

Charity Registration No. 1017336

Company Registration No. 02787008 (England and Wales)



THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

**THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	D Furnish (Chairman) A Aslett (Executive Director) Sir Elton John (Founder) J Bergius I Abrahams S Campbell M Dybul R Manoukian G Norton F Presland (Resigned 05.09.2014)
Secretary	George Kangis
Charity number	1017336
Company number	02787008
Principal address	1 Blythe Road London W14 0HG
Registered office	1 Blythe Road London W14 0HG
Auditors	Bourner Bullock Chartered Accountants Sovereign House 212-224 Shaftesbury Avenue London WC2H 8HQ
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Solicitors	Eversheds 1 Wood Street London EC2V 7WS

**THE ELTON JOHN AIDS FOUNDATION
(A COMPANY LIMITED BY GUARANTEE)**

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Directors' Report

For The Year Ended 31 December 2014

The Directors of The Elton John AIDS Foundation (EJAF) are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2014. Since all directors are trustees of the organisation, this report can also be considered as a report of the Trustees.

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" issued in March 2005 together with applicable accounts standards and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Elton John AIDS Foundation is a company limited by guarantee (Company Registration Number 02787008) and therefore has no share capital. The company is registered as a charity with the Charity Commission. (Charity Number: 1017336). It is based at 1 Blythe Road, London W14 0HG, which is also the charity's registered office.

GOVERNING DOCUMENT

The Elton John AIDS Foundation was incorporated on 1st February 1993 and is governed by its Memorandum and Articles of Association. The governing body of the Foundation is its board of Trustees, who are also directors for the purposes of company law. Trustees who served during the year are:

D Furnish	Chairman
Sir Elton John	Founder
A Aslett	Executive Director
I Abrahams	
S Campbell	
M Dybul	(appointed 10 June 2015)
R Manoukian	
G Norton	
F Presland	(resigned 5 September 2014)

Iain Abrahams also serves as Honorary Treasurer. George Kangis remains as Company Secretary.

GOVERNANCE STRUCTURE

The Foundation's governing Board, which constitutes 9 Trustees, meets up to four times a year of which one meeting (held this year in December) sets EJAF's overall policy and direction in all areas of its work for the coming year. This includes reviewing the Foundation's mission statement, its charitable aims, risks and current objectives. Subsequent meetings take a particular focus on grant making, fundraising and finance respectively, and are informed by the following three specialist committees that each convene up to three times per year:

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

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

The Finance and Investment Committee (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.

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.

The Executive Director is appointed by the Trustees to manage the day-to-day workings of the Foundation. To facilitate effective operations, the Executive Director has, within the terms of delegation approved by the Trustees, authority for all operational matters, including grants, fundraising and finance. The charity also benefits from a Company Secretary, George Kangis, and a Treasurer, Iain Abrahams. Both are honorary positions.

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

The Foundation has a wholly owned trading subsidiary (EJAF Trading Limited), which provides the management for one-off fundraising events. EJAF Trading Limited (Company Registration Number 02951448) is based at 1 Blythe Road, London W14 0HG and its directors are:

Sir Elton John
D Furnish
A Aslett

The charity also has a partner company in South Africa - Elton John AIDS Foundation (South Africa) 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 events held in South Africa are distributed within South Africa, by EJAF SA, to HIV/AIDS programmes. The funding guidelines in the partner company are the same as those of the UK Foundation.

TRUSTEES INDUCTION AND TRAINING

The appointment and induction of new Trustees is overseen by the Board. The Foundation currently operates with a Board of 9 Trustees that collectively offer a range of expertise in development, the non-profit sector, fundraising, financial management, marketing and legal affairs, as well as representing the views of those affected by and living with HIV/AIDS. A needs analysis of the Board's skill base is undertaken to ensure it retains sufficient expertise to govern the organisation. Trustees can be nominated by any existing board member and must be proposed at a board meeting. Trustees appointed after 1 January 2013 serve a three year term with the option for further term's re-election, subject to unanimous vote.

A formal Trustee Handbook covers the legal objectives, mission and powers of the Foundation, how it operates, Board composition and terms of reference for the charity's Grant Making, Fundraising and Finance Committees. The handbook also sets out the role of Trustees (recruitment, responsibilities and leaving the Board) and provides guidance from the Charity Commission with respect to good governance and Trustees' responsibilities. An induction planner and checklist for new Trustees are also included. In addition to the handbook, the Foundation has an assessment framework that includes an analysis of any conflicts of interest, a self-assessment questionnaire for the Board, a Trustee performance appraisal and a diversity perception questionnaire. This framework is reviewed every other year. Any new Trustees are, as part of their ongoing training and understanding of the organisation and the context of its activities, expected to attend one meeting of each of the grants, fundraising and finance committees and to take a particular role within one of these committees, in addition to visiting programmes in the field.

