

# Annual Report 2015



Protecting Children. Providing Solutions.

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# **Lumos Foundation**

## **Annual Report and Financial Statements 31 December 2015**

**A company limited by guarantee**

**Charity number: 1112575**

**Company number: 05611912**

## Reports

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## Financial statements

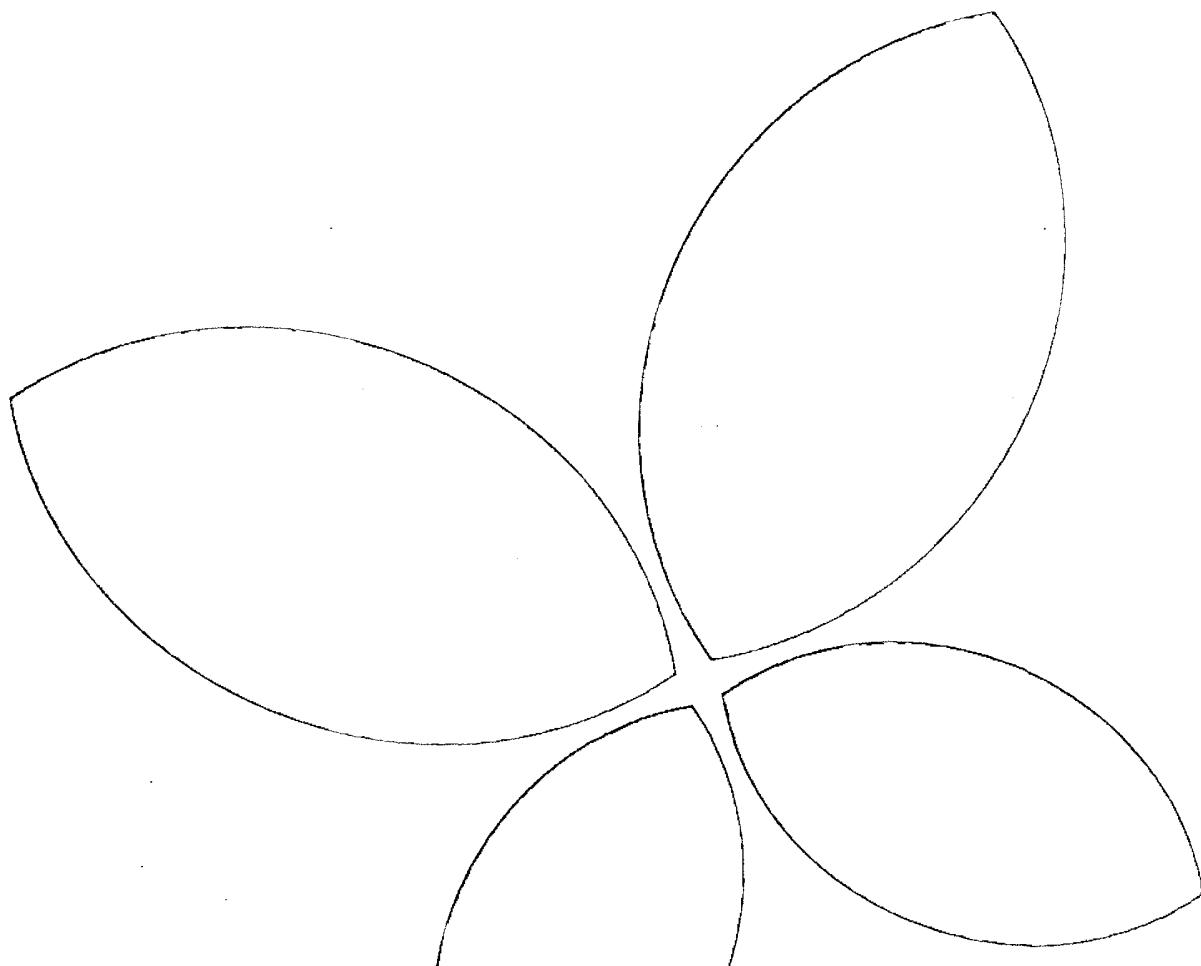
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# Trustees' report introduction

Year ended 31 December 2015

The Trustees are pleased to present their annual report together with the consolidated financial statements of the charity and Lumos Foundation USA Inc. for the year ended 31 December 2015, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out on pages 46 to 50 of the attached financial statements and comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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).





## Foreword by Chair and CEO

In 2015, Lumos' plans to extend our work and influence onto the global stage became a reality, marking a major step towards our aim of ending the institutionalisation of children worldwide by 2050. A new project began in Haiti – our first outside Europe – and 2015 also saw the launch of Lumos USA, with a new office in Washington DC and an advocacy drive to influence the UN's Sustainable Development Goals. Lumos also provided training, expert advice or technical support to 25 countries from every part of the globe.

In Haiti, the first of two anticipated demonstration programmes in Latin America and the Caribbean, a Lumos team has worked in a small number of orphanages, with the aim of returning children to families. Lumos is also supporting the government in a thorough reassessment of Haiti's 760 orphanages, with 32,000 children, and in a plan to close 140 of the worst – where dreadful conditions include dirty water, inadequate food, no medical care, little adult supervision and the risk of abuse.

Lumos' global profile was further enhanced with the launch by Lumos Founder and Life President J.K. Rowling of Lumos USA, which will seek to influence funding policies of the US Government and private foundations to promote deinstitutionalisation. We have had an impact on the European political and funding landscape and we are beginning to see a tangible influence at the global level.

Our belief that Lumos is a well-run charity with a real impact for children was endorsed with the prestigious UK 2015 Charity of the Year award. This focused on our ground-breaking achievements in inclusive education in Moldova. The outstanding work of our Bulgarian, Czech and Moldovan staff, supported by our international teams, continued throughout the year, and we began a project in Greece. Our inspirational young self-advocates attended prestigious international events, as well as influencing policy in their own countries. The reshaping and strengthening of Lumos in 2015 – we now employ nearly 90 people across eight countries, speaking 18 languages – provides a solid platform to further extend our global reach.

Since 2009, more than 20,000 children and young people have left institutions and orphanages to be reunited with families or placed in family-style settings where they can develop to their potential, or have been prevented from entering institutions. We have achieved this with the invaluable support of our Founder and our many supporters and we are confident that together we can keep up the momentum to transform the lives of millions of the world's most vulnerable children.

Neil Blair  
Chair of Trustees  
Lumos Foundation

Georgette Mulheir  
Chief Executive Officer  
Lumos Foundation

6 September 2016

## Strategic report summary

### Lumos in numbers – 2015 and overall since 2009

Lumos set an ambitious target for the end of 2015: since 2009, a combined total of more than 20,000 children would be removed from or prevented from entering institutions. We have significantly surpassed the target.

**Lumos has:**

- **Ensured that 17,047 children (2,376 in 2015) moved from harmful institutions to families, family-style settings or supported independent living;**
- **Prevented 14,818 children (3,176 in 2015) from admission to harmful institutions;**
- **Provided 1,418 interventions since 2013 to help save the lives of children suffering from malnutrition, severe neglect, or a lack of access to medical treatment;**
- **Trained more than 27,000 social workers, medical professionals, teachers, carers, civil servants, and policy makers since 2009; and**
- **Helped redirect €367 million that was planned to be spent between 2009 and 2014 on orphanages and institutions to community-based services; and, since the beginning of 2014, played a leading role in establishing mechanisms to regulate the use of many hundreds of millions more.**

## Key achievements in 2015

- **Lumos in Haiti:** Lumos supported the government's child protection department to develop a plan to address the 140 institutions with the worst conditions, causing the greatest harm to children. Lumos also began emergency work in two institutions where 85 children were at risk of malnutrition, disease and abuse. This is Lumos' first programme outside the European region.
- **Lumos in Greece:** Lumos worked with partners to complete a Strategic Review of the system of care for vulnerable children, including thousands in institutions, and an in-depth assessment of seven individual institutions.
- **Lumos in the USA:** As a result of Lumos advocacy with the US Government, US\$20 million of the US\$40 million dedicated to children in adversity globally will now specifically be spent on policies benefiting children living outside family care, including those in institutions and orphanages.
- **Lumos and the United Nations: Reference to families in the UN Sustainable Development Goals (SDGs):** Lumos was influential in ensuring the role and significance of 'family' were recognised in the final text of the SDGs to 2030, the world's blueprint for future development, with the aim that children living outside families in orphanages and institutions are not left behind by global development. Lumos also led continuing advocacy to ensure those children are counted when the progress of the SDGs is assessed.
- **Lumos in Central and Eastern Europe:** Lumos continued to bring children out of institutions through our country programmes in Bulgaria, the Czech Republic and Moldova. In total, 2,376 children were helped to move out of harmful institutions and 3,176 were prevented from entering. Lumos also supported NGOs and agencies planning deinstitutionalisation in Eastern Ukraine. Lumos teams supported governments with specialist advice and large-scale training to develop sustainable community-based services. Work continued in Lumos demonstration programmes:
  - Moldova: Two institutions, in Chisinau and Orhei, were closed; with 28 children reintegrated into their families. Twenty-two children were placed in alternative care services. 18 young people leaving care were supported to live independently.
  - Bulgaria: A total of 131 children were moved from old institutions to new services. Rudnik and Krushari disability institutions closed.
  - Czech Republic: Lumos supported 18 children with disabilities to move from social care institutions to small group homes in two demonstration counties.

Lumos' "exceptional charity work" was recognised in the prestigious 2015 Charity of the Year awards.

Lumos won both the International Aid and Development award and the overall top prize.

- **Support for young self-advocates:** Self-advocates – including children and young people with intellectual disabilities – participated at international events, including a prestigious UNESCO conference in Paris. In Serbia, self-advocates produced an innovative booklet to help their peers understand neglect and abuse.
- **Large-scale training:** Lumos' European and international teams trained more than 4,000 politicians, policy makers and child-care professionals in the skills needed to run reformed, community-based services, and a total of 15 countries were represented at the annual Lumos deinstitutionalisation training event. Since 2009, Lumos has trained more than 27,000 people.
- **Research, information, monitoring and evaluation:** Lumos established a new unit to develop its data collection, research and evaluation activities.
- **Sharing evidence through publications:** Lumos published a number of important reports, including an analysis of the finances of reform in Bulgaria and a review of good and poor practice in US Government funding for child services around the world.
- **Fundraising:** Lumos continued to diversify its income streams and the geographical spread of its fundraising to build a very stable base to support the expansion of its programmatic activities.
- **Interest and brand awareness of Lumos has increased:** High-profile, communications output, multi-language resources and engaging campaigns activity all helped to convert this interest into a deeper public engagement on the global issue of the institutionalisation of children.

# Objectives and activities

## Lumos – a global vision and mission

Worldwide, an estimated eight million children live in institutions and orphanages. More than 80% are estimated not to be orphans, but have at least one living parent.

