker Young LLP, were appointed as auditors.

On behalf of the board of Trustees



David Furnish

Trustee

Dated: 30<sup>th</sup> April 2019

# Reference & administrative details

## Foundation information

Company number	02787008
Company type	Limited by guarantee Incorporated in England and Wales
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:	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers:	Barclays Bank, 1 Churchill Place, London E14 5HP
Solicitors:	Eversheds Sutherland 1 Wood Street, London EC2V 7WS
Company Secretary:	Richard Reger FCIS

## Photographer

Dave Bennett, Getty Images, photographs on pages 20 and 21

## 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 at the date the report is approved or who served during the year are:

David Furnish*	Chairman
Lynda Funke* (elected 5 November 2018)	Deputy Chair
Tracy Blackwell*	Treasurer
Mark Dybul*	
Ilana Kloss* (elected 5 November 2018)	
Evgeny Lebedev	
Johnny Bergius	
Ajaz Ahmed (elected 7 February 2019)	

Anne Aslett (resigned 5 November 2018)  
Scott Campbell (resigned 5 November 2018)  
Sir Elton John (resigned 5 November 2018)  
Rafi Manoukian (resigned 5 November 2018)  
Graham Norton (resigned 5 November 2018)

(Trustees marked \* are also board members of EJAF in the US.)

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

## Opinion

We have audited the financial statements of The Elton John AIDS Foundation ('the Group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Foundation Balance Sheets, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)'.

In our opinion the financial statements:

- give a true and fair view of the state of the group and the charitable company's affairs as at 31 December 2018 and of its 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees, who are also the Directors for the purposes of Company Law, use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

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

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

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

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

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements;
- sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Trustees

As explained more fully in the Trustees' statement of responsibilities, the Trustees' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees' are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees' either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

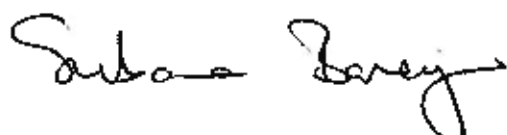
### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charitable company'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 charitable company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Members as a body, for our audit work, for this report, or for the opinions we have formed.



Subarna Banerjee (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young  
Chartered Accountants and Statutory Auditor

Quadrant House  
4 Thomas More Square  
London  
E1W 1YW  
United Kingdom

3 May 2019



THE ELTON JOHN AIDS FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2018

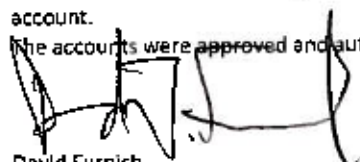
	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Income</b>						
Donations and legacies	2	2,643,889	-	3,018,345	5,662,234	8,739,653
Other trading activities	3	3,519,268	-	-	3,519,268	2,958,147
Investments	4	163,342	-	-	163,342	479,430
<b>Total income</b>		<b>6,326,499</b>	<b>-</b>	<b>3,018,345</b>	<b>9,344,844</b>	<b>12,177,230</b>
<b>Expenditure</b>						
Costs of raising funds	5	2,080,280	-	-	2,080,280	1,751,169
Expenditure on charitable activities	6	3,277,934	40,000	7,529,954	10,847,888	11,132,933
<b>Total expenditure</b>		<b>5,358,214</b>	<b>40,000</b>	<b>7,529,954</b>	<b>12,928,168</b>	<b>12,884,102</b>
(Loss)/gain on investments	11	(399,656)	-	-	(399,656)	65,211
<b>Net income/(expenditure)</b>	<b>9</b>	<b>568,629</b>	<b>(40,000)</b>	<b>(4,511,609)</b>	<b>(3,982,980)</b>	<b>(641,661)</b>
Transfers between funds	16,17	1,355,323	(1,083,098)	(272,225)	-	-
<b>Net movement in funds</b>		<b>1,923,952</b>	<b>(1,123,098)</b>	<b>(4,783,834)</b>	<b>(3,982,980)</b>	<b>(641,661)</b>
<b>Reconciliation of funds</b>						
Fund balances at 1 January 2018		7,481,883	2,200,000	5,984,025	15,665,908	16,307,569
<b>Fund balances at 31 December 2018</b>	<b>15</b>	<b>9,405,835</b>	<b>1,076,902</b>	<b>1,200,191</b>	<b>11,682,928</b>	<b>15,665,908</b>