ROLE AND CONTRIBUTION OF VOLUNTEERS

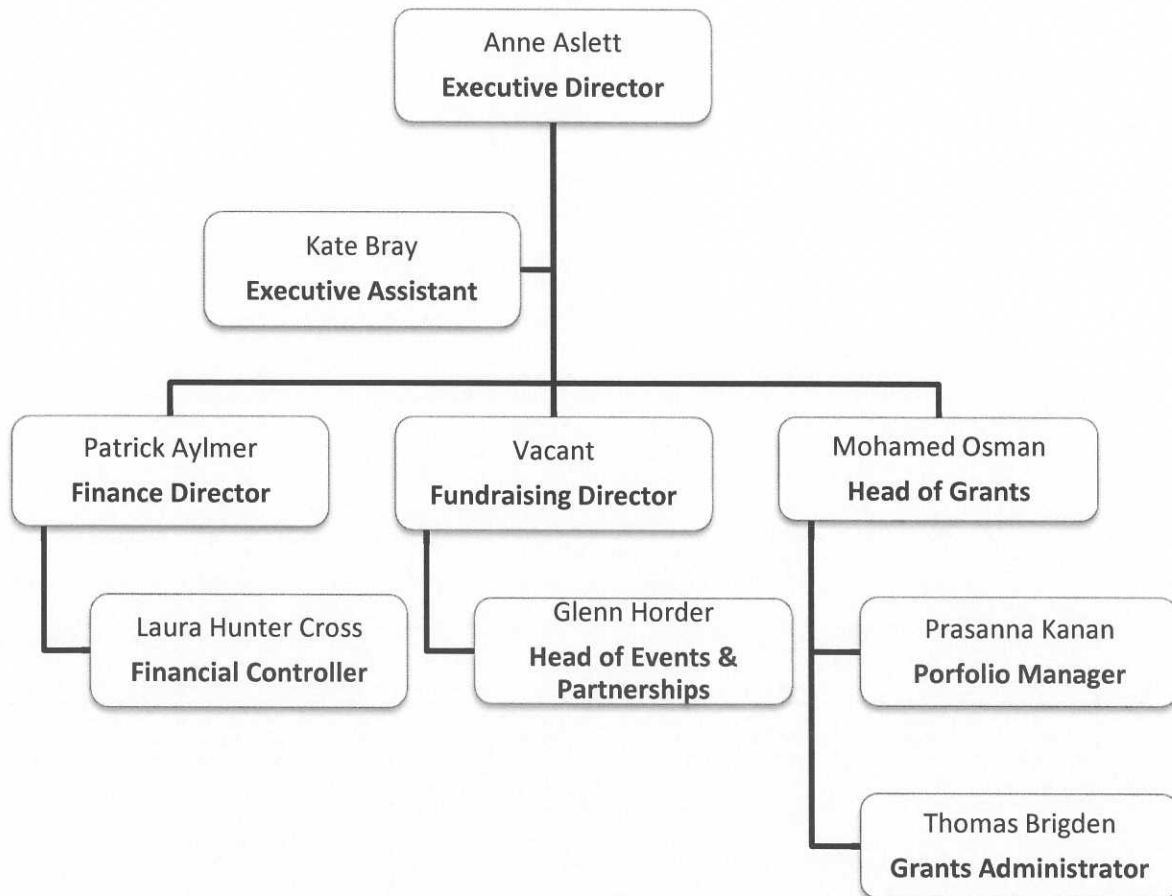
In line with the mission statement, volunteers play a vital part in supporting the fundraising and charitable activities of the Elton John AIDS Foundation. During the year, the Foundation benefited from over 20 volunteers who supported critical fundraising activities, including the Smash Hits tennis event and the Woodside End of Summer Party and one regular volunteer to help with administrative office duties such as filing.

INTERNAL CONTROL

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

MANAGEMENT POLICIES AND PROCEDURES

STAFF



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

In the process of re-configuring the Foundation's fundraising strategy and focus, Simon Prytherch, the charity's Fundraising Director, was made redundant. Simon joined the charity when it was established in 1993 and was responsible for instigating and managing many highly successful fund raising initiatives, particularly the charity's events programme. His significant contribution is greatly appreciated by trustees and staff. His successor, who will have a wider remit of fund raising responsibilities, is expected to join the Foundation in July 2015.

A new Grants Co-Ordinator, Tom Brigden, was recruited to oversee grants administration, manage and enhance the grants database, respond to grantees and applicants needs and support the Head of Grants and Portfolio Manager.

PERFORMANCE EVALUATION AND PLANNING

An appraisal of the charity's performance against goals is reviewed annually by both staff and Trustees.

The charity's strategic plan, covering the period 2014-2018, was approved by the Board in December 2013. Work plans against the strategy are developed annually to fulfil governance, finance, fundraising and grant making objectives and monitored at Senior Management Team and committee meetings throughout the year. An end-of-year organisational review in December 2014 confirmed that the charity is on target to deliver against most goals, although certain fundraising initiatives had underperformed and spend rate for grantees remains a challenge, even though programme performance is generally strong. As a result, the Board have approved a new fundraising strategy and Grants will conduct an internal review on issues relating to grantee budgeting and spend.

A new grants strategy, with four distinct grants programmes, was launched in early 2013. A review of the progress of this strategy can be found in the Strategic Report.

RISK ANALYSIS

Risk analysis is undertaken both for the charity as a whole and for individual large scale grants. These risks have been reviewed by the Trustees, who are satisfied that appropriate systems have been established to manage them.

PUBLIC BENEFIT AND ACTIVITIES

PUBLIC BENEFIT

The overall objectives of the charitable foundation, as defined in the mission statement, are:

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

EJAF believes and values that:

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

EJAF aims to:

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

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

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

The Foundation continues to fund a broad range of services for those living with or affected by HIV/AIDS, including education, peer support, medical care and commodities, HIV counselling and testing. The Foundation funds operational research but does not support pure medical research. Particular 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/AIDS at the centre of service provision.

The Foundation has complied with Section 17 of the Charities Act 2011 in respect of Public Benefit.

MANAGEMENT AND GOVERNANCE ACTIVITIES

Throughout the year, the Trustees maintained direct engagement with the Foundation's activities.

3-4 trustees contributed to each of the three Grant Panel reviews. The Grants Panel was expanded to include Mark Dybul (Executive Director of the Global Fund for AIDS, TB & Malaria) and Gina Dalabetta (Senior Program Officer, The Global Health Program/HIV Programs, The Gates Foundation). The charity's Chairman, David Furnish, visited Zimbabwe to see the charity's work with HIV-positive adolescents in Zimbabwe. Foundation Patron and UNAIDS Ambassador, Victoria Beckham, visited South Africa to visit the charity's work with mother-to-child prevention programmes.

The Finance & Investment Committee (FIC) met twice during the year, with each meeting attended by three Trustees who were supported by the Finance Director and the Honorary Treasurer. The committee formally reviewed the organisation's financial performance and strategy, which included examining the 2013 audited accounts, managing and setting the risk appetite of the Foundation and reviewing the 2015 budget. Since the year-end, Monica Risam (General Counsel, Aviva Group) has been appointed as an honorary non-executive member of the FIC.

The Fundraising Development Group (FDG) met in January, February, May and November 2014 to review sources of income, format of fundraising projects and events and reviewing revenue targets. The FDG also reviewed the levels of Trustee and Patron engagement to be sought over the course of the year.

The charity's arrangements for storage and archiving of documents and information was reviewed and enhanced, as was its Payment Card Industry compliance for financial and personal information.