The primary reasons for their separation from families are poverty, disability and a lack of access to support services in the community. Conflict, disaster and disease also separate children from families. And children from specific minority communities are also at a higher risk of institutionalisation.<sup>1</sup>

Institutional care, however well-intentioned, can never replace the loving parental care and stimulating attention of a family. Eighty years of research has shown that institutionalisation severely harms children's health, development and educational outcomes, and their future life chances. In institutions, children are at a significantly higher risk of all forms of abuse and violence, including trafficking, than their peers raised in families.<sup>2</sup>

A 'tipping point' has been reached in the European region, in that most countries with large numbers of children in institutions have strategies or plans in place to close them.

The European Union introduced a new regulation in early 2014, after sustained advocacy by Lumos and partners, stating that funding for Member States cannot be used to build or renovate institutions but must be used to support the transition to community services. The EU can light the way to global reform by ensuring its money – as the world's largest donor of aid – is never used to sustain institutionalisation.

**Lumos is an international non-governmental organisation founded by J.K. Rowling.**

**Lumos' Vision is a world in which all children have the opportunity to grow up and thrive in a safe and caring family or, where there is no alternative, in specialist placements that meet all their needs, respect their rights and ensure they can fulfil their potential.**

**Lumos' Mission is to end the institutionalisation of children worldwide by 2050.**

<sup>1</sup> For more information see Lumos factsheet Children in Institutions: The Global Picture – available at: [http://wearelumos.org/sites/default/files/1.Global Numbers\\_2\\_0.pdf](http://wearelumos.org/sites/default/files/1.Global%20Numbers_2_0.pdf)

<sup>2</sup> For more information please see Lumos factsheet Children in Institutions: The Risks – available at: [http://www.wearelumos.org/sites/default/files/2.Risks\\_.pdf](http://www.wearelumos.org/sites/default/files/2.Risks_.pdf)

## From Europe to a global focus – Lumos' flexible model

Lumos now works in Latin America and the Caribbean. The underlying reasons for family-child separation are similar to those in Europe – poverty, disability and lack of access to support services. But there are also significant differences and new challenges.

**Lumos adapts its flexible reform model to different cultures and contexts. In Central and Eastern Europe in most cases, there is a paper trail – birth certificates or registration documents and details of parents. So even if the children cannot remember their parents, they can be traced. Children in other parts of the world can find themselves alone in a landscape of violence, illness and devastation through war and disaster, with no adults to protect them and no papers to identify them. In Haiti, there is frequently no available documentation for some children. This makes tracing parents or relatives, ahead of potential family reunification, much more difficult. Tracing relatives by a lengthy process of word of mouth is common.**

**In Greece and Haiti, the governance of orphanages and institutions is fragmented. Greece has approximately 85 institutions housing around 3,000 children, including babies and infants. However, only one third of the children are in State-run institutions. Others are run privately, by NGOs and secular and faith-based foundations. In Haiti, the government's ability to monitor standards has been severely limited. Evidence is emerging in some parts of the world of an increasing link between institutionalisation and trafficking, where orphanages are used as a conduit to exploit and abuse vulnerable children.**

**Lumos builds coalitions to encourage and sustain political and societal will and develop the skills, including inspection and monitoring, to sustain reform. Advocacy to persuade non-State funders to work together to shift money from orphanages to the community will be an increasingly important element of the model of reform outside Europe.**

## Lumos works on many levels

Lumos is a high-impact NGO that promotes and supports 'deinstitutionalisation' - removing children from institutions so they can live with their families, foster families or adoptive families, or in small and specialist family-style care facilities for those with the most complex needs.

Lumos has advised professionals from a wide range of countries and has influenced legislation, regulations and national standards in countries such as Moldova, Bulgaria, the Czech Republic, Romania and Serbia. This includes helping to shift spending away from institutions and orphanages towards effectively monitored community-based health, education and social services which support families to stay together and prevent separation and institutionalisation. Given the complexity of the challenges, Lumos works:

- **Internationally**, building support for deinstitutionalisation in the UN, the EU, the US Government and the World Bank, among others.
- **At governmental level within countries**, strengthening the political will to change, and training in the skills to do so.
- **In demonstration projects**, to prove that deinstitutionalisation can be achieved in local cultures and circumstances - and can be scaled up and sustained.
- **With children and their families**, supporting them through the complex and sensitive process of leaving institutions and orphanages and to be reunited.
- **In emergency intervention**, to save the lives of children in very poor quality institutions at risk through illness, malnutrition or abuse.

## The cost of institutionalisation

Institutionalisation of children is not only extremely harmful to children's health, development and life outcomes but is also, for most children, considerably more expensive than community-based services. However, there is a myth that ending institutionalisation for children in lower-income countries is not possible because these countries cannot afford the change to a family and community-based system.

The reality is that in most cases community-based services are more cost-effective, providing better outcomes. They are also achievable with careful financial management. Moldova, one of the world's poorest nations, has made remarkable progress towards reform by 'ring-fencing' money saved from the closure of institutions and reinvesting it in community services.

Research in a range of countries has shown that, "on average, institutional care is twice as expensive as the most costly alternative – community-based residential/small group homes; it is three to five times as expensive as foster care; and around eight times more expensive than providing social services-type support to vulnerable families."<sup>3</sup>

Lumos analysis of Bulgarian Government figures<sup>4</sup> showed that baby institutions and 'disability/mainstream' institutions were significantly more expensive than foster care or family support, in spite of extremely poor outcomes and high mortality rates in the institutions. Family support in 2014 cost on average €83 per child each year; foster care cost €1,932; small group homes cost €4,626; 'disability/mainstream' institutions cost €7,448; and baby institutions cost €14,836.

Cost-effective, though, does not mean cost-saving. Though community support for families is significantly cheaper for most children, in most cases, highly specialised care for a small number of children and young people with complex needs can be expensive. Overall, in most cases, a community-based system of family support services will be no more expensive to run than an institutionalised system but with far better outcomes for children and young people.

<sup>3</sup> Carter, R. (2005). Family Matters - A study of institutional childcare in Central and Eastern Europe and the former Soviet Union. London: EveryChild, p8. [http://p-ced.com/reference/Family\\_Matters\\_summary.pdf](http://p-ced.com/reference/Family_Matters_summary.pdf) [accessed 5 April 2016].

<sup>4</sup> Lumos (2015) Ending institutionalisation. An analysis of the financing of the deinstitutionalisation process in Bulgaria – available at: [http://wearelumos.org/sites/default/files/Finance\\_BG\\_online\\_final\\_2.pdf](http://wearelumos.org/sites/default/files/Finance_BG_online_final_2.pdf)

In some cases, a country may have spent little on any form of child care. Therefore, building community services from scratch will incur costs. But there is a sound economic case for this investment as children raised outside institutions are more likely to grow up with fewer health and social problems, and will therefore place fewer economic burdens on their societies. International funding may be available to countries to support them in the transition to community services.

The central argument that community services are better value, with better outcomes for children, applies whether expenditure on child care and protection comes entirely from the State or is a mix of State, international and private funding.

## Lumos guiding principles

Lumos' mission - to end child institutionalisation worldwide by 2050 - is ambitious, but achievable, and is guided by key considerations:

- **Quality.** Lumos works with senior professionals to ensure high quality in all programmes, particularly in the development of services for vulnerable children and their families.
- **Scale.** Strategic partnerships ensure resources are directed towards deinstitutionalisation and to build professional capacity through training and information sharing. Examples of good practice are scaled up, engendering lasting change for tens of thousands of children at local, national and international levels.
- **Sustainability.** Lumos builds exit strategies into all its work. It does not replace State authorities or local NGOs but supports and guides local actors to make change happen and to own that change.
- **Value for money.** Lumos aims, always, to target finances strategically, to gain the greatest 'leverage' — testing and proving models of good practice on the ground and influencing major donors and governments to find innovative ways to direct their huge resources towards improved services for vulnerable children.

# Achievements and performance

## 2015 in detail

### The context – the period to the end of 2014

Over a decade, Lumos has made considerable progress in supporting governments in Central and Eastern Europe to deinstitutionalise and create sustainable community services. As a consequence, Lumos country teams are gradually moving skilled staff away from direct implementation of demonstration programmes to provide large-scale training and technical advice for other nations (for instance, Russia and Ukraine.) Lumos also began its transition to a truly global organisation by planning in 2014 to work in Latin America and the Caribbean, with a demonstration programme in Haiti, and to increase advocacy with the US Government and the United Nations.

## 2015 objectives – activity to achieve them

### Continue the work of Lumos country programmes and to expand their influence in neighbouring countries.

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#### Moldova

Lumos is a key partner in a reform programme that has reduced children in Moldovan institutions by 81% - from 10,569 in 2007 to 1,972 by the end of 2015. In 2015, Lumos helped the Government develop its Action Plan for 2015-2020 on the implementation of the Child Protection Strategy, the blueprint for full deinstitutionalisation, and trained more than 2,600 child care and protection professionals in new skills.

In demonstration projects, Lumos helped finally close two institutions in Chisinau and Orhei – which, in 2007, had been home to over 800 children. The children were reintegrated into birth or extended families, or placed in alternative community arrangements. In Floresti and Ialoveni, Lumos demonstration areas, services including foster care and small group homes have been developed.

Inclusive mainstream schooling for all children, including those with intellectual and complex disabilities, remains a priority in a country which had 3,148 children in segregated institutions referred to as residential special schools in 2007 and no system of inclusive education. By the summer of 2015, 1,807 children remained in such 'schools'; a reduction of 43%, and the figure has continued to fall.

Following successful piloting of inclusive education in Floresti and Ialoveni, Lumos was invited to take part in a World Bank-funded project to identify the needs of 24 other regions and help each develop its own inclusive education plan for 2015-2020. A Lumos-funded Special Education Unit for children with severe disabilities, integrated into a local mainstream school, was completed in Ialoveni, ahead of the first intake of pupils in 2016. For many, this will be a first-ever chance of an education. With Lumos' support, Floresti and Ialoveni regions also developed inclusive education in kindergartens for the first time. Supporting inclusion of very young children with disabilities helps to ameliorate any developmental delays early on and normalises disability within the community. The construction of a Lumos-funded small group home was also completed in Chisinau in 2015 (two small group homes funded by Lumos having previously been built in Ialoveni and Floresti.)

Lumos Moldova staff shared their world-leading expertise in deinstitutionalisation at events across Europe.