THE ELTON JOHN AIDS FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)  
CONSOLIDATED AND FOUNDATION BALANCE SHEETS  
AS AT 31 DECEMBER 2018

	Notes	Group		Foundation	
		2018 £	2017 £	2018 £	2017 £
<b>Fixed assets</b>					
Tangible assets	10	6,460	9,701	593	2,372
Investments	11	8,720,611	2,866,041	8,720,611	2,866,041
		<u>8,727,071</u>	<u>2,875,742</u>	<u>8,721,204</u>	<u>2,868,413</u>
<b>Current assets</b>					
Debtors	12	4,053,511	3,381,366	5,300,093	4,040,749
Cash at bank and in hand	20,21	12,065,855	22,506,751	10,352,661	21,801,209
		<u>16,119,366</u>	<u>25,888,117</u>	<u>15,652,754</u>	<u>25,841,958</u>
Creditors: amounts falling due within one year	13	(9,841,979)	(10,962,367)	(9,488,544)	(10,908,879)
<b>Net current assets</b>		<u>6,277,387</u>	<u>14,925,750</u>	<u>6,164,210</u>	<u>14,933,079</u>
<b>Total assets less current liabilities</b>		<u>15,004,458</u>	<u>17,801,492</u>	<u>14,885,414</u>	<u>17,801,492</u>
Creditors: amounts falling due over one year	14	(3,321,530)	(2,135,584)	(3,121,530)	(2,135,584)
<b>Net assets</b>	15	<u>11,682,928</u>	<u>15,665,908</u>	<u>11,763,884</u>	<u>15,665,908</u>
<b>Represented by:</b>					
<b>Unrestricted funds</b>	15	9,405,835	7,481,883	9,486,791	7,481,883
<b>Designated Funds</b>	16	1,076,902	2,200,000	1,076,902	2,200,000
<b>Total Unrestricted Funds</b>		<u>10,482,737</u>	<u>9,681,883</u>	<u>10,563,693</u>	<u>9,681,883</u>
<b>Restricted funds</b>	17	1,200,191	5,984,025	1,200,191	5,984,025
<b>Total Foundation funds</b>		<u>11,682,928</u>	<u>15,665,908</u>	<u>11,763,884</u>	<u>15,665,908</u>

The Foundation has taken advantage of the exemption under S408(3) to not present the Foundation's profit and loss account.

The accounts were approved and authorised for issue by the Board on 30 April 2019



David Furnish  
Chairman  
The Elton John AIDS Foundation  
Company Registration Number 02787008  
Charity Registration Number 1017336

THE ELTON JOHN AIDS FOUNDATION  
(A COMPANY LIMITED BY GUARANTEE)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Net cash used in operating activities</b>	<b>19</b>		(4,350,012)		(3,659,521)
<b>Cash flows from investing activities:</b>					
Investment income received		98,336		313,703	
Payment to acquire investments		(9,120,267)		-	
Proceeds on sale of current asset investments		109,548		5,226,900	
Proceeds on sale of fixed asset investments		2,823,923		257,164	
Other non cash movements		(2,424)		-	
<b>Net cash provided by investing activities</b>			(6,090,884)		5,797,767
<b>(Decrease)/increase in cash</b>	<b>20, 21</b>		(10,440,896)		2,138,246
<b>Cash balance at 1 January 2018</b>			22,506,751		20,368,505
<b>Cash balance at 31 December 2018</b>	<b>20, 21</b>		12,065,855		22,506,751

**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 Foundation 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 notes.