The Senior Management Team met at six week intervals throughout the year to review progress against agreed work plans and assess risk. New staff posts required to fulfil the 2014-2018 strategy were identified and recruitment process initiated.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

STATEMENT OF DISCLOSURE TO AUDITORS

So far as the Trustees are aware, 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 in order to make themselves aware of all relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

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



On behalf of the board of Trustees

Anne Aslett (Executive Director)

Trustee

Dated:

10/6/2015

Strategic report

For The Year Ended 31 December 2014

ACHIEVEMENTS AND PERFORMANCE

GRANT MAKING

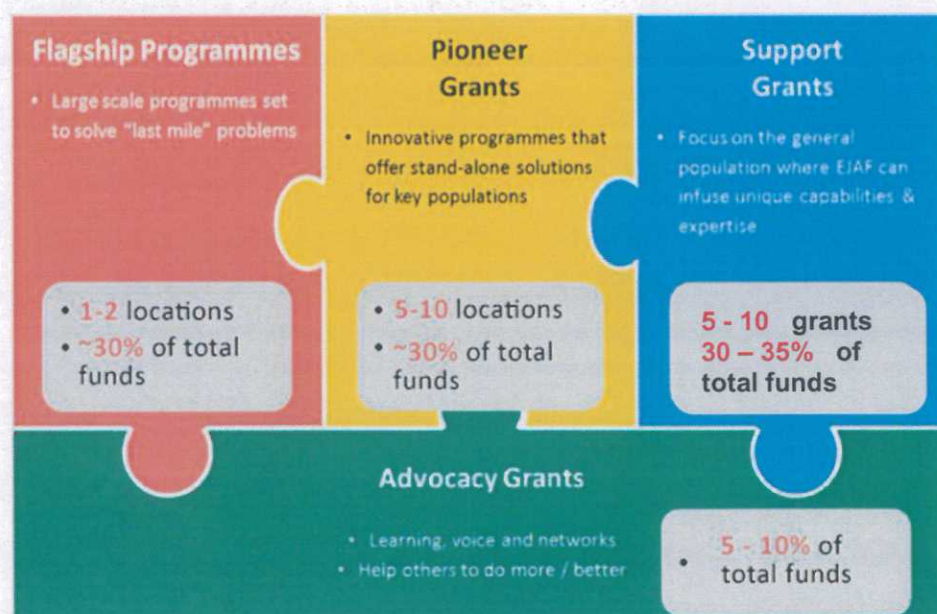
The Foundation's website provides information about how it views the current landscape and needs of the AIDS epidemic. It highlights case studies of responses it has made to those needs to date and details the type of work it aims to fund going forward. Two funding streams – Pioneer Grants and the Robert Key Memorial Fund are open to unsolicited applications. Proposals for Flagship and Support grant funds are by request only. All submissions go through an appraisal at concept note stage for fit to strategy which, if highly scored, results in soliciting a full proposal from the applicant.

During 2014, the Grants Team received 535 requests (2013: 371) for support, with a total value of over £123m (2013: £86m). Additionally, the Robert Key Memorial Fund received requests totalling £4.2m (2013: £11m).

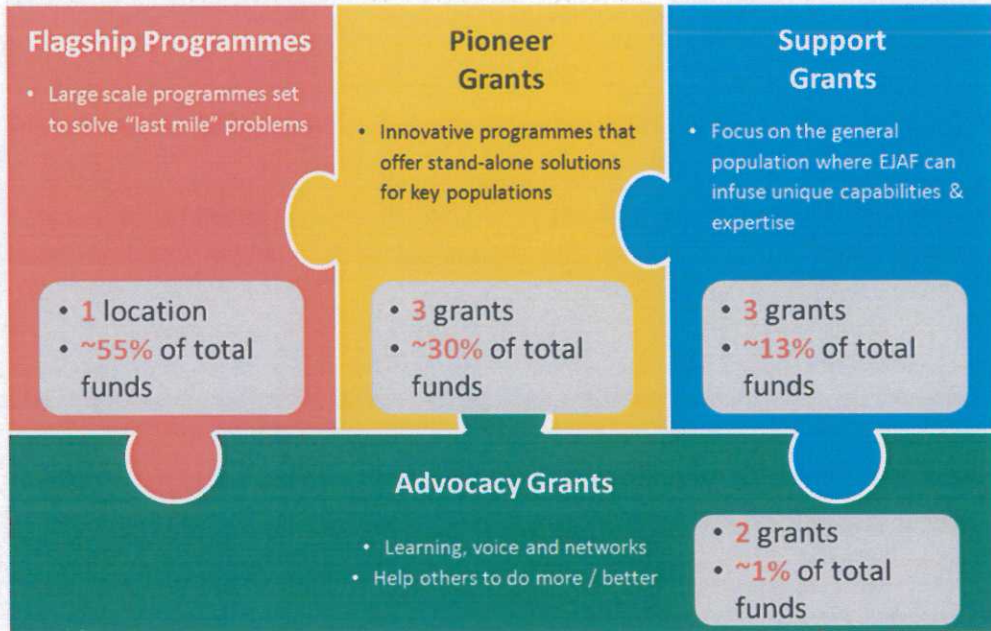
Some £4.7m (2013: £5.7m) has been disbursed to programmes in 2014. New commitments in 2014 totalled £5.6m (2013: £4.5m). The current grants portfolio stands at £18.3m (2013: £17.5m).

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

The current grant strategy prioritises support to vulnerable populations by assembling coalitions of partners from different sectors to solve 'last mile' challenges (Flagship Grants) or proving new approaches in challenging circumstances (Pioneer Grants). It also seeks to identify discrete or critical new components to an existing, large scale effort (Support Grants), or provide immediate, tangible support on a very small scale (Robert Key Memorial Fund). The approved grants strategy is summarised below:

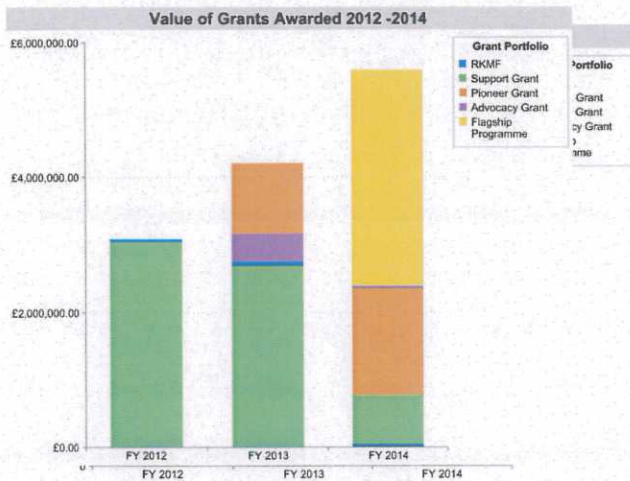


Progress of the new grants strategy at the end of 2014 is shown below:



At the end of 2014 a review of the current grant strategy after almost its first full year of operation was undertaken and presented to the Board. A combination of Key Performance Indicators for specific projects and High Level Goals across the grants portfolio were reviewed, as well as current learning and overall outcomes and impact from grant making activities.