## Czech Republic

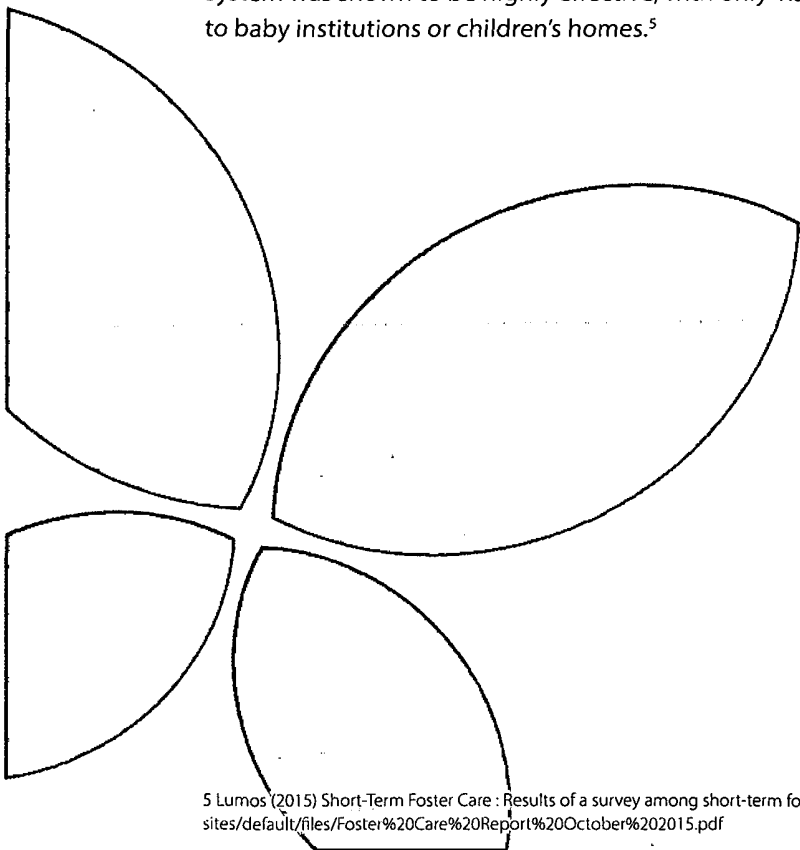
Lumos has worked since 2008 in the Czech Republic, where spending on better physical conditions and higher staff-child ratios in institutions created political and professional resistance to change, despite evidence that outcomes of institutionalisation were still poor. Admissions to institutions, and the numbers of children in them, have fallen gradually since 2008 but 8,285 children remained in institutional care by the end of 2014.

2015 therefore saw continued demonstration programme work to bring children out of institutions; advocacy to strengthen reform; and significant levels of social worker training, along with technical assistance to reshape laws and decision-making processes, particularly involving the judiciary.

Lumos supported moving 18 children and young people with disabilities from social care institutions in Karlovy Vary and Pardubice, its demonstration counties, to small group homes. Plans were laid to move the last 10 children with disabilities living in institutions in those counties.

In 2013, Lumos backed the government in its creation of a system of short-term paid foster care as an alternative to institutions for babies removed from families by the courts. To address concerns that this would attract inappropriate candidates as foster parents, in 2015 Lumos commissioned a survey in seven counties, involving 46% of all short-term foster carers. The results, which have been widely reported and commented on in the Czech Republic, found the concerns to be groundless, showing the typical foster carer to be a mature, well-educated woman motivated primarily to help children. The system was shown to be highly effective, with only 1.5% of children going from short-term foster care to baby institutions or children's homes.<sup>5</sup>

<sup>5</sup> Lumos (2015) Short-Term Foster Care: Results of a survey among short-term foster carers carried out by Lumos – available at: <http://wearelumos.org/sites/default/files/Foster%20Care%20Report%20October%202015.pdf>



The number of children placed in baby homes by court orders fell by 36% in the five years to the end of 2014, but there was more work to be done in 2015. Nick Crichton, Trustee of Lumos and an English family court judge, met Czech judges to share his experience of English courts supporting families with alcohol and drugs problems to stay together, in the interests of children.

Overall, Lumos enhanced the capacity of the Czech system to sustain reformed services by training more than 900 professionals across the country in new assessment skills designed to put children's needs, not those of institutions, at the heart of decisions. More than half of all Czech child protection social workers have been trained so far. This has also involved wide dissemination of new tools for child protection social workers, including a book for parents of children under five aimed at improving their parental skills. This book is available online and has been printed for 250 child protection departments across the Czech Republic, as well as for 70 NGOs working in the field of supporting families, potentially reaching many thousands of families.

## Bulgaria

Bulgaria has made progress in reforming its services for vulnerable children and, between 2009 and 2014, removed nearly 3,500 children from large institutions. However, just over 1,500 children remained in institutions at the end of 2015, as the government began to plan the next five years of its deinstitutionalisation strategy.

In a ground-breaking publication<sup>6</sup>, analysing the finances of the last five years of reform, Lumos raised some fundamental questions about the 'balance' of reform. The analysis, which has been widely disseminated and presented to government officials at a high-level seminar, found a significantly increased use of foster care and small group homes (SGHs). However, Lumos urged Bulgaria to address the need for truly community-based services that prevent separation of children from families in the first place. It demonstrated clearly that Bulgaria can afford these reforms.

A total of 131 children were moved from old institutions in demonstration areas to new services. Rudnik disability institution closed and, with Lumos' assistance, a significant milestone was passed when the last person in Krushari – one of the worst and most notorious institutions, for children and young people with complex disabilities – left in December 2015.

Lumos played an influential role in the reassessment of nearly 1,300 children with disabilities who have been affected by reform under the Childhood for All project. Lumos trained more than 650 professionals in new skills, producing a manual on working with children with severe disabilities. Copies of *I am moving to my new home* – a guide for children moving from institutions to families in the community – were distributed to more than 700 children still in institutions.

<sup>6</sup> Lumos (2015) Ending Institutionalisation - An analysis of the financing of the deinstitutionalisation process in Bulgaria – available at: [http://wearelumos.org/sites/default/files/Finance\\_BG\\_online\\_final\\_2.pdf](http://wearelumos.org/sites/default/files/Finance_BG_online_final_2.pdf)



Bulgaria was criticised internationally in 2010 for the exceptionally poor conditions, and high mortality rates, in its disability institutions for children. It therefore started its deinstitutionalisation process by tackling those institutions seen as the most difficult to reform. In particular, closing Krushari was considered impossible by some staff. Since 1958, many hundreds of children had lived in Krushari and many had died there.

Lumos staff found that children in Krushari with intellectual disabilities needed 40 minutes to consume a meal but were only given one minute and twenty seconds.

The institution's staff misinterpreted silence as contentment and children wasted away. There was an expectation that they would die. Lumos radically changed the approach to feeding and care to ensure the children not only survived but prospered. There were eight deaths in 2009 and none in 2014.

In a number of cases, children moved into family-based placements. The majority of the residents moved to specialised family-style small group homes more able to meet their individual needs. Nusha Stancheva, of the Lumos Bulgaria team, reflected on a history as she stood in the empty institution, after its final resident had left: "This building was home for 40 children with profound disabilities. It was the saddest place I had ever been in my life. There was a lot of pain and suffering concentrated in this place." Snezhana Vankova, Nusha's colleague and Lumos team leader in Dobrich, said the closure of Kurushari "is a very significant achievement because in previous years no one believed it would be possible. It was said that if the Krushari institution could be closed then anything is possible."

Improvements are now obvious in the lives of those young people. According to Katya Lazarova, a director of one of the many small group homes created to give those in disability institutions a family-style life in the community: "There is enough time to pay attention to each child individually. The individual needs of all the children are respected. Here they go to day centres, where they meet with people. Our doors are open, and they are no longer locked away."

## Greece

It is estimated that at least 2,800 children and young people, including babies and people with disabilities, live in 85 large institutions in Greece. Only a third of the 2,800 or more are in State-run institutions. The BBC and others have reported on the disturbing use of caged beds for children with complex needs and disabilities. In Greece, Lumos has moved from the model of a 'country team' directly implementing deinstitutionalisation in pilot areas to working in partnership with local agencies to support the government with specialist technical advice, particularly relating to EU funding. Greece is entitled to apply for EU Member State funds to support the development of community-based family-support services.

Lumos' principal Greek partner is the Athens-based Institute of Child Health (ICH), a research organisation under the Ministry of Health. 2015 was a year of continuing political turmoil but two successful Lumos-organised events in early 2016 – for professionals in Athens in January and a gathering of Greek politicians and senior European Union officials in February – showed clearly that work with ICH in 2015 had sown seeds in fertile soil. In particular, there is an emerging and welcome consensus between Greek politicians and senior EU figures that there is an urgent need to work together to achieve reform.

In 2015, Lumos, with the ICH, carried out a strategic review of the care of vulnerable children and an in-depth study of seven institutions in the Athens/Attica region. These institutions differed in size, profile of the children and sources of funding, reflecting the diversity in the complex public-private child care and protection system.

## Ukraine

There are an estimated 104,000 children in institutions in Ukraine and, since the conflict began in the east, a significant number of displaced children and families. There is also a degree of political and professional will to reform. Lumos' long-term aim is to support and strengthen that will. However, the achievement of Lumos and others in 2015 – in the face of turmoil in the east – was to keep to focus on ensuring protection of children in institutions in the regions affected by war.

Lumos worked to ensure that institutionalised children were included in humanitarian aid planning in Eastern Ukraine, highlighting to the international community cases of kidnap and trafficking of children in institutions by the 'rebel groups'. Lumos also advocated restoration of government funding to children's institutions in Donetsk and helped authorities complete deinstitutionalisation plans in Donetsk and Dnepropetrovsk, successfully advocating for World Bank funding for reform in Dnepropetrovsk region.

## **Reshape and expand training and technical support services, responding to global requests for assistance**

To sustain reformed community services, countries need enough professionals and policy-makers with the right skills. High-quality, large-scale training, led by Lumos' Training and Technical Support Unit (TTSU) is fundamental to the Lumos model. In 2015, Lumos trained more than 4,000 policy-makers and child care and protection professionals in Bulgaria, the Czech Republic and Moldova. A further 142 people were trained in Haiti and, overall, a total of 284 professionals attended training events and 'study visits' to learn about child services in the UK, including representatives from Moldova, Japan, Estonia and Haiti. Lumos' annual event in London – *Applied studies in reforming care services* – attracted delegates from 15 countries. Lumos provided advice to government departments, NGOs and organisations from across the world, including Cambodia, Colombia, Guatemala, Israel, Japan, Malaysia, Turkey, Turkmenistan, Armenia and Sri Lanka.

Since 2009, Lumos has trained more than 27,500 people. In 2015, Lumos forged a wide-ranging academic partnership with the UNESCO Child and Family Research Centre at the National University of Ireland (NUI) Galway, and the UNESCO Chair Program at Pennsylvania State University, with the aims of increasing understanding of why so many children are in orphanages in different regions of the world; and enhancing the skills and expertise of professionals involved in the reform of child care and protection systems across the globe.

Number of people trained - cumulative total at year end

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Within that overall partnership, Lumos is taking part in a Knowledge Transfer Project, funded by The Atlantic Philanthropies, which will involve activities including an on-line 'knowledge portal' and a series of international conferences for professionals. The aim is to provide a platform to reach and share knowledge with 20,000 professionals over the next two years.