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

The financial statements of the Foundation and subsidiary companies have been prepared on the going concern basis and adequate cash resources will be available to cover the requirements for working capital and capital expenditure for at least the next twelve months.

**1.2 Group financial statements**

These financial statements consolidate the results of the Foundation and its wholly-owned subsidiaries, EJAF Trading Limited, EJAF Social Impact (1) CIC and International Friends of Elton John AIDS Foundation UK on a line by line basis. A separate statement of financial activities for the Foundation itself is not presented because the Foundation has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

The Foundation received Gift Aid from EJAF Trading Limited of £1,006,399 (2017: £1,576,307) which has been eliminated on consolidation.

The Foundation received donations from International Friends of Elton John AIDS Foundation UK of \$3,800,000 (£2,893,493) which has been eliminated on consolidation. In 2017 the Foundation received \$1,693,505 (£1,278,308).

**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 Foundation, 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 Limited 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 Foundation 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 Foundation has been notified of the executors intention to make a distribution. Where legacies have been notified to the Foundation or the Foundation 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 Foundation. 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 Foundation 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 Foundation 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 Foundation which is the amount the Foundation 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 Foundation.

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
-------------------------	----------------------------

**1.8 Pensions**

The pension costs charged in the financial statements represent the contributions payable by the Foundation during the period which are recognised when they are due.

**1.9 Foreign currency translation**

Transactions denominated in foreign currencies are recorded at the rates 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 Note 17 to the financial statements.

Designated Funds comprises the EECAP Fund and the Robert Key Memorial Fund. The purpose of these funds are set out in Note 16 and Note 17.

**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 Foundation 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 and intangible income for auction items.

**2 Donations and legacies**

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Donations	2,643,880	780,579	3,424,459	2,237,758
Grants received	-	2,237,766	2,237,766	6,501,895
	<u>2,643,880</u>	<u>3,018,345</u>	<u>5,662,224</u>	<u>8,739,653</u>

Included in donations is £640,121 of intangible income (2017: £822,732). £56,300 (2017: £56,300) relates to office space provided free of charge for use by the Foundation. £416,800 (2017: £621,753) relates to items donated to the Foundation for auction at charity events. £169,021 (2017: £144,679) relates to pro bono work provided by Freshfields Bruckhaus Deringer LLP to assist in the establishment of a social impact bond.

**3.1 Trading Income**

	2018 £	2017 £
Trading income from EJAF Trading Limited	2,349,657	2,363,828
Trading income International Friends of Elton John AIDS Foundation	1,169,611	594,319
Total trading income	<u>3,519,268</u>	<u>2,958,147</u>

**3.2 UK subsidiary**

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 Foundation by Gift Aid. EJAF Trading Limited provides management of one-off fundraising events. The Foundation owns the entire issued share capital of 1 ordinary share of £1. A summary of the trading results is shown below:

	2018 £	2017 £
Trading income	2,349,657	2,363,828
Cost of sales	(1,144,087)	(774,454)
Administrative expenses	(201,595)	(13,268)
Interest receivable	2,424	201
Net profit	1,006,399	1,576,307
Amount gifted to the Foundation	<u>(1,006,399)</u>	<u>(1,576,307)</u>
Retained in the subsidiary	<u>-</u>	<u>-</u>

The assets and liabilities of the subsidiary were:

	2018 £	2017 £
Tangible assets	5,866	7,329
Current assets	590,608	865,292
Creditors: amounts falling due within one year	<u>(596,473)</u>	<u>(872,620)</u>
Total net assets	<u>1</u>	<u>1</u>
Aggregate share capital and reserves	<u>1</u>	<u>1</u>

Administrative expenses includes auditor's remuneration of £8,943 (2016: £9,519).