The value and number of grants awarded are shown below:



The above charts demonstrate the success of the Foundation in broadening the types of grant that it provides. During 2014 the Foundation's funding reached 378,157 people.

The Grants Strategy will be fully active until 2017, followed by a period of evaluation, review and dissemination.

To further its agenda on key populations, the Foundation in partnership with UNAIDS and Funders Concerned about AIDS (FCAA) co-sponsored a donor meeting that was held in Geneva on 11 and 12

June 2014, looking at support for those highly vulnerable to HIV. The meeting explored appropriate responses to human rights challenges, discussed the funding landscape for civil society organizations and articulated a shared commitment among donors to sustain human rights work related to HIV. The meeting was attended by more than 60 participants from across the donor spectrum - HIV and human rights donors, multilateral and bilateral donors, private foundations, publicly funded intermediary foundations, and community-driven collaborative funds. Communities and other civil society human rights implementers were also represented.

The grants team undertook an external review of its processes and procedures, soliciting structured and specific feedback about its performance from applicants and grantees alike. Over 90% of unsuccessful applicants said they found the EJAF website easy to navigate and thought the process of submitting a Concept Note was as good as, or better, than other funders. Additionally, 93% of applicants rejected said they would apply to the Foundation again. Of applicants successful in receiving funding, 80% were happy with the time it took for EJAF to make a decision on their application, and all grantees felt that we communicated the monitoring requirements and payment dates clearly. 100% of successful applicants surveyed said that the learning from the grant with EJAF influenced their organisations strategy and aims and everyone found EJAF staff helpful when contacting the office.

ADVOCACY & COMMUNICATIONS

Building on successes in 2013 in helping to secure funds from bilateral and multilateral donors for the global AIDS response, particularly for vulnerable populations, in 2014 we developed our work in this area. We helped create programmes that could , effectively reach thousands of people most vulnerable to or marginalised by HIV: LGBT communities, people in prison, sex workers and people who inject drugs and with partners who would bring political will and high visibility to these areas.

The most significant outcomes of this work included launching two formal co-funding partnerships with bi-lateral funders. A new initiative between the Foundation and the United States government to implement a national programme aimed at men who have sex with men (MSM) in South Africa was formally announced by Sir Elton John and US Secretary of State John Kerry at a press conference in Washington in October 2014. In the UK, the Ministry of Health confirmed a partnership between the Foundation and Public Health England to address late HIV diagnosis in South London, particularly amongst vulnerable groups such as young gay men and African communities. Plans are ongoing to expand this work outside London and ensure it has relevance to other geographical settings and other conditions.

In addition to meeting with Secretary Kerry, Sir Elton continued to champion the cause of funding for populations vulnerable to HIV with US and UK policymakers. Chairman David Furnish and Executive Director Anne Aslett met with UK Secretary of State for Health Jeremy Hunt to discuss vulnerable populations in the national HIV epidemic, and both Elton and David contributed numerous opinion pieces on this issue across the digital and print media.

A new digital strategy saw the reconfiguration of our website to better accommodate mobile devices and process online payments. Targeted communications detailing our programme priorities were developed and circulated digitally to 10,000 followers resulting in an expansion of our online followers across all channels by an average of 20%.

Foundation Patron and UNAIDS Ambassador Victoria Beckham generated extensive media coverage of our work and partners when she joined Executive Director Anne Aslett on a field visit to projects funded by the charity in South Africa.

In addition to the activities noted above, there was national coverage of fundraising events, including the Woodside End of Summer Party, for which Grey Goose and Chopard leveraged their own communication assets to promote the Foundation's work.

FUNDRAISING ACTIVITIES

An external agency was commissioned to review the charity's fundraising focus and performance over the last 3 years, benchmarking against the UK charity sector as a whole. A SWOT analysis of fundraising was undertaken with staff, trustees, donors, and peer organisations, together with an update of the charity's donor base. As a result a new strategy was developed and proposed to the Board on 17 December 2014. This was fully adopted and will be implemented during 2015.

In addition, the Fundraising Director and Financial Controller refined mechanisms to effectively analyse and review various fundraising projects. These were extremely useful for the Fundraising Development Group in informing future activities.

Most of the income during the year was generated from events, merchandise, donations and income from grant making trusts. The consolidated gross income from fundraising activities and voluntary income amounted to over £5.7m for the year.

A new event, the Woodside Gallery Dinner, proved highly successful, generating £2.3m net income.

Other key fundraising highlights during 2014 included the Smash Hits tennis tournament at the Royal Albert Hall in December, which came to London for the first time in its history. The event used a broad range of fundraising mechanisms, from ticket and auction revenue to sms donations and direct debit sign ups, resulting in £654,000 of net income, 31% more than budgeted.

Jeremy Joseph and G-A-Y exceeded their target of income generation for the Foundation, cumulatively raising over £250k.

Following the tragic death of DJ Frankie Knuckles in March 2014, the Foundation was chosen by his estate to establish a memorial fund in his name. Over £12,000 was donated to this fund by individuals in the weeks and months following Frankie's death. Further activities are planned in 2015.

Finally, the Foundation is proud that the ratio of income vs. cost of fundraising for 2014 ran at 10:1.

FINANCIAL REVIEW

REVIEW OF THE BUSINESS

As in previous years, the Foundation received most of its income from fundraising activities. The vast majority of the Foundation's expenditure is undertaken directly on disbursing grants to partner organisations, which implement projects in line with EJAF's programmatic strategy. The remainder is used to ensure that these partners and the projects are adequately supported, monitored and evaluated, that the charity is governed and managed effectively and appropriately and in support of further developing the effectiveness of the charity's fundraising.

Overall in 2014, the Foundation reports a net surplus of £0.1m (2013: deficit of £0.8m). This was the result of charitable expenditure falling to £5.1m (2013: £6.3m), partially offset by incoming resources declining to £6.2m (2013: £7.1m), and by a significant improvement in investment performance with investments increasing in value by £0.5m (2013 decline of £0.1m).