**Strengthen policy and advocacy work, campaigning to ensure that principles which support deinstitutionalisation are applied in all decisions about EU aid funding; influencing United States Government overseas aid and large US foundations and philanthropic organisations; and influencing the UN's post 2015 Sustainable Development Goals (SDGs).**

International development funding is crucial to the mission to end institutionalisation by 2050. Lumos' overarching aim is to persuade funders – including the EU, the US Government, the World Bank and private trusts and foundations – to support deinstitutionalisation.

Lumos and others persuaded the European Union to introduce regulations requiring funding for Member States to support the transition from institution-based to community-based child care and protection systems. Lumos urged the European Investment Bank (EIB) to adopt a similar principle. In October 2015, the European Commission confirmed that the EIB's loans around the world must be in line with the regulation for Member State funding - the first application of this principle outside the EU. Lumos and others will now advocate that similar conditions should be attached to all EU development funding.

The United Nations Sustainable Development Goals (SDGs) to 2030, agreed in 2015, are hugely influential in dictating the flow of international funding. Lumos played a key role in ensuring that the importance of family was recognised in the final text of the SDGs. Lumos founder and Life President J.K. Rowling wrote to senior UN and Member State representatives urging them to ensure children living outside families, including those in institutions and orphanages, were reflected as a priority in the SDGs. Lumos also enlisted some of the world's leading children's and disabilities rights organisations as co-signatories to a letter urging the UN to count children outside families effectively in mechanisms to assess the progress of the SDGs.

Lumos USA influenced the House of Representatives Appropriations Committee, which monitors US Government spending. As a result, its language now directs more clearly what the US\$40 million allocated for the implementation of the US Government Action Plan on Children in Adversity should and should not be spent on. US\$20 million is now designated to children living outside family care and the process of finding permanent family placements for them.

Lumos USA also published the first of a series of reports on international funding streams. Published in December 2015, the first report emphasised the role of the US Government in improving quality of life for millions of vulnerable children in the developing world but identified cases of ongoing US support for orphanages and residential institutions, offering recommendations to help the US achieve greater consistency and impact for its funding.

Lumos further forged a partnership with the Faith to Action Initiative in the US to develop a guidance document and 'tool kit' for faith-based organisations seeking to shift their funding from orphanages to family and community-based services. This was a key step in building relationships in a community with significant investment in orphanages globally.

Institutionalisation is a violation of children's rights to family life and Lumos submitted reports on children in Bulgaria, Greece and Ukraine to UN human rights bodies. Lumos concerns were echoed in the final report of the UN Convention on the Rights of People with Disabilities (CRPD) Committee's scrutiny of Ukraine.

## **Establish a first regional hub, outside Europe, in the Latin America and Caribbean region, with the first demonstration programme in Haiti**

Lumos researched the picture of institutionalisation in Latin America and the Caribbean (LAC) and established its first LAC country programme in Haiti – the first outside Europe. Haiti offers an opportunity to transform the lives of 32,000 children living in 760 orphanages, at least 140 of which the government thinks should close immediately, because the children there are at imminent risk of serious harm. Lumos will adapt its model to help Haiti overcome the daunting challenges – extremely poor conditions in a system funded by a diverse range of international sources. There is limited government capacity for oversight and no proper system to track all children who enter and leave institutions. This leaves children in institutions at serious risk of trafficking.

Lumos began a partnership with the Institute of Social Welfare and Research (IBESR), the government child protection department, and through a small local team provided training and technical support to enhance the government's capacity to plan and implement a deinstitutionalisation programme. Lumos' overall work in Haiti in 2015 was funded in part by a grant from Comic Relief.

IBESR agreed an emergency response plan drawn up by Lumos to close the 140 worst institutions over a three-year period and, in December 2015, reassessment began of all children's institutions and orphanages. Lumos contracted a team of ten researchers to work alongside the IBESR inspection team. Once complete, the reassessment should help to provide for the first time a register of the numbers, names and details of all children in institutions.

The Lumos Haiti team also began demonstration work in two institutions, with 85 children, which were identified as substandard, with no clean drinking water, inadequate food and cases of malnutrition, and a lack of medical care. Initial assessments suggest that around two thirds of the children could go home to their birth families with support. The others will, in due course, be placed with families or family-style specialist care settings. Older children will be supported to move on to independent living.

## **Promote the voices and active participation of children and young people, particularly those affected by institutionalisation, including children with intellectual disabilities.**

True deinstitutionalisation can only be achieved with the meaningful participation of disadvantaged children and young people. Lumos supports self-advocacy for young people in institutions, including those with intellectual disabilities and other marginalised groups, who have gone unheard for too long. Providing them with opportunities to influence policy and services at all levels was a key Lumos priority in 2015.

Lumos-supported self-advocates participated at the annual Zero Project Conference in February 2015, and in October 2015 a Lumos group from Bulgaria, the Czech Republic and Moldova gave a memorable presentation at the prestigious UNESCO Global Youth Forum in Paris, where the participation of Lumos self-advocates was funded by The Atlantic Philanthropies. Words, films and artwork by self-advocates were also presented at events in Brussels and New York.

*In Bulgaria, the Czech Republic and Moldova, Lumos groups were involved throughout the year in a range of activities, in schools and local communities, as well as national events. Veliko Velikov, aged 15, a member of Lumos' child participation programme in Bulgaria, became the first young person with an intellectual disability to be selected in open competition onto the national children's council, which advises the government.*

In Serbia, Lumos has also supported a group of self-advocates, mostly with intellectual disabilities, in partnership with the Belgrade-based Child Rights Centre. In 2015 they ended a ground-breaking two-year, EU-funded project in which they trained many Serbian care professionals in the skills to recognise and deal with abuse and neglect of children with disabilities, including those in institutions, and followed this up with recommendations to the government for improvements in this important field. They also produced an 'easy-to-read' booklet - *Nobody is Allowed to Harm You* - for children and young people to help them understand abuse and neglect. The booklet has been translated into a number of European languages.



Mihaela, now in her mid-20s and living in Bulgaria, has an intellectual disability. She was one of Lumos' longest-standing child participation group members and now works for Lumos, attending international conferences and acting as a mentor for children and young people with disabilities, helping them along the journey she has taken since 2011.

"My role in Lumos is as a self-advocate. This means to fight for the rights of children...Over time with the youth participation group, with the support of parents, I became what I am today.

"I support the children and young people with intellectual difficulties in our group, in the institutions, and in the sheltered housing, to have a right to choose - with whom to go out, or what they want to do. Or to have access to school, access to entertainment, access to work.

"I show professionals how to treat children, how to ask them what they want to do in a way that the children can relax and communicate with them."

A parent of one Lumos self-advocate summed up the delight of many parents at the development of their children: "For the first time, after ten years of being shy, my son has started to sing again, even in front of other people. He has much greater confidence and self-esteem now. In one word, he feels excellent!"

Young self-advocacy has also opened the eyes of many professionals. Dr Haralan Alexandrov, who supported the Bulgaria group, said the work of Lumos' group "dismantled the established culture of facade engagement and enabled an altogether different mode of relating to emerge between the children and parents, politicians and public authorities, professionals and policy experts – benevolent relations based on genuine understanding and care."

## **Fundraising - to build on success in 2014, to increase the range of funding streams and prepare to fundraise in the US**

Lumos aims to build a diverse, robust donor base in order to support planned future growth and increase understanding of the importance of deinstitutionalisation. In 2015, Lumos acquired new supporters in over 36 different countries and raised £4,985,563 (2014: £3,204,192) across all fundraising streams. In order to provide future stability, Lumos increased the breadth and diversity of fundraising streams.

### **Key 2015 fundraising achievements included:**

- **Increased support for Lumos projects from statutory sources, trusts, foundations and companies;**
- **Increased support for Lumos projects from a range of geographically diverse individuals and groups via accessible, low-cost, innovative digital fundraising campaigns;**
- **Seeking to increase understanding of deinstitutionalisation, as well as secure income, by placing Lumos' mission and information about the importance of its work at the centre of fundraising efforts and communications;**
- **Increased support from donors who commit to financial support for more than one year;**
- **Highlighting to colleagues the information, internal processes and procedures necessary for Lumos' continued fundraising success and providing the information necessary to support new systems;**
- **Building a committed, informed, major donor base in the USA and the UK.**

## Other key 2015 activity to support those objectives

### Research and evaluation

The Research Information Monitoring and Evaluation (RIME) unit was established in 2015 to enable Lumos to scale up the production of publications, fundraising, and other areas. RIME led the Strategic Review in Greece and supported the reassessment of institutions in Haiti, by reviewing the assessment tool and training researchers in country.

Lumos-supported programmes in Central and Eastern Europe are mature and have changed the lives of many thousands of children. It is now possible to assess the impact, providing evidence of what worked, to assist governments in planning the next stages of deinstitutionalisation and enabling Lumos to identify learning which can be adapted in our flexible model in other parts of the world.



Though there is clearly much still to be done in Bulgaria, initial results from assessments of almost 1,300 children and young people in 2015 found significant evidence of improvement.

A third of children and young people in new community-based small group homes now use various social services in the community – day centres, centres for social rehabilitation and integration, social services, schools and community centres. Prior to leaving the institutions, only six per cent used those services, reflecting their isolation from mainstream services.

“Independence skills” have also developed significantly. For some this may involve simple choices: what to eat, which clothes to wear. One girl, aged nine, now for the first time chooses her clothes and shoes, matching them by colour. When going to the hair-dresser she chooses her hairstyle herself. She washes her hands, face, and teeth independently and takes a shower with the guidance of a carer. She has made friends with a girl in her class at school.

A young woman, now 22, was taken from an institution where she had lived since birth and placed in a foster family in 2008, at the age of 14. Her physical development corresponded to that of a one-year old. She could not move on her own and could not sit independently. She had difficulty turning round and was bottle-fed blended food. She had no speech and no gross or fine motor skills; and no social contacts. Now, she walks on her own and has some independence in daily self-care. She feels comfortable in the company of strangers. She smiles and follows the movements of people with her eyes. She is able to show what she wants and what she likes. She is able to communicate and make choices for the first time in her life.

## Communications

Projecting Lumos as a truly global organisation began in earnest in 2015, and interest and awareness of the organisation's work and mission grew significantly through traditional and online channels. The successful launch of Lumos in the US and Haiti in particular resulted in positive media coverage in those countries.

Digital engagement went from strength to strength, not only to support programme, fundraising and campaigning objectives, but also to help convert interest into genuine engagement with the issue of institutionalisation of children. Visitors to [www.wearelumos.org](http://www.wearelumos.org) website in 2015 increased by 75% from 2014.

Let's Talk Lumos, the awareness-raising digital hub (in five languages), was accessed by 20,000 mostly new (86%) users, helping Lumos to acquire new supporters and encourage supporter engagement in our social media channels (with a 33% rise in our Twitter following and a 50% increase in Facebook page 'likes' in 2015).