**3.3 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 Foundation through grant payments. The subsidiary was incorporated in March 2016. A summary of the results is shown below:

	2018 £	2017 £
Donations and legacies	1,826,669	713,274
Trading income	1,169,611	594,319
Administrative expenses	(98,137)	(55,576)
Interest receivable	2,787	-
Net profit	2,900,924	1,252,017
Amount gifted to the Foundation	<u>(2,893,493)</u>	<u>(1,278,308)</u>
Net income	7,431	(26,291)
Reserves brought forward	61,668	87,959
Reserves carried forward	<u>69,099</u>	<u>61,668</u>
The assets and liabilities of the subsidiary were:		
Current assets	1,003,325	61,668
Creditors: amounts falling due within one year	<u>(934,226)</u>	<u>-</u>
Total net assets	<u>69,099</u>	<u>61,668</u>
Aggregate share capital and reserves	<u>69,099</u>	<u>61,668</u>

**3.4 UK subsidiary**

Elton John AIDS Foundation exerts significant control over EIAF Social Impact (1) CIC which was incorporated on 13 November 2017 as a private company limited by guarantee. A summary of results is shown below:

	2018 £	2017 £
Total expenditure	(150,055)	-
The assets and liabilities of the subsidiary were:		
Current assets	226,894	-
Creditors: amounts falling due within one year	(376,949)	-
<b>Total net liabilities</b>	<b>(150,055)</b>	<b>-</b>
Aggregate share capital and reserves	(150,055)	-

**4 Investment income**

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Interest on cash deposits	102,151	-	102,151	35,729
Interest on other investments	61,191	-	61,191	443,701
	<b>163,342</b>	<b>-</b>	<b>163,342</b>	<b>479,430</b>

**5 Cost of raising funds**

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Trading direct costs	1,332,381	-	1,332,381	618,162
Fundraising costs				
Intangible income expense	640,120	-	640,120	822,732
Investment management charge	31,187	-	31,187	-
Salaries	23,500	-	23,500	144,291
Other	53,092	-	53,092	65,984
	<b>2,080,280</b>	<b>-</b>	<b>2,080,280</b>	<b>1,751,169</b>

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

**6 Expenditure on charitable activities**

	EECA KP fund £	LGFT fund £	Pioneer grants £	Advocacy grants £	Support grants £	Robert Key fund £	Total 2018 £	Total 2017 £
Grants committed (note 6.1)	6,993,763	481,481	1,331,165	285,199	189,119	61,000	9,341,667	10,014,411
Movement of discount on grant liability	-	-	-	-	-	-	-	59,713
Exchange losses and contributions	367,362	25,291	69,921	14,978	9,834	3,284	490,691	308,927
Other grants costs	374,618	15,790	71,403	15,273	10,130	3,267	500,381	111,143
Staff costs	327,324	22,534	62,302	13,345	8,851	2,855	437,211	350,857
Advocacy	35,000	2,409	6,461	1,427	946	305	46,748	22,458
Governance (see note 6.2)	145,944	10,047	27,778	5,950	3,946	1,273	194,938	187,870
General support (see note 6.2)	(122,592)	(8,440)	(23,334)	(4,998)	(3,315)	(1,063)	(163,748)	78,154
	<b>8,121,419</b>	<b>559,112</b>	<b>1,545,797</b>	<b>331,114</b>	<b>219,611</b>	<b>70,335</b>	<b>10,847,386</b>	<b>11,132,933</b>