INVESTMENTS

As reported in 2013, during that year the Trustees determined to invest a portion of the Foundation's investments in fixed income securities and preferences shares, in order to increase investment income while maintaining an acceptable level of risk.

During 2014 the Foundation's investments increased in value by £0.5m (2013: decline of £0.1m). This increase in value is the result of the increase in value of the US Dollar (in which some of the investments are denominated) against Sterling (the Foundation's reporting currency) and the continuing compression of fixed income yields. The Foundation has taken out financial instruments to match the Foundation's US Dollar denominated investments to Sterling.

INCOMING RESOURCES

Total consolidated income fell to £6.2m (2013: £7.1m) including £2.5m from voluntary sources (2013: £2.1m), £3.2m from the trading subsidiary (2012: £4.7m) and £507k from investments (2013: £385k).

CHARITABLE EXPENDITURE

Consolidated Charitable Expenditure fell to £5.1m (2013: £6.3m). Over 90% of this total constitutes direct awards to implementing partners.

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. The Trustees are satisfied with the performance and results of the subsidiary for the year ended 31 December 2014.

RESERVES

EJAF's total funds as at 31 December 2014 are £27.3m (2013: £27.1m) of which £2.7m are classified as restricted funds (2013: £3.2m) and £24.6m as unrestricted funds (2012: £23.9m) of which £6.2m is designated against grant commitments already entered into.

RESTRICTED FUNDS

The monies that EJAF receives, which are given for a specific initiative, are classified as restricted. Each restricted pot is administered separately to ensure accurate allocation and compliance with the donors' requirements.

DESIGNATED FUNDS

The contracts that EJAF enters into with its grant recipients are predominantly multi-year awards. Accordingly, the Foundation holds a level of future grant commitments at any one time. The Board agreed that these commitments, which have not been allocated to specific income sources, be recognised as a designated fund in the accounts. As at 31 December 2014 £6.2m (2013: £5.7m) is contracted and committed to such future grants and included within a designated fund.

EJAF continues, through the Robert Key Memorial Fund, to support programmes that provide a direct and tangible benefit to people living with HIV/AIDS from marginalised communities and/or facing exceptionally difficult circumstances. As at 31 December 2014, £200k has been designated to this fund.

Unrestricted Funds

The unrestricted funds as at 31 December 2014 is 2013 £18.4m (2013: 18.2m).

During 2012, the Trustees reviewed the reserves policy, whose objective is to ensure that the level of unrestricted reserves will finance and accommodate the strategic plans of the Foundation, mindful of the economic environment in which it finds itself. The Board, through its delegated authority to the Finance and Investment Committee agreed to maintain a reserves policy of the Foundation at £12m, which equates to 2 years' of sustainable operating costs, which includes grants disbursed. This also ensures that the Foundation can mitigate against new and existing grant recipients bearing any organisational shocks that EJAF may suffer in the short term.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Trustees continue to review and assess the risks that the charity faces and potential impact they may have on the organisation. As part of this regular review in 2014, the trustees have assessed the major risks to which the Foundation is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

The Senior Management Team is in the process of reviewing the risk register. It will be subject to periodic review by FIC and formal presentation to the Trustees annually.

The Finance Director, Patrick Aylmer, together with the other members of the senior management team, have made improvements to the Foundation's internal controls and organisational processes and procedures.

FUTURE DEVELOPMENTS

GRANTS

The grants function will continue to monitor pipeline of applications and performance of funded grants against approved strategy. A priority will be to identify and establish, a second Flagship Grant.

The system for financial auditing of grants given will be enhanced.

Information supplied online to Grant Panel Members will be reconfigured to be more user-friendly, better represent the portfolio as a whole and reference relevant grant history.

Agreed alterations to the grants application process as a result of our user survey will be implemented.

More consistent and effective ways of capturing stories from the programmes we fund to share with staff and trustees will be explored.

FINANCE

The charity's finance team will continue to ensure that resources are safeguarded and transactions correctly recorded. A particular priority will be to implement a new system for the review of grant payments to ensure greater visibility to the Foundation as to how the grantee spends the grant received.

The finance team will also ensure that the charity is ready for regulatory change. Changes already announced are FRS 102, Charity SORP 2015 and the "auto-enrolment" pension regime.

COMMUNICATIONS

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

FUNDRAISING

The Foundation has recruited a new Fundraising Director who is due to start in July 2015. The new Fundraising Director will be responsible for implementing the new strategic plan for fundraising, including developing a broader base of revenue.

A priority for the fundraising team will be to develop greater opportunities for individual and corporate donors to understand and share in the impact made by their support.

GOVERNANCE

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

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

STAFF DEVELOPMENT

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.

MANAGEMENT

The Senior Management Team will review progress against agreed work plans throughout 2015.



On behalf of the board of Trustees
Anne Aslett (Executive Director)

Trustee

Dated: 10/6/2015

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

We have audited the financial statements of The Elton John AIDS Foundation for the year ended 31 December 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 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.

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

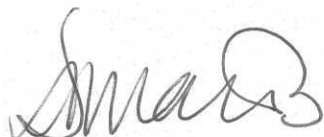
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**David Matkins (Senior Statutory Auditor)
for and on behalf of Bournier Bullock**

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

10 June 2015

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2014**


	Notes	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2014 £	Total 2013 £
Incoming resources						
Voluntary income	2	1,297,688	-	1,088,510	2,386,198	2,053,316
Trading income	3	3,296,797	-	42,000	3,338,797	4,698,600
Investment income	4	505,983	-	1,393	507,376	385,064
Other incoming resources	5	-	-	-	-	19
Total incoming resources		5,100,468	-	1,131,903	6,232,371	7,136,999
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	6	5,619	-	36,000	41,619	9,678
Trading expenses	6	994,642	-	-	994,642	1,095,443
Direct Fundraising Expenditure	6	409,987	-	-	409,987	316,238
Charitable activities						
Grants made	6	3,081,462	67,949	1,504,156	4,653,567	5,675,149
Grants' costs	6	362,510	-	51,752	414,262	627,467
Governance costs						
	6	84,993	-	-	84,993	66,130
Total resources expended		4,939,213	67,949	1,591,908	6,599,070	7,790,105
Net incoming resources before transfers		161,255	(67,949)	(460,005)	(366,699)	(653,106)
Gross transfers between funds	7	(473,788)	575,266	(101,478)	-	-
Net incoming resources after transfers		(312,533)	507,317	(561,483)	(366,699)	(653,106)
Other recognised gains and losses						
Unrealised loss on investments	22	-	-	-	-	(149,740)
Net income/ expenditure for the year		(312,533)	507,317	(561,483)	(366,699)	(802,846)
Unrealised gains in the year	22	479,102	-	-	479,102	-
Net movement in funds		166,569	507,317	(561,483)	112,403	(802,846)
Fund balances at 1 January 2014		18,205,873	5,707,129	3,228,646	27,141,648	27,944,494
Fund balances at 31 December 2014		18,372,442	6,214,446	2,667,163	27,254,051	27,141,648

All amounts relate to continuing operations. All gains and losses recognised in the current and preceding financial year are included in the statement of financial activities.