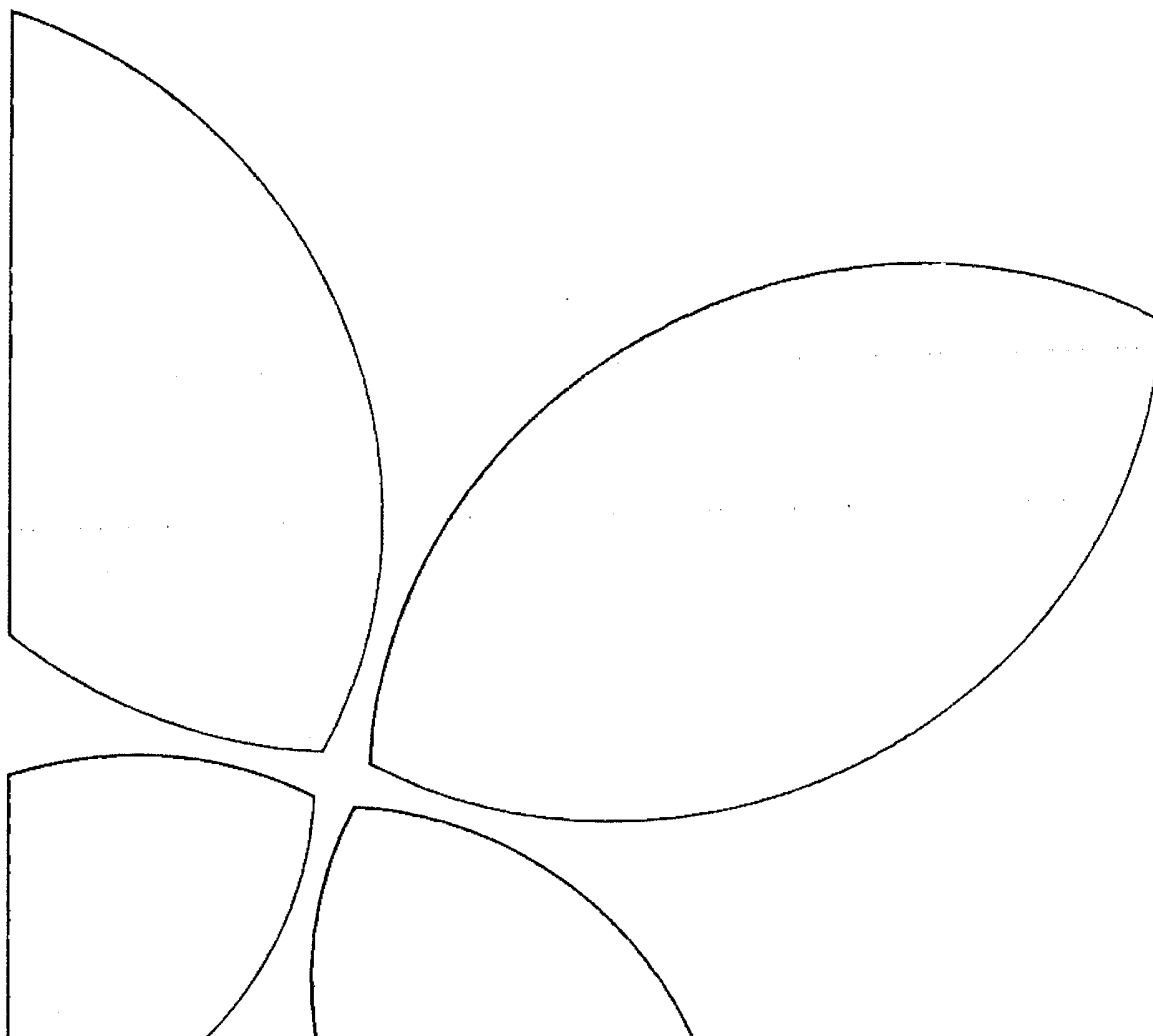
J.K. Rowling narrated a new animated film, *Children need families not orphanages*, which has been viewed more than 25,000 times and translated into a dozen languages since its launch in 2015.

In 2015 Lumos supplemented its English-language website – [www.wearelumos.org](http://www.wearelumos.org) – with 'micro-sites' in Bulgarian, Czech and Romanian. In 2015, the expert voices of senior staff were promoted in blogs, articles, interviews and broadcasts, in the UK, the US and Europe.

## Human Resources

Lumos employed 70 people in five countries in 2014; by early 2016 there were 87 people in eight countries. At least 18 languages are spoken fluently by the team. A number of staff work in difficult environments, with political instability. In Haiti, disease is also a risk. Even without those risks, staff have to be supported in a range of jurisdictions with differing and complex legal and tax frameworks. Ensuring safety of travel, with insurance and medical cover, in an increasingly global organisation is also a challenge, in addition to supporting UK-based staff.

In 2015, the benefits of a decision in the previous year to establish an in-house human resources function in Lumos became clear. Lumos recognises its legal and moral obligation to protect employees working in a range of locations and ensures compliance with international tax, social security and immigration requirements. A framework was developed to ensure employees are safeguarded against foreseeable dangers and that appropriate support is in place in the event of medical or security incidents.



## Future plans

### Advocacy

- To play an active role in monitoring the use of EU Member State funding to support deinstitutionalisation, and to advocate that EU funds, around the world, must never support institutions but should instead be used for the development of community support services for children and families.
- To help the US Government ensure it supports deinstitutionalisation.
- To continue with others to ensure children outside families are not left behind by the UN's Sustainable Development Goals (SDGs).
- To persuade private, secular trusts and foundations and faith-based communities in Europe, the US and elsewhere to shift their money away from orphanages to support care services in the community.
- To strengthen the influence of young self-advocates in policy-making at all levels.

### Europe

- To continue to bring children out of institutions in demonstration programmes in Bulgaria, the Czech Republic and Moldova, supporting governments to create long-term, sustainable services for families in the community.
- To build on work in Greece to support the government in creating a comprehensive and affordable strategy for deinstitutionalisation.
- In Ukraine, to ensure strategies and funding are in place to pick up the pace of reform once the conflict is settled.
- To share the skills of Lumos European teams with other nations.

### Latin America and the Caribbean, and Haiti

- To continue support for the Haiti Government, particularly in its strategy to close its worst institutions; to identify sources of international funding; and directly to help very vulnerable children in a small number of orphanages.
- To identify a second demonstration country.

### Training and technical assistance

- To continue to strengthen Lumos' capacity to deliver high-quality, large-scale training and to respond to requests from countries around the world for technical support in their reform processes.

## Research

- To provide high quality research outputs to demonstrate the impact of institutionalisation and the outcomes of Lumos' work.

## Fundraising

- To provide Lumos with income and future stability, including acquiring new donors who are well informed about the organisation's work. To continue diversification of income streams, developing information about legacy-giving in Lumos, seeking multi-year funding and continuing to build strong, long-term relationships and partnerships.

# Principal risks

## Statement of risks and uncertainties

Lumos maintains a corporate risk register, prepared in accordance with Charity Commission guidelines. This register assesses the likelihood and impact of key corporate risks across the following risk areas:

- Governance risks
- Operational risks
- Financial risks
- Environmental & External factors
- Compliance risk (Law & Regulations)

The register is reviewed by the Finance Committee, and annually by the Board. The risk register also informs the work of the Internal Audit function of the charity.

The three key risks that the charity has identified as high risk (where both the likelihood and impact are significantly high), as detailed in the risk register, are:

- **Health and safety risk** – the risk to the charity's staff in carrying out their duties, or the risk to children or to the public as the charity carries out its duties (this risk covers child protection).

Mitigating actions: Lumos has a full child protection policy in place supported by training and monitoring. Health and safety is covered in staff inductions.

Recent actions: Lumos has recently updated the Child Protection Policy and all staff receive regular training.

- **The risk of fraud and error** – the risk of financial loss, reputational risk or regulatory action due to fraud or error.

Mitigating actions: Implementation of financial controls and procedures, external and internal audit.

Recent actions: Lumos has carried out a full controls audit. The Fraud Policy and Anti-Money Laundering Policy for the charity have been recently updated.

- **The risk of country instability to our work** – the risk towards our operations and staff of war and general instability of the countries we work in.

Mitigating actions: Keeping a close watch on the situation on the ground, through communication with staff and with external sources. Duty of care policy and comprehensive insurance are in place.

Recent actions: Lumos has introduced risk assessments for all staff traveling to high-risk countries. Lumos has updated our duty of care policy.

The current corporate plan, and associated Project Implementation Plans, reflect the identification and mitigation of risk across all areas of activity. The Finance Committee will continue to monitor organisational risk, and input into the Internal Audit work plan to ensure appropriate controls are in place.

## Financial review

*A summary of the year's results can be found on page 42 of the attached accounts.*

Lumos' income totalled £4,985,563 (2014 – £3,204,192). Funds from individual giving amounted to £3,419,360 (2014 – £2,254,951), including Gift Aid. Royalties income amounted to £671,893 (2014 – £393,039). In addition, Lumos received grants totalling £476,398 (2014 – £91,002), and generated investment income of £417,912 (2014 – £465,200).

Total expenditure in 2015 was £4,335,376 (2014 – £3,815,400). Expenditure on charitable activities amounted to £3,722,506 (2014 – £3,254,332), 85.9% (2014 – 85.3%) of total expenditure.

Costs of raising donations and donor communication costs amounted to £509,330 (2014 – £448,859). Investment fees amounted to £103,540 (2014 – £112,209). Net income for the year was £693,723 (2014 – net expenditure of £414,993). Unrestricted reserves carried forward amount to £13,388,307 (2014 – £13,264,739) and restricted reserves carried forward amount to £979,409 (2014 – £409,254).

### Investment policy and performance

Lumos' funds available for investment are managed by Close Brothers Asset Management ("CBAM"), who have been carefully selected by the Board and mandated to manage such funds to achieve good risk-adjusted returns with an emphasis on capital preservation, liquidity and ethical investing. CBAM's positioning and performance are formally reviewed by the Board's Finance Committee quarterly. The funds held by CBAM are managed in accordance with the charity's Investment Mandate, which is set by the Trustees. The Investment Mandate sets out the charity's attitude to investment risk, the type of investment instruments available to the asset manager and ethical considerations.

At year end funds managed by CBAM on behalf of Lumos amounted to £10,729,742 and a return of 2.8% was achieved for 2015. Performance is assessed, inter alia, by reference to appropriate benchmark indices. The Board of Trustees was satisfied that performance in 2015 was broadly in line with expectations.

## Reserves policy and going concern

The Trustees maintain a prudent policy in relation to reserves, ensuring that the group has sufficient funds in order to complete ongoing activities in the event of a significant fall in income.