**6.1 Grants committed to institutions**

	2018 £	2017 £
Humanitarian Action	1,480,149	-
Foundation "For support of social initiatives and public health"	983,548	-
NGO "Humanitarian project"	900,000	-
Centre for Sexual Health	780,432	-
Andsfonds	750,000	-
Warm Health Technology Inc.	749,580	-
Rumah Cemara - Harm Reduction	500,733	-
M Pact (The Global Forum on MSM)	492,270	-
Global Health Research Centre	375,002	-
Charity Foundation "Tornik-AntiAIDS"	250,000	-
Regional Public Fund "New Life"	249,625	-
Charitable Fund Istochnik Nadezhdy (Source of Hope)	244,420	-
NGO April Project	233,896	-
Androy Rydkov Foundation	228,232	-
EVA Association	227,281	-
New Generation Humanitarian NG	124,998	-
International Harm Reduction	119,830	-
International Aids Society	112,309	-
Community Health Alliance Uganda	-	1,608,800
International HIV/AIDS Alliance	-	1,519,270
LVCT Health	-	1,379,802
Save the Children	-	1,294,925
Centre for Infectious Diseases	-	750,005
Clinton Health Initiative	-	693,760
Canadian HIV/AIDS Legal Network	-	495,206
SAATHI	-	439,523
Other institutions	-	-
	<b>529,363</b>	<b>1,827,121</b>
	<b>9,341,667</b>	<b>10,014,411</b>

**6.2 Analysis of governance and support costs**

	Governance £	General support £	Basis of apportionment
Audit Fees	14,739	-	Governance
Staff costs	96,750	31,201	Allocated on time
Legal and other professional fees	70,181	-	Invoice specific
Depreciation	1,621	1,620	Use of asset
Trustees insurance	4,065	-	Governance
General office	7,582	(196,569)	Office running expenses
	<u>194,938</u>	<u>(163,748)</u>	

**7 Trustees**

The Foundation Commission has authorised payment of reasonable remuneration to one trustee for services undertaken in the administration of the Foundation, 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 £156,665 (2017: £152,869).

During the year £2,019 of travel and accommodation was reimbursed to one trustee in relation to their duties (2017: £372).

During the year the Foundation paid £4,065 (2017: £2,411) 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 Foundation paid £23,747 (2017: £23,747) to defined contribution pension schemes in respect of Anne Aslett.

**8 Employment costs**

	2018 £	2017 £
Wages and salaries	586,188	598,610
Social security costs	68,304	66,764
Other pension costs	53,948	48,322
Other employment costs	12,912	46,379
	<u>721,352</u>	<u>760,081</u>

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

	2018 Number	2017 Number
<u>General management function</u>		
£70,000 - £79,999	2	1
£80,000 - £89,999	1	-
£90,000 - £99,999	1	1
£100,000 - £109,999	-	1
£110,000 - £119,999	1	1
£120,000 - £129,999	-	-
£130,000 - £139,999	1	1
	<u>5</u>	<u>4</u>

Contributions totalling £47,839 (2017: £36,840) were made to defined contribution pension schemes on behalf of employees whose emoluments exceeded £60,000.

**Number of employees**

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Grants management	4	4
General management	6	7
Total employees	<u>10</u>	<u>11</u>

**9 Net expenditure for the year**

This is stated after charging:

	2018 £	2017 £
Depreciation - owned assets	3,241	3,907
Auditor's remuneration	14,739	16,863
Losses on exchange	149,928	308,327



**10 Tangible fixed assets - group and Foundation**

	Furniture and equipment £	Foundation total £	Subsidiary Furniture and equipment £	Group Total £
<b>Cost</b>				
At 1 January 2018	32,484	32,484	23,035	55,519
Additions	-	-	-	-
<b>At 31 December 2018</b>	<b>32,484</b>	<b>32,484</b>	<b>23,035</b>	<b>55,519</b>
<b>Depreciation</b>				
At 1 January 2018	30,112	30,112	15,706	45,818
Charge for the year	1,779	1,779	1,462	3,241
<b>At 31 December 2018</b>	<b>31,891</b>	<b>31,891</b>	<b>17,168</b>	<b>49,059</b>
<b>Net book value</b>				
At 31 December 2018	593	593	5,867	6,460
At 31 December 2017	2,372	2,372	7,329	9,701