CONSOLIDATED AND CHARITY BALANCE SHEETS
AS AT 31 DECEMBER 2014

	Notes	Group		Charity	
		2014 £	2013 £	2014 £	2013 £
Fixed assets					
Tangible assets	10	3,205	3,534	-	-
Investments	12	7,971,320	-	7,971,321	1
		<u>7,974,525</u>	<u>3,534</u>	<u>7,971,321</u>	<u>1</u>
Current assets					
Debtors	11	554,961	869,330	767,647	1,133,947
Investments	12	10,363,927	16,781,763	10,363,927	16,781,763
Cash at bank and in hand	18, 19	8,624,808	10,520,900	8,325,649	10,176,761
		<u>19,543,696</u>	<u>28,171,993</u>	<u>19,457,223</u>	<u>28,092,471</u>
Creditors: amounts falling due within one year	13	(264,170)	(1,033,879)	(174,493)	(950,824)
Net current assets		<u>19,279,526</u>	<u>27,138,114</u>	<u>19,282,730</u>	<u>27,141,647</u>
Total assets less current liabilities		<u>27,254,051</u>	<u>27,141,648</u>	<u>27,254,051</u>	<u>27,141,648</u>
Represented by:					
Unrestricted funds	16	18,372,442	18,205,873	18,372,442	18,205,873
Designated Funds	15	6,214,446	5,707,129	6,214,446	5,707,129
Total Unrestricted Funds		<u>24,586,888</u>	<u>23,913,002</u>	<u>24,586,888</u>	<u>23,913,002</u>
Restricted funds	14	2,667,163	3,228,646	2,667,163	3,228,646
		<u>27,254,051</u>	<u>27,141,648</u>	<u>27,254,051</u>	<u>27,141,648</u>

The accounts were approved by the Board on 10 June 2015



A Aslett
Trustee
Elton John AIDS Foundation
Company Registration Number 02787008
Charity Registration Number 1017336

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014		2013	
		£	£	£	£
Net cash inflow from operating activities	17		(1,323,504)		(1,736,333)
Return on investments and servicing of finance					
Investment Income received		501,792		459,873	
Net cash inflow for returns on investments and servicing of finance			501,792		459,873
Capital expenditure and financial investment					
Payment to acquire tangible fixed assets		-		-	
Payment to acquire current asset investments		(2,137,353)		(6,894,047)	
Proceeds on sale of current asset investments		1,062,973		11,083,559	
Net cash inflow/(outflow) for capital expenditure			(1,074,380)		4,189,512
Increase/ (Decrease) in cash	18		(1,896,092)		2,913,052

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

The financial statements have been prepared on an historical cost basis modified by the revaluation of certain non-current assets and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable accounting standards and the Companies Act 2006.

1.1 Group accounts

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

The net income of The Elton John AIDS Foundation for 2014 is £5,204,324 (2013: £5,961,015) These amounts include Gift Aid received from EJAF Trading Limited for 2014 of £2,312,181 (2013: £3,553,472) which have been eliminated on consolidation.

1.2 Incoming resources

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 receivable. Bank interest is recognised when receivable.

1.3 Gifts in Kind

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

1.4 Resources expended

Expenditure is recognised when a liability is incurred.

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 include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

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.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. The capitalisation policy for the group is set at £1,000. 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
-------------------------	----------------------------

1.6 Investments

Fixed Asset and Current Investments are included at closing market value at the balance sheet date. Any gain or loss on revaluation is taken to the Statement of Financial Activities and disclosed in note 22 (Revaluation Reserve).

1.7 Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the period in accordance with FRS 17.

1.8 Foreign currency translation

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

1.9 Grant Commitments

Any grants due to have been paid in 2014 but which were delayed, have been recognised within creditors on the face of the balance sheet on the condition that they have been disbursed within a reasonable period of time since the year end.

1.10 Accumulated Funds

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

Designated Funds comprise funds that have been set aside at the discretion of the trustees for specific purposes. These purposes are set out in the notes to the accounts.

1.11 Company Status

The Company does not have a 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.

2	Voluntary income				
		Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
	Donations and gifts	1,297,688	1,088,510	2,386,198	2,053,316

3 Trading Income

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

	2014 £	2013 £
Turnover	3,338,797	4,698,600
Cost of sales	(994,642)	(1,095,443)
Administrative expenses	(33,406)	(52,106)
Interest receivable	1,432	2,421
Net profit	2,312,181	3,553,472
Amount gifted to the charity	(2,312,181)	(3,553,472)
Retained in the subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Tangible assets	3,205	3,533
Current assets	607,837	1,031,848
Creditors: amounts falling due within one year	(611,041)	(1,035,380)
Total net assets	1	1
Aggregate share capital and reserves	1	1

Cost of sales and administrative expenses includes auditors' remuneration of £8,700 (2013: £7,500)

4	Investment income				
		Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
	Interest receivable	505,983	1,393	507,376	385,064

5 Other incoming resources

There were no other incoming resources (2013: £19 relating to interest on gift aid claimed.) receivable in 2014.

6	Total resources expended					
		Staff costs £	Depreciation £	Other costs £	Total 2014 £	Total 2013 £
	Costs of generating funds					
	Management and admin costs			41,619	41,619	9,678
	Trading expenses	7,950		986,692	994,642	1,095,443
	Fundraising costs	365,440	113	44,434	409,987	316,238
	Charitable activities					
	Grants costs	307,973		106,289	414,262	627,467
	Grants made			1,504,156	1,504,156	1,205,538
	Restricted			3,081,462	3,081,462	4,411,637
	Unrestricted			67,949	67,949	57,974
	Designated					
	Governance costs	43,836	216	40,941	84,993	66,130
		725,199	329	5,873,542	6,599,070	7,790,105

Governance costs include audit fees of £12,740 (2013: £11,340) for The Elton John AIDS Foundation. Included within the costs is £18,194 relating to realised foreign exchange gains (2013: Losses of £126,065). Staff costs are allocated based on time apportionment. All grants disbursed in 2014 were made to institutions.