Reserves held by the group as at 31 December 2015 were:

|                    | Group<br>2015<br>£ | Group<br>2014<br>£ |
|--------------------|--------------------|--------------------|
| Unrestricted funds | <b>13,388,307</b>  | 13,264,739         |
| Restricted funds   | <b>979,409</b>     | 409,254            |
| <b>Total funds</b> | <b>14,367,716</b>  | 13,673,993         |

Of the total funds held at year end, £10,729,742 were held in liquid investments and £2,328,386 in cash, giving a balance of £13,058,128 liquid assets. Accounting for restricted funds, the group therefore held £12,078,719 of funds (2014: £12,118,910) as free reserves.

The Trustees are satisfied that this level of free reserve is appropriate for the charity, given ongoing operational commitments, future expenditure plans and possible variances in forecast income.

Given the level of reserves, the Trustees are satisfied that the charity will remain a going concern into the foreseeable future.

## Structure, governance and management

### Governing document

Lumos was incorporated as a charitable company limited by guarantee with no share capital on 3 November 2005 and is based in London. It is registered in England under company number 05611912 and is registered with the Charity Commission under charity number 1112575.

Lumos is governed by its Memorandum and Articles of Association dated 3 November 2005 as amended by Written Resolution dated 16 December 2005, a special resolution to change the charitable company's name dated 14 February 2010 and a special resolution to add the role of President and fixed terms for Trustees dated 27 January 2016. Lumos' objects as stated in its Memorandum and Articles of Association are as follows:

- The relief of poverty and sickness, the promotion of education, the promotion of child health and development, and the prevention of cruelty to or maltreatment of children in any part of the world; and
- Such other exclusively charitable objects as the Trustees in their absolute discretion determine.

Within the stated charitable objects of Lumos, the Trustees have defined the mission of the charity to be the end the institutionalisation of children worldwide by 2050.

Lumos Foundation USA, Inc. was incorporated in New York, USA, on 5 November 2014, and was recognised by the Internal Revenue Service as a 501(c)(3) tax-exempt organisation on 27 March 2015. The Board of Lumos Foundation USA, Inc. exercises discretion and control over all funds received by Lumos Foundation USA, Inc. There is a concurrence of purpose between Lumos Foundation USA, Inc. and Lumos. There is also an agreement between Lumos and Lumos Foundation USA, Inc. which governs the use of the Lumos name and trademark that allows Lumos strategic influence in and agreement on certain operational matters of Lumos Foundation USA, Inc. worldwide. Group accounts are therefore prepared consolidating Lumos Foundation USA, Inc.

### Trustees

The Board of Trustees administers the charitable company. The Board meets at least four times a year and provides strategic direction to the work of Lumos. The Trustees make decisions by a majority vote.

Trustees give their time freely, receiving no remuneration or other financial benefit.

A Trustee is a member of the Board of Trustees of Lumos and a director for the purposes of the Companies Act 2006. The Trustees who held office during the year were as follows:

| Trustee                            | Appointed/Resigned    |
|------------------------------------|-----------------------|
| N Blair (Chair of Trustees)        |                       |
| M Smith (Treasurer)                |                       |
| D Cohen                            |                       |
| N Crichton                         |                       |
| R Dattani                          |                       |
| A H Loder                          |                       |
| L F Smith (Vice Chair of Trustees) |                       |
| R Suss                             | Appointed 5 June 2015 |
| R L Wilson                         |                       |

## Trustee appointment and training

All Trustees must be members of the charitable company. The maximum number of Trustees is twelve, who are recruited according to best practice. Lumos currently has ten Trustees, selected to provide a mix of skills necessary to Lumos. All Trustees are given an induction programme and are offered opportunities for appropriate training.

During 2015, in addition to Board meetings, Lumos Trustees undertook considerable work through the following Committees and other groups:

- Finance Committee
- Investment Committee
- Nominations and Remuneration Committee

Trustees also visited a number of Lumos projects and programmes.

Trustees have regard to Charity Commission publications and during the year paid particular attention to the updated version of The Essential Trustee: CC3. They created a system of trustee appraisal and via the Nominations and Remuneration Committee determined the range of skills and experience which would be required to fill existing gaps and those created by retiring Trustees in the coming year. The Board also committed to the introduction of a system of internal audit provided by an external firm of auditors separate from those conducting the statutory audit.

## Organisation

The Chief Executive Officer provides the Board with advice on the strategic direction of the charity and manages operations on behalf of the Board and with the Board's guidance. The Chief Executive Officer is responsible for monitoring all aspects of Lumos' work and regularly reporting progress to the Board.

## Related parties and co-operation with other organisations

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with any related party is disclosed to the full Board of Trustees. In the current year no such related party transactions were reported.

## Grant-making policy

Whilst Lumos is not primarily a grant-making organisation, the charity does issue grants from time to time to further its charitable objects. These grants tend to be into countries where Lumos does not have a permanent base, or a sub-grant of a grant received by Lumos.

Grants are issued only where funding exists, where a clear grant agreement has been drawn up, and when due diligence has been carried out on the ability of the grantee to deliver against the grant. All grants are authorised by the Chief Executive Officer and noted by the Board of Trustees.

## Investment powers and restrictions

Under its Memorandum and Articles of Association, Lumos has the power to invest in ways that the Trustees see fit. The Trustees have appointed investment managers, Close Brothers, to manage Lumos' investment funds. Investment performance is managed by the Finance Committee, a sub-committee of the Board of Trustees.

## Pay policy for senior staff

The Trustees consider the Board of Directors (who are the charity's Trustees) together with the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in notes 12 and 23 to the accounts.

The pay of the senior staff is reviewed annually and normally increased in accordance with sector averages. In view of the nature of the charity, the directors benchmark against pay levels in other charities of a similar size. The remuneration benchmark is the mid-point of the range paid for similar roles. If recruitment has proven difficult a market addition is also paid with the pay maximum no greater than the highest benchmarked salary for a comparable role.

## Public benefit

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

## Trustees' responsibilities in relation to the financial statements

The charity Trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity Trustees to prepare financial statements for each year. 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 the group and of the income and expenditure of the charitable group for that period. In preparing the 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 judgements and 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 charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence 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 above responsibilities are carried out through making appropriate enquiries of other Trustees, management and staff with the relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy the Trustees that these responsibilities have been met.

### Statement as to disclosure to our auditors

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, including the Strategic Report, was approved by order of the Board of Trustees.



Neil Blair  
Chair of Trustees  
Lumos Foundation

6 September 2016

## Independent auditor's report to the members of Lumos Foundation

We have audited the financial statements of Lumos Foundation for the year ended 31 December 2015, which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the consolidated statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Report Standard applicable in the United Kingdom and Republic of Ireland.

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

### Respective responsibilities of Trustees and auditor

The Trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the statement of Trustees' responsibilities set out in the Trustees' report, the Trustees 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, including the Strategic Report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 December 2015 and of the group's 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.

### **Opinion on other matter 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**

The Companies Act 2006 requires us to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.



Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

23/9/16

## Consolidated statement of financial activities

(including income and expenditure account)

|                                                                         | Notes | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|-------------------------------------------------------------------------|-------|----------------------------|--------------------------|--------------------------|--------------------------|
| <b>Income and expenditure</b>                                           |       |                            |                          |                          |                          |
| <b>Income from:</b>                                                     |       |                            |                          |                          |                          |
| Royalty income from published books                                     | 1     | 665,258                    | —                        | 665,258                  | 384,896                  |
| Other royalty income                                                    |       | 6,635                      | —                        | 6,635                    | 8,143                    |
| Donations and gift aid                                                  | 2     | 2,851,956                  | 567,404                  | 3,419,360                | 2,254,951                |
| Investment income                                                       | 3     | 417,912                    | —                        | 417,912                  | 465,200                  |
| <b>Charitable activities</b>                                            |       |                            |                          |                          |                          |
| Grant income                                                            |       | —                          | 476,398                  | 476,398                  | 91,002                   |
| <b>Total income</b>                                                     |       | <b>3,941,761</b>           | <b>1,043,802</b>         | <b>4,985,563</b>         | <b>3,204,192</b>         |
| <b>Expenditure on:</b>                                                  |       |                            |                          |                          |                          |
| <b>Cost of raising funds</b>                                            | 5     |                            |                          |                          |                          |
| Costs of raising donations and donor communication costs                |       | 509,330                    | —                        | 509,330                  | 448,859                  |
| Investment management costs                                             |       | 103,540                    | —                        | 103,540                  | 112,209                  |
| <b>Charitable activities</b>                                            | 6     | 3,248,859                  | 473,647                  | 3,722,506                | 3,254,332                |
| <b>Total expenditure</b>                                                |       | <b>3,861,729</b>           | <b>473,647</b>           | <b>4,335,376</b>         | <b>3,815,400</b>         |
| <b>Net gain on investments</b>                                          | 15    | 29,091                     | —                        | 29,091                   | 202,627                  |
| <b>Foreign exchange gains/(losses)</b>                                  |       | 14,445                     | —                        | 14,445                   | (6,412)                  |
| <b>Net income /(expenditure) and net movement in funds for the year</b> |       | <b>123,568</b>             | <b>570,155</b>           | <b>693,723</b>           | <b>(414,993)</b>         |
| <b>Reconciliation of funds:</b>                                         |       |                            |                          |                          |                          |
| <b>Total funds brought forward</b>                                      |       | <b>13,264,739</b>          | <b>409,254</b>           | <b>13,673,993</b>        | <b>14,088,986</b>        |
| <b>Total funds carried forward</b>                                      | 20    | <b>13,388,307</b>          | <b>979,409</b>           | <b>14,367,716</b>        | <b>13,673,993</b>        |

All of the charity's activities derived from continuing operations during the two financial periods. The charity has no recognised gains or losses other than those shown above.

All grant income in 2014 was restricted.