**11 Investments**

	Group 2018 £	2017 £	Foundation 2018 £	2017 £
Market Value at 1 January 2018	2,866,041	8,284,898	2,866,041	8,284,898
Additions to investments at cost	9,120,267	1,346	9,120,267	1,346
Disposal of investments at cost	(2,823,923)	(5,286,857)	(2,823,923)	(5,286,857)
Net loss on revaluation	(441,774)	(133,346)	(441,774)	(133,346)
<b>Market Value at 31 December 2018</b>	<b>8,720,611</b>	<b>2,866,041</b>	<b>8,720,611</b>	<b>2,866,041</b>
Realised and unrealised loss on investments	(399,556)	65,211	(399,656)	65,211

Of the 2018 total, £8,720,611 (both group and Foundation) relates to fixed asset investments (2017: £2,866,041).

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

Investments held are as follows:

	Market Value £	Percentage of Total Investments %	UK Investments £	Non UK £
<b>Fixed Asset Investments</b>				
Other Fixed Asset Investments	8,720,611	100.0%	2,714,727	6,005,884
	<b>8,720,611</b>	<b>100.0%</b>	<b>2,714,727</b>	<b>6,005,884</b>

**12 Debtors**

	Group 2018 £	2017 £	Foundation 2018 £	2017 £
Trade debtors	3,431,165	3,149,408	3,396,165	3,024,408
Other debtors	-	109,131	-	75,756
Amounts owed by group undertakings	-	-	1,321,761	819,133
Prepayments and accrued income	622,346	122,827	582,167	121,452
	<b>4,053,511</b>	<b>3,381,366</b>	<b>5,300,093</b>	<b>4,030,749</b>

Included in the trade debtors above is £3 million (2016: £nil) which relates to debtors over one year.

**13 Creditors: amounts falling due within one year**

	Group 2018 £	2017 £	Foundation 2018 £	2017 £
Trade creditors	111,270	41,297	108,881	38,756
Grant commitments	9,179,352	10,818,980	9,279,352	10,818,980
Accruals and deferred income	451,357	102,090	100,311	51,143
	<b>9,841,979</b>	<b>10,962,367</b>	<b>9,488,544</b>	<b>10,908,879</b>

**14 Creditors: amounts falling due after more than one year**

	Group 2018 £	Group 2017 £	Foundation 2018 £	Foundation 2017 £
Grant commitments	3,121,530	2,135,584	3,121,530	2,135,584
Loans	200,000	-	-	-
	<b>3,321,530</b>	<b>2,135,584</b>	<b>3,121,530</b>	<b>2,135,584</b>

15 Analysis of group net assets between funds

	Unrestricted fund £	Designated fund £	Restricted fund £	Total £
Fixed assets	8,727,071	-	-	8,727,071
Current assets	4,576,957	1,094,402	10,448,007	16,119,366
Creditors: amounts falling due within one year	(3,138,535)	(17,500)	(6,885,944)	(9,841,979)
Creditors: amounts falling due after more than one year	(750,658)	-	(2,561,872)	(3,312,530)
	<b>9,405,835</b>	<b>1,076,902</b>	<b>1,200,191</b>	<b>11,682,928</b>

16 Designated funds

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

	Movement in funds				Balance at 31 December 2018 £
	Balance at 1 January 2018 £	Income received £	Utilised £	Fund transfers £	
The Robert Key Memorial Grant	200,000	-	(40,000)	40,000	200,000
EECA KP Fund	2,000,000	-	-	(1,123,098)	876,902
	<b>2,200,000</b>	-	<b>(40,000)</b>	<b>(1,083,098)</b>	<b>1,076,902</b>

The Robert Key Memorial Grant

Robert Key MBF 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.

EECA KP Fund

The purpose of the EECA KP Fund is set out in Note 17.