7 Gross transfers between funds

At 1 January 2014, the Foundation held designated funds of £5,707,129 relating to future grant payments. During 2014, £5,073,073 of this was utilised via disbursements to project partners and grant adjustments. An additional £5,580,390 has been designated in 2014.

The Trustees agreed to continue to designate £200,000 per year to the Robert Key Memorial Fund, which was set up in 2009. The total of grants disbursed from this fund (£67,949) is therefore shown as a reserves transfer.

8 Trustees

The charity commission has authorised payment of reasonable remuneration to one trustee for services undertaken in the administration of the company, 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 £137,380 (2013: £144,632).

During the year no remuneration was paid or expenses reimbursed to trustees in relation to their duties.

During the year the charity paid £5,193 (2013: £5,275) for trustees indemnity insurance to indemnify the trustees and other officers against the consequences of any neglect or default on their part.

During the year the charity paid £23,747 (2013: £23,747) to defined contribution pension schemes in respect of Anne Aslett.

9 Employees

	2014 £	2013 £
Employment costs		
Wages and salaries	586,859	485,105
Social security costs	74,663	56,529
Other pension costs	41,866	38,668
Other employment costs	21,812	12,371
	725,199	592,673

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

	2014 Number	2013 Number
<u>General management function</u>		
£60,000 - £69,999	-	1
£70,000 - £79,999	1	1
£80,000 - £89,999	1	-
£90,000 - £99,999	-	-
£100,000 - £110,000	1	1
	3	3

Contributions totalling £35,866 (2013: £34,300) were made to defined contribution pension schemes on behalf of employees whose emoluments exceed £60,000.

Number of employees

The average monthly number of employees during the year was:

	2014 Number	2013 Number
General management function	10	9

10 Tangible fixed assets - group and charity

	Furniture and equipment £	Charity total £	Subsidiary Furniture and equipment £	Group Total £
Cost				
At 1 January 2014	27,147	27,147	14,812	41,959
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2014	27,147	27,147	14,812	41,959
Depreciation				
At 1 January 2014	27,147	27,147	11,278	38,425
Charge for the year	-	-	329	329
On disposals	-	-	-	-
At 31 December 2014	27,147	27,147	11,607	38,754
Net book value				
At 31 December 2014	-	-	3,205	3,205
At 31 December 2013	-	-	3,534	3,534

11 Debtors

	Group 2014 £	2013 £	Charity 2014 £	2013 £
Trade debtors	315,063	-	106,570	-
Other debtors	-	11,423	-	11,112
Amounts owed by group undertakings	-	-	521,364	952,325
Prepayments and accrued income	239,898	857,907	139,713	170,510
	554,961	869,330	767,647	1,133,947

12 Investments

	Group 2014 £	2013 £	Charity 2014 £	2013 £
Market Value at 1 January 2014	16,781,763	21,083,559	16,781,764	21,083,560
Additions to Investments at Cost	2,137,353	6,931,503	2,137,353	6,931,503
Disposal of Investments at Cost	(1,062,973)	(11,083,559)	(1,062,973)	(11,083,559)
Net gain/ (loss) on revaluation	479,103	(149,740)	479,103	(149,740)
Market Value at 31 December 2014	18,335,247	16,781,763	18,335,248	16,781,764

Of the 2014 total, £7,971,320 (both Group and Charity) and £1 (Charity) relates to fixed asset investments. £10,363,927 (both Group and Charity) relates to current investments.

£7,971,320 of current asset investments have been reclassified to fixed asset investments as the Charity intends to hold these assets for the long term. The balance of these investments in 2013 totalled £6,723,070.

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

Investments held are as follows:

	Market Value £	Percentage of Total Investments %	UK Investments	Non UK
Fixed Asset Investments				
UK Gilts	4,020,208	21.9%	4,020,208	-
Other Fixed Asset Investments	3,951,112	21.5%	-	3,951,112
Current Asset Investments				
Notice Accounts	10,198,759	55.6%	10,198,759	-
Other Current Asset Investments	165,168	0.9%	-	165,168
	18,335,247	100.0%	14,218,967	4,116,280

NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

13 Creditors: amounts falling due within one year

	Group		Charity	
	2014 £	2013 £	2014 £	2013 £
Trade creditors	161,509	959,643	80,832	884,578
Taxes and social security costs	29,481	24,625	29,481	24,625
Other Creditors	18,813	-	18,813	-
Accruals and deferred income	54,367	49,611	45,367	41,621
	264,170	1,033,879	174,493	950,824

14 Restricted funds

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

	Balance at 1 January 2014 £	Movement in funds			Balance at 31 December 2014 £
		Income received £	Utilised £	Fund Transfers £	
The Vodafone Group Foundation	139,798	-	-	-	139,798
Mylan	-	299,401	(252,000)	-	47,401
Life Ball - Funds to support programmes for msm at risk in Eastern Europe	375,139	-	(106,934)	-	268,205
Mother and Baby - Sub Saharan Africa	-	195,488	(45,738)	-	149,750
Frankie Knuckles Fund	-	12,439	-	-	12,439
Reducing HIV infection in the UK	39,786	-	(20,860)	-	18,926
Respite for children living with HIV in Lesotho	442,541	40,715	(466,345)	(16,911)	-
Elena Franchuk ANTI/AIDS Foundation and Victor Pinchuk Foundation	757,621	-	-	(500,000)	257,621
Improving the Lives of HIV-positive Children and their Families in Ukraine	14,455	-	-	-	14,455
Zachary & Elijah Fund	-	105,458	-	-	105,458
Construction of Nwamitwa Community Centre, Limpopo, South Africa	205,288	-	-	-	205,288
Medaax	-	10,000	(10,000)	-	-
Elizabeth Taylor Memorial Fund	284,054	-	(200,900)	(83,154)	-
Funders' Collaborative For Children	518,476	1,393	(34,146)	(1,413)	484,310
Woodside Gallery Dinner 2014 - Myanmar, Zimbabwe and Ukraine.	-	431,009	(267,780)	500,000	663,229
Ukraine Street Children	275,078	-	(151,084)	-	123,994
Fair Play - Tackling HIV in Ukraine	176,289	-	-	-	176,289
Red Badges - Tanzania	120	-	(120)	-	-
	3,228,646	1,095,903	(1,555,908)	(101,478)	2,667,163

The Vodafone Group Foundation

The Foundation was awarded a one off grant of £624,264 in 2004 to be spent on HIV/AIDS projects as agreed between The Vodafone Group Foundation and The Elton John AIDS Foundation. The grant's original restriction related to the incorporation of mobile technology in the programme concept. The funds were originally used to support a programme delivered by U.S. non-profit PATH (Partners for Advanced Transportation TechNology) in which information and awareness on HIV was delivered via a mobile phone treasure hunt competition. Due to a significant exchange gain made by PATH with funds for this programme, there was a considerable surplus beyond the budget which was not required to deliver the programme.