## Consolidated balance sheets as at 31 December 2015

|                                              | Notes | Group<br>2015<br>£ | Charity<br>2015<br>£ | Group & Charity<br>2014<br>£ |
|----------------------------------------------|-------|--------------------|----------------------|------------------------------|
| <b>Fixed assets:</b>                         |       |                    |                      |                              |
| Tangible assets                              | 14    | 84,475             | 84,475               | 666,578                      |
| Investments                                  | 15    | 10,729,742         | 10,729,742           | 12,102,562                   |
|                                              |       | 10,814,217         | 10,814,217           | 12,769,140                   |
| <b>Current assets:</b>                       |       |                    |                      |                              |
| Small Group Homes                            | 16    | 798,312            | 798,312              | —                            |
| Debtors                                      | 17    | 704,078            | 704,078              | 772,528                      |
| Investments                                  |       | 2,060,358          | 721,828              | 100,362                      |
| Cash at bank and in hand                     |       | 268,028            | 268,028              | 325,240                      |
|                                              |       | 3,830,776          | 2,492,246            | 1,198,130                    |
| <b>Creditors:</b>                            |       |                    |                      |                              |
| amounts falling due within one year          | 18    | (277,277)          | (277,277)            | (293,277)                    |
| <b>Net current assets</b>                    |       | <b>3,553,499</b>   | <b>2,214,969</b>     | <b>904,853</b>               |
| <b>Total assets less current liabilities</b> |       | <b>14,367,716</b>  | <b>13,029,186</b>    | <b>13,673,993</b>            |
| <b>Funds:</b>                                |       |                    |                      |                              |
| Unrestricted funds                           | 20    | 13,388,307         | 12,270,177           | 13,264,739                   |
| Restricted funds                             | 19    | 979,409            | 759,009              | 409,254                      |
| <b>Total funds</b>                           |       | <b>14,367,716</b>  | <b>13,029,186</b>    | <b>13,673,993</b>            |

Approved by the Board of Trustees and signed on their behalf by:



Neil Blair  
Trustee



Mark Smith  
Trustee

6 September 2016

Lumos Foundation  
Registered Company Number: 05611912 (England and Wales)

## Consolidated statement of cash flows

|                                                                    | Notes    | 2015<br>£        | 2014<br>£ |
|--------------------------------------------------------------------|----------|------------------|-----------|
| <b>Cash flows from operating activities:</b>                       |          |                  |           |
| Net cash provided by (used in) operating activities                | A        | <b>332,881</b>   | (860,524) |
| <b>Cash flows from investing activities:</b>                       |          |                  |           |
| Dividends and interest from investments                            |          | 418,659          | 483,563   |
| Purchase of tangible fixed assets                                  |          | (265,112)        | (191,621) |
| Proceeds from the disposal of investments                          |          | 2,546,480        | 2,187,034 |
| Purchase of investments                                            |          | (1,416,858)      | (784,782) |
| <b>Net cash provided by (used in) investing activities</b>         |          | <b>1,283,169</b> | 1,694,194 |
| <b>Net cash provided by (used in) financing activities</b>         |          | <b>—</b>         | <b>—</b>  |
| <b>Change in cash and cash equivalents in the year</b>             |          | <b>1,616,050</b> | 833,670   |
| Cash and cash equivalents at 1 January 2015                        | B        | 1,754,994        | 927,736   |
| Change in cash and cash equivalents due to exchange rate movements |          | 14,445           | (6,412)   |
| <b>Cash and cash equivalents at 31 December 2015</b>               | <b>B</b> | <b>3,385,489</b> | 1,754,994 |

## Notes to the statement of cash flows for the year to 31 December 2015

### A) Reconciliation of net movement in funds to net cash provided by (used in) operating activities

|                                                                      | Notes | 2015<br>£      | 2014<br>£        |
|----------------------------------------------------------------------|-------|----------------|------------------|
| Net movement in funds (as per the statement of financial activities) |       | 693,723        | (414,993)        |
| Adjustments for:                                                     |       |                |                  |
| Depreciation charge                                                  |       | 48,903         | 49,022           |
| Exchange rate (gain) loss                                            |       | (14,445)       | 6,412            |
| (Gains) on investments                                               |       | (29,091)       | (202,627)        |
| Dividends and interest from investments                              |       | (417,912)      | (465,200)        |
| Deficit on disposal of tangible fixed assets                         |       | —              | 1,403            |
| Decrease in debtors                                                  |       | 67,703         | 7,181            |
| (Decrease) increase in creditors                                     |       | (16,000)       | 158,278          |
| <b>Net cash provided by (used in) operating activities</b>           |       | <b>332,881</b> | <b>(860,524)</b> |

### B) Analysis of cash and cash equivalents

|                                        | Notes | 2015<br>£        | 2014<br>£        |
|----------------------------------------|-------|------------------|------------------|
| Cash at bank and in hand               |       | 268,028          | 325,240          |
| Cash held as current asset investment  |       | 2,060,358        | 100,362          |
| Cash held by investment managers       |       | 1,057,103        | 1,329,392        |
| <b>Total cash and cash equivalents</b> |       | <b>3,385,489</b> | <b>1,754,994</b> |

## Principal accounting policies

### Basis of accounting

These financial statements have been prepared for the year to 31 December 2015.

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), the Charities Act 2011, and the Companies Act 2006.

Lumos 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 policies below or the notes to the financial statements.

The accounts are presented in sterling and rounded to the nearest pound.

### Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

In accordance with the requirements of FRS102 a reconciliation of net expenditure for the year is provided with the net expenditure under previous GAAP adjusted for the presentation of investment gains as a component of reported income.

| Reconciliation of reported income                                            | 2014<br>£        |
|------------------------------------------------------------------------------|------------------|
| Net expenditure as previously stated                                         | (617,620)        |
| Adjustment for gains on investments now treated as a component of net income | 202,627          |
| <b>2014 net expenditure as restated</b>                                      | <b>(414,993)</b> |

### Branches and overseas operations

The financial statements include the results of all activities overseas where the charitable company has operational responsibility. The results and net assets of the charitable company's branches in the Republic of Moldova, Bulgaria and the Czech Republic have been consolidated within the financial statements.

### Critical accounting estimates and areas of judgement

The Trustees do not consider there to be any critical accounting estimates or areas of judgement in the preparation of the accounts which result in a material effect to the financial outcome of the year.

## Going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

## Group financial statements

The financial statements consolidate the results of the charity and Lumos Foundation USA Inc. on a line-by-line basis in 2015. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Foundation has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

Lumos Foundation USA, Inc. was incorporated in New York, USA, on 5 November 2014, and was recognised by the Internal Revenue Service as a 501(c)(3) tax-exempt organisation on 27 March 2015. The Board of Lumos Foundation USA, Inc. exercises discretion and control over all funds received by Lumos Foundation USA, Inc. There is a concurrence of purpose between Lumos Foundation USA, Inc. and Lumos. There is also an agreement between Lumos and Lumos Foundation USA, Inc. which governs the use of the Lumos name and trademark that allows Lumos strategic influence in and agreement on certain operational matters of Lumos Foundation USA, Inc. worldwide. Group accounts are therefore prepared consolidating Lumos Foundation USA, Inc.

The net expenditure for the charity in 2015 was £644,807 (2014: £414,993).

## Company status

The charitable company is a company limited by guarantee and has no share capital. In the event of the charitable company being wound up, the liability in respect of the guarantees is limited to £1 per member of the charitable company. The members of the charitable company are the Trustees set out on page 65.

## Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donors. The aim and use of each restricted fund is set out in the notes to the financial statements.

## Income recognition

Income is included in the Statement of Financial Activities when the charitable company is legally entitled to the income, when it is probable that the income will be received and when the monetary value of the income can be measured with sufficient reliability.

## Royalty Income

Royalty income is recognised on an accruals basis in the period to which the earnings relate, provided that notification has taken place prior to the date of approval of the financial statements and the notification clearly states the amounts earned in specific accounting periods. Otherwise royalty income is recognised upon receipt. Royalty income is stated net of value added tax, overseas withholding taxes, returns provisions and bad debt provisions.

## Donations

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period. Gift aid in respect of donations is accounted for in the year in which the related donation is recognised.

## Investment income

Dividends receivable from the investment portfolio are included in the Statement of Financial Activities in the period in which the charity is entitled to receipt.

Interest receivable from cash at bank is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

## Grant income

Grants are recognised as income in the Statement of Financial Activities when receivable. Income is deferred only if the grant was subject to donor imposed conditions that specified a future time period when the expenditure of the resources should take place.

Where grants are received for specific purposes, they are credited to restricted funds. Costs up to the value of the grant relating to this restricted income are allocated against the income when the expenditure is incurred. Unspent balances are carried forward to subsequent years within the relevant fund.

## Expenditure recognition

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is accounted for on an accruals basis. The majority of costs are directly attributable to the specific activities of the charitable company. The residual support costs have been allocated between costs of generating funds and charitable activities on the basis of time spent by individuals in the relevant departments.

## Costs of raising funds

These include the direct costs associated with fundraising and publicising the work of the charitable company plus the salary and overhead costs of staff in the UK office who are engaged in fundraising promotional activities.

## Costs of charitable activities

Costs of charitable activities comprise expenditure related to the furtherance of the charitable company's objects and include the direct costs relating to the overseas operations, branches and related projects. They also include an allocation of residual support costs that could not be directly attributed.

## Grants payable

Grants payable are included in the Statement of Financial Activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for.

## Governance costs

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charitable company and include audit fees, costs linked to the strategic management of the charitable company and other compliance costs.

## Support costs

Support costs are those incurred in connection with the administration and operation of the charitable company. They do not relate directly to one of the activities described above, but are apportioned between activities based on estimated time spent by staff.

## Pension costs

Contributions by the charity in respect of the group personal pension scheme are included in the Statement of Financial Activities when they are payable.

## Tangible fixed assets

The charitable company capitalises all assets with a cost in excess of £150 that are to be held for continuing use. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                        |                            |
|------------------------|----------------------------|
| Land and buildings     | 30 to 50 years             |
| Office equipment       | 5 to 10 years              |
| Fixtures and fittings  | 5 to 7 years               |
| Computer equipment     | 3 to 5 years               |
| Leasehold improvements | over the term of the lease |
| Motor Vehicles         | 7 years                    |

It is the intention of the charitable company to donate the vehicles, equipment, land and buildings and assets under construction used in overseas operational programmes to the relevant local authorities when the various projects come to an end.

## Investments

Listed investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

### **Lease commitments**

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset.

### **Small Group Homes**

Small Group Homes (within current assets) includes the depreciated cost of assets transferred from Fixed Assets in the current financial year expected to be donated to the relevant local authorities during the next financial year.

### **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.

### **Current asset investments**

Current asset investments include cash on deposit and cash equivalents with a maturity of less than one year for investment purposes rather than to meet the short-term cash commitments of the charity as they fall due.

### **Cash at bank and in hand**

Cash at bank and cash in hand is held to meet the short-term cash commitments of the charity as they fall due rather than for investment purposes.

### **Creditors and provisions**

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

### **Volunteers**

The charity benefits from the involvement and enthusiastic support of its volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

## Notes to the financial statements

### 1) Royalty income from published books

|                                                      | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|------------------------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Royalty income net of returns                        |                            |                          |                          |                          |
| <b>Total 2015 funds</b>                              | <b>665,258</b>             | —                        | <b>665,258</b>           | 384,896                  |
| Total 2014 funds                                     | 384,896                    | —                        | 384,896                  |                          |
| Royalty income by geographical market is as follows: |                            |                          |                          |                          |
| United Kingdom                                       | 156,884                    | —                        | 156,884                  | 77,978                   |
| Europe                                               | 145,014                    | —                        | 145,014                  | 61,621                   |
| Rest of World                                        | 363,360                    | —                        | 363,360                  | 245,297                  |
| <b>Total 2015 funds</b>                              | <b>665,258</b>             | —                        | <b>665,258</b>           | 384,896                  |

Other royalty income of £6,635 (2014 - £8,413) was unrestricted.