17 Restricted funds

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

	Movement in funds				Balance at 31 December 2018 £
	Balance at 1 January 2018 £	Income received £	Utilised £	Transferred £	
UNAIDS	-	493,846	(500,736)	6,890	-
Mylan	47,401	-	-	-	47,401
Bulgari	-	806,760	-	(806,760)	-
EECA KP Fund	5,000,000	881,915	(7,005,013)	1,123,098	-
Zachary & Elijah Fund	1,250	6,359	-	-	7,609
Construction of Nwamitwa Community Centre, Limpopo, South Africa	205,288	-	-	(205,288)	-
Funders' Collaborative For Children	82,466	-	795	(81,670)	1,591
Children's Investment Fund	13,570	-	-	-	13,570
Woodside Gallery Dinner 2015	253,250	-	-	(253,250)	-
LGBT	-	774,220	-	-	774,220
Woodside Gallery Dinner 2017	355,800	-	-	-	355,800
Vital	-	55,245	-	(55,245)	-
Access Reach	25,000	-	(25,000)	-	-
	<b>5,984,025</b>	<b>3,018,345</b>	<b>(7,529,954)</b>	<b>(272,275)</b>	<b>1,200,191</b>

17 **Restricted funds**

(continued)

UNAIDS

UNAIDS is a \$10 million "LGBT Fund" partnership between the United States Office of the Global AIDS Coordinator (in charge of PEPFAR), UNAIDS, and EJAF. Its overall aim is to tackle the stigma, discrimination and violence facing LGBT people around the world.

Mylan

EJAF 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.

Bulgari

AIDS related illnesses remain the leading cause of death among adolescents in sub-Saharan Africa. Adolescent girls and young women (AGYW) are disproportionately affected by HIV. 74% of all new HIV infections among adolescents are occurring in adolescent girls. There is now growing recognition that providing access to HIV information and services without addressing the root causes that exacerbate vulnerability to HIV infection for AGYW is not sufficient to prevent new HIV infections. The project aims to strengthen the capacity of HIV and Sexual Reproductive Health services for AGYW, increase the demand for HIV prevention services for AGYW and to improve access to HIV/SRH information and services, including life skills. EJAF has secured funding for this grant from our main sponsor Bulgari and the project will allow EJAF to increase its reach in a region of high need.

EECA KP Fund

In response to the pressing need for action for key populations in Eastern Europe and Central Asia, EJAF has formed the EECA KP Fund to which Gilead Life Sciences has contributed £5 million. The EECA KP Fund seeks to improve access to HIV and co-infection prevention, care and treatment information and services, including harm reduction services, for key populations in Eastern Europe and Central Asia. The Fund will support innovative, evidence-based efforts to bring the region closer to epidemic control. It aims to reach over 20,000 members of key populations by scaling up innovative HIV prevention and treatment services in partnership with communities and health systems. Moreover, it aims to empower communities delivering and advocating for better, stigma-free HIV services, and collect best practices to demonstrate how effective evidence-based programming in Eastern Europe and Central Asia can bring the region closer to epidemic control.

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.

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 & Tiaras Ball 2010. In one of the highest HIV prevalence areas of Limpopo province, the Centre's programmes provide a refuge for mothers living with HIV giving them skills, care, support and food. In addition, AIDS-affected and vulnerable children receive food, educational and emotional support. An estimated 20,000 adults and children benefit from the range of services.

Funders' Collaborative For Children

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.

CIF Foundation

Funds from CIF contribute to the elimination of mother to child transmission of HIV.

Woodside Gallery Dinner 2015

Through our current partnerships with dynamic, youth-focused organisations, we tap into what children really love and, by doing so, ensure that children and teenagers at risk are tested and treated. We aim to connect with adolescents to give them information about their HIV risk through the use of mobile phones and other technology. In addition, we aim to get young people who are sick with HIV/AIDS on life saving treatment. The proportion of adolescents with HIV who are dying is higher than that of babies or adults who are similarly infected and typically families exhaust their assets trying to save them.