Mylan

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

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

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

Mother & Baby – Sub-Saharan Africa

Pledges made at the Woodside End of Summer Party in 2014 contributed to EJAF's continued push to end mother-to-child transmission of HIV. Focusing on sub-Saharan Africa, we will partner with trusted organisations to prevent the unnecessary death of mothers and children and speed up efforts to eliminate perinatal HIV transmission. This programme will infuse 'catalytic talent' into PMTCT leadership teams in Sub Saharan countries such as Kenya and Uganda and will invigorate efforts, and thereby lead to considerable refinement and optimisation of government programmes fighting mother to child transmission of HIV.

Frankie Knuckles Fund

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

Reducing HIV infection in the UK

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

Respite for children living with HIV in Lesotho

In partnership with Sentebale, the Foundation is supporting the construction of a Centre of Excellence to permanently house vulnerable children living with HIV in Lesotho. The centre will also serve as a regional hub for training teams and volunteers to help foster best practise in caring for vulnerable children.

Elena Franchuk ANTI/AIDS Foundation and Victor Pinchuk Foundation

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

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

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

Zachary & Elijah Fund

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

Construction of Nwamitwa Community Centre, Limpopo, South Africa

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

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

Medaxx

A donation of £10,000 was made by Medaax Ltd to support 'Freedom To Be' (F2B) - a 5-day residential for 100 HIV positive young people aged 13-17 years old. It provides psychosocial and peer support, and youth friendly education for HIV positive young people living in the UK and Ireland. This intervention offers young people the opportunity to come together and build friendships, learn more about HIV and build their self-esteem through various activities. It incorporates a Camp Leader OCN accredited programme for older HIV positive young people and HIV positive adults are targeted as volunteers. It creates a unique environment where being open about HIV is normal and expected.

Elizabeth Taylor Memorial Fund

In memory of Elizabeth Taylor, a fund was created that reflected her personal campaigning to ensure that the voices and lives of people living with HIV/AIDS are heard and valued. This fund will, accordingly, support work that explicitly enables people living with HIV/AIDS to exercise self-determination and live with dignity.

Funders' Collaborative For Children

In January 2012 EJAF assumed overall management responsibility of the Funders Collaborative for Children (FCFC) Portfolio in Malawi. The goal of the FCFC (consortium-funded) is to improve the lives of 65% 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.

Woodside Gallery Dinner 2014 - Myanmar, Zimbabwe and Ukraine

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

The last mile - Young People in Zimbabwe

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

New hope for the forgotten of Myanmar

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

Drug users in Ukraine, the missing piece

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

14 Restricted funds

(continued)

Ukraine Street Children

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

Fair Play - Tackling HIV in Ukraine

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

Red Badges - Tanzania

In Tanzania, some primary school students are forced to wear red badges sewn on their uniform denoting their HIV positive status. This project works with teachers and families to remove these badges.

15 Designated funds

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

	Movement in funds				Balance at 31 December 2014 £
	Balance at 1 January 2014 £	Income received £	Utilised/ transferred £	Fund Transfers £	
Future Grant Commitments	5,507,129	-	(5,073,073)	5,580,390	6,014,446
The Robert Key Memorial Grant	200,000	-	(67,949)	67,949	200,000
	5,707,129	-	(5,141,022)	5,648,339	6,214,446

Future Grant Commitments

This fund consists of contracted grant payments to implementing partners in future years. All amounts included in this designated fund form part of existing programmes.

The Robert Key Memorial Grant

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

16 Analysis of group net assets between funds

	Unrestricted fund £	Designated fund £	Restricted fund £	Total £
Fixed assets	7,974,525	-	-	7,974,525
Current assets	10,662,087	6,214,446	2,667,163	19,543,696
Creditors: amounts falling due within one year	(264,170)	-	-	(264,170)
	18,372,442	6,214,446	2,667,163	27,254,051

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

	2014 £	2013 £
Net movement in funds	(366,699)	(653,106)
Investment Income receivable	(507,376)	(385,064)
Investment Charges payable	-	3,056
Depreciation of tangible fixed assets	329	3,270
Decrease in debtors	319,951	(138,829)
Decrease in creditors	(769,709)	(565,660)
	<u>(1,323,504)</u>	<u>(1,736,333)</u>

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

	2013 £	2012 £
Increase/ (Decrease) in cash	(1,896,092)	2,913,052
Net funds at 1 January 2014	<u>10,520,900</u>	<u>7,607,848</u>
Net funds at 31 December 2014	<u>8,624,808</u>	10,520,900

19 Analysis of net funds for the group

	2013 £	Cashflow £	2014 £
Cash at bank and in hand	<u>10,520,900</u>	<u>(1,896,092)</u>	<u>8,624,808</u>

20 Contingent liabilities

The Foundation has contracted £6,214,446 (2013: £5,507,129) of further grants, which are conditional on the performance of the recipient charities. The Designated Fund includes the entire balance to ensure that the Foundation can meet these commitments.

21 Pension costs

Defined contribution

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

	2014 £	2013 £
Contributions payable by the charity for the year	<u>40,400</u>	<u>38,668</u>

22 Revaluation reserve

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

	Balance at 1 January 2014 £	Incoming Resources including gains £	Outgoing Resources including losses £	Transfers £	Balance at 31 December 2014 £
Revaluation reserve	-	479,102	-	(479,102)	-
	<u>-</u>	<u>479,102</u>	<u>-</u>	<u>(479,102)</u>	<u>-</u>

23 Related Parties

£36,000 intangible income relates to office space provided free of charge for use by the Foundation by companies controlled by Sir Elton John a Trustee of the Foundation.