LGBT

Lesbian, gay, bisexual and transgender people (LGBT), especially MSM are disproportionately affected by HIV/AIDS. In addition, 22% 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 23% in 2017. MSM are nearly 28 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 MSM as well as their sexual partners in Lagos in a flexible and most convenient approach. The services will be available extended hours and on weekends to widen the reach. In addition, service user will also have access to an appointment portal via a developed software application available on smartphones.

**17 Restricted funds**

(continued)

Woodside Gallery Dinner 2017

Donations from this event will contribute towards our project in South Africa to fund an Adolescent Drop-In Centre for young people living with HIV located in the new KwaZulu Natal Children's Hospital. This Centre will provide comprehensive care for thousands of HIV-infected young people as they journey into adulthood and will include a facility for young local people to get tested.

Vital

Funding from Vital contributed towards three projects in sub-Saharan Africa: to address paediatric HIV in Uganda by accelerating the identification and enrolment of HIV positive children and adolescents into treatment and care plus ensuring that clinical care is improved so that they are retained in care; a program to address the needs of teenagers for HIV/AIDS counselling and testing services in Mozambique; and a program to reduce the child HIV treatment gap in Kisumu and Zambia.

Access Reach

Elton John AIDS Foundation (EJAF) has structured a Social Impact Bond (SIB) to dramatically reducing HIV transmission in South East London. The project is initially funded by private investors such as EJAF and impact investing funds. The financial return is linked to the achievement of two outcomes: diagnosing new cases of HIV and re-engaging patients who dropped out of HIV care. EJAF secured funding from the Reach Fund to support the closing process with investors and the grant was used to seek professional support to validate the final financial model, support due diligence, and prepare funding agreements with investors.

**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 €40,000 (2017: £86,181) is therefore shown as a reserves transfer.

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

	2018 £	2017 £
Net movement in funds	(3,987,980)	(641,661)
Investment income receivable	(163,342)	(479,430)
Gain/(loss) on investments	399,656	(65,211)
Depreciation of tangible fixed assets	3,241	3,908
Increase in debtors	(672,145)	(2,974,531)
Increase in creditors	65,558	497,404
Net cash used in operating activities	<u>(4,350,012)</u>	<u>(3,659,521)</u>

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

	2018 £	2017 £
Decrease in cash	(10,440,896)	2,138,246
Net funds at 1 January 2018	<u>22,506,751</u>	<u>20,368,505</u>
Net funds at 31 December 2018	<u>12,065,855</u>	<u>22,506,751</u>

**21 Analysis of net funds for the group**

	2017 £	Cashflow £	2018 £
Cash at bank and in hand	<u>22,506,751</u>	<u>(10,440,896)</u>	<u>12,065,855</u>

**22 Pension costs**

Defined contribution

The Foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Foundation in an independently administered fund. The pension cost charge represents contributions payable by the Foundation.

	2018 £	2017 £
Contributions payable by the Foundation for the year	<u>53,948</u>	<u>48,322</u>

**23 Revaluation reserve**

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

	Balance at 1 January 2018 £	Incoming Resources including gains £	Outgoing Resources including losses £	Transfers £	Balance at 31 December 2018 £
Revaluation reserve	-	(399,656)	-	399,656	-
	-	(399,656)	-	399,656	-

**24 Financial Instruments at amortised cost**

	2018 £	2017 £
Financial assets measured at fair value through profit and loss	16,119,366	2,941,422
Financial liabilities measured at fair value through profit and loss	-	-
Financial assets measured at amortised cost	-	-
Financial liabilities measured at amortised cost	(1,076,902)	2,488,093

**25 Interest costs**

Included within interest costs is £nil (2017 - £nil) which relates to the unwinding of the discount regarding the grant commitments falling due over one year.

**26 Related Parties**

Aggregate donations received during the year from trustees and parties connected to the trustees given without conditions placed on the Foundation were £25,000 (2017: £25,000).