### 2) Donations and gift aid

|                         | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|-------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Donations               | 2,601,956                  | 567,404                  | 3,169,360                | 1,830,797                |
| Gift aid                | 250,000                    | —                        | 250,000                  | 424,154                  |
| <b>Total 2015 funds</b> | <b>2,851,956</b>           | <b>567,404</b>           | <b>3,419,360</b>         | 2,254,951                |
| Total 2014 funds        | 1,990,439                  | 264,512                  | 2,254,951                |                          |

### 3) Investment income

|                                | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|--------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Income from listed investments |                            |                          |                          |                          |
| UK fixed interest              | 105,324                    | —                        | 105,324                  | 106,220                  |
| UK equities                    | 174,049                    | —                        | 174,049                  | 220,314                  |
| Overseas equities              | 80,322                     | —                        | 80,322                   | 78,317                   |
| Commodities                    | 2,800                      | —                        | 2,800                    | 5,250                    |
| Property                       | 19,421                     | —                        | 19,421                   | 19,207                   |
| Alternatives                   | 34,824                     | —                        | 34,824                   | 34,775                   |
| Multi-asset                    | 1,172                      | —                        | 1,172                    | 1,115                    |
|                                | 417,912                    | —                        | 417,912                  | 465,198                  |
| Interest receivable            |                            |                          |                          |                          |
| Bank interest                  | —                          | —                        | —                        | 2                        |
| <b>Total 2015 funds</b>        | <b>417,912</b>             | <b>—</b>                 | <b>417,912</b>           | <b>465,200</b>           |
| Total 2014 funds               | 465,200                    | —                        | 465,200                  |                          |

### 4) Income earned from other activities

The activities of Lumos Foundation USA Inc. is consolidated into the accounts of Lumos Foundation.  
The summary financial performance of Lumos Foundation USA Inc. alone is:

|                             | 2015<br>£        | 2014<br>£ |
|-----------------------------|------------------|-----------|
| Income                      | 1,506,089        | —         |
| Expenditure                 | (167,067)        | —         |
| <b>Surplus for the year</b> | <b>1,339,022</b> | <b>—</b>  |
| <b>Current assets</b>       | <b>1,339,022</b> | <b>—</b>  |

### 5) Cost of raising funds

|                                                     | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|-----------------------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Cost of raising funds and donor communication costs |                            |                          |                          |                          |
| Fundraising costs                                   | 441,907                    | —                        | 441,907                  | 282,338                  |
| Donor communication costs                           | 13,501                     | —                        | 13,501                   | 37,604                   |
| Support costs (note 8)                              | 53,922                     | —                        | 53,922                   | 128,917                  |
|                                                     | 509,330                    | —                        | 509,330                  | 448,859                  |
| Investment management fees                          | 103,540                    | —                        | 103,540                  | 112,209                  |
| <b>Total 2015 funds</b>                             | <b>612,870</b>             | <b>—</b>                 | <b>612,870</b>           | <b>561,068</b>           |
| Total 2014 funds                                    | 561,068                    | —                        | 561,068                  |                          |

## 6) Charitable activities

|                                                    | Activities<br>Undertaken Directly<br>£ | Grant Funding<br>of Activities<br>£ | Support<br>Costs<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|----------------------------------------------------|----------------------------------------|-------------------------------------|-----------------------|--------------------------|--------------------------|
| <b>Moldova</b>                                     |                                        |                                     |                       |                          |                          |
| Deinstitutionalisation and services development    | 282,105                                | —                                   |                       |                          |                          |
| Inclusive education                                | 101,147                                | —                                   |                       |                          |                          |
| Early childhood intervention                       | 41,479                                 | —                                   |                       |                          |                          |
| Social investment fund                             | 196,391                                | —                                   |                       |                          |                          |
| Child participation                                | 17,550                                 | —                                   |                       |                          |                          |
| <b>Sub-total Moldova</b>                           | <b>638,672</b>                         | <b>—</b>                            | <b>40,500</b>         | <b>679,172</b>           | <b>764,947</b>           |
| <b>Czech Republic</b>                              |                                        |                                     |                       |                          |                          |
| Deinstitutionalisation – National Level Assistance | 156,834                                | —                                   |                       |                          |                          |
| Deinstitutionalisation – Regional Level Assistance | 93,340                                 | —                                   |                       |                          |                          |
| <b>Sub-total Czech Republic</b>                    | <b>250,174</b>                         | <b>—</b>                            | <b>40,500</b>         | <b>290,674</b>           | <b>319,484</b>           |
| <b>Bulgaria</b>                                    |                                        |                                     |                       |                          |                          |
| Deinstitutionalisation – National Level Assistance | 177,595                                | —                                   |                       |                          |                          |
| Deinstitutionalisation – Regional Level Assistance | 144,721                                | —                                   |                       |                          |                          |
| Publications                                       | 23,742                                 | —                                   |                       |                          |                          |
| <b>Sub-total Bulgaria</b>                          | <b>346,058</b>                         | <b>—</b>                            | <b>40,500</b>         | <b>386,558</b>           | <b>541,910</b>           |
| <b>Ukraine</b>                                     |                                        |                                     |                       |                          |                          |
| Deinstitutionalisation – National Level Assistance | 15,681                                 | —                                   | 16,200                | 31,881                   | 100,042                  |
| <b>Serbia</b>                                      | <b>13,118</b>                          | <b>47,745</b>                       | <b>16,200</b>         | <b>77,063</b>            | <b>21,041</b>            |
| <b>Greece</b>                                      | <b>110,252</b>                         | <b>30,310</b>                       | <b>40,500</b>         | <b>181,062</b>           | <b>27,064</b>            |
| <b>USA/Global deinstitutionalisation</b>           | <b>125,606</b>                         | <b>263,089</b>                      | <b>133,651</b>        | <b>522,346</b>           | <b>296,801</b>           |
| <b>Haiti</b>                                       | <b>105,800</b>                         | <b>146,221</b>                      | <b>133,651</b>        | <b>385,672</b>           | <b>—</b>                 |
| <b>Emergency Child Protection</b>                  | <b>70,987</b>                          | <b>—</b>                            | <b>24,300</b>         | <b>95,287</b>            | <b>106,249</b>           |
| <b>Multi-country activities</b>                    |                                        |                                     |                       |                          |                          |
| Advocacy and Campaigns                             | 196,717                                | 10,000                              | 121,501               | 328,218                  | 433,748                  |
| Education                                          | 167,708                                | —                                   | 40,500                | 208,208                  | 196,539                  |
| Remote expert support services                     | 216,176                                | 53,875                              | 121,501               | 391,552                  | 446,507                  |
| Research, Information, Monitoring & Evaluation     | 93,672                                 | —                                   | 40,500                | 134,172                  | —                        |
| Knowledge Transfer project                         | 10,641                                 | —                                   | —                     | 10,641                   |                          |
| <b>Total</b>                                       | <b>2,361,262</b>                       | <b>551,240</b>                      | <b>810,004</b>        | <b>3,722,506</b>         | <b>3,254,332</b>         |

The following table analyses charitable activities between unrestricted and restricted funds for 2015 & 2014.

|                                                   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2014<br>Funds<br>£ |
|---------------------------------------------------|----------------------------|--------------------------|--------------------------|----------------------------|--------------------------|--------------------|
| <b>Moldova</b>                                    | 499,403                    | 179,769                  | 679,172                  | 625,628                    | 139,319                  | 764,947            |
| <b>Czech Republic</b>                             | 290,674                    | —                        | 290,674                  | 319,484                    | —                        | 319,484            |
| <b>Bulgaria</b>                                   | 376,624                    | 9,934                    | 386,558                  | 485,858                    | 56,052                   | 541,910            |
| <b>Ukraine</b>                                    | 31,881                     | —                        | 31,881                   | 100,042                    | —                        | 100,042            |
| <b>Serbia</b>                                     | 46,213                     | 30,850                   | 77,063                   | 143                        | 20,898                   | 21,041             |
| <b>Greece</b>                                     | 1,322                      | 179,740                  | 181,062                  | 184                        | 26,880                   | 27,064             |
| <b>USA/Global<br/>deinstitutionalisation</b>      | 522,346                    | —                        | 522,346                  | 296,801                    | —                        | 296,801            |
| <b>Haiti</b>                                      | 322,959                    | 62,713                   | 385,672                  | —                          | —                        | —                  |
| <b>Emergency Child Protection</b>                 | 95,287                     | —                        | 95,287                   | 106,249                    | —                        | 106,249            |
| <b>Multi-country activities</b>                   |                            |                          |                          |                            |                          |                    |
| Advocacy and Campaigns                            | 328,218                    | —                        | 328,218                  | 433,748                    | —                        | 433,748            |
| Education                                         | 208,208                    | —                        | 208,208                  | 196,539                    | —                        | 196,539            |
| Remote expert support<br>services                 | 391,552                    | —                        | 391,552                  | 443,781                    | 2,726                    | 446,507            |
| Research, Information,<br>Monitoring & Evaluation | 134,172                    | —                        | 134,172                  | —                          | —                        | —                  |
| Knowledge Transfer project                        | —                          | 10,641                   | 10,641                   | —                          | —                        | —                  |
| <b>Total</b>                                      | <b>3,248,859</b>           | <b>473,647</b>           | <b>3,722,506</b>         | <b>3,008,457</b>           | <b>245,875</b>           | <b>3,254,332</b>   |

## 7) Grants payable

|                                                  | Grants to institutions<br>2015 Total<br>£ | Grants to institutions<br>2014 Total<br>£ |
|--------------------------------------------------|-------------------------------------------|-------------------------------------------|
| CHANGE Project                                   | 53,875                                    | 64,000                                    |
| Inclusion Europe Project                         | —                                         | 38,296                                    |
| Advocacy Project in Serbia                       | 47,745                                    | 20,898                                    |
| New Venture Fund                                 | 236,105                                   | 41,769                                    |
| Global Alliance for Children                     | —                                         | 66,047                                    |
| USA Fundraising Event                            | —                                         | 18,614                                    |
| Palladium                                        | 146,220                                   | —                                         |
| Institute of Child Health                        | 30,311                                    | —                                         |
| NUI Galway Centre for Disability, Law and Policy | 10,000                                    | —                                         |
| Faith to Action                                  | 26,984                                    | —                                         |
| <b>Total</b>                                     | <b>551,240</b>                            | <b>249,624</b>                            |

The CHANGE project aims to improve the process of deinstitutionalisation for children with intellectual disabilities and provide opportunities for adults with intellectual disabilities to act as positive role models for children with intellectual disabilities. Project work this year includes developing easy read materials, providing training and supporting child participation activities.

The Advocacy project in Serbia is financed by the Delegation of the European Union to the Republic of Serbia, to assist Serbian civil society to combat discrimination against children/young people with disabilities and promote democratic reform by increasing their political participation in addressing their human rights.

Lumos made a grant to New Venture fund (a USA non profit organisation) to fund activities in the USA around deinstitutionalisation. The grant is in relation to the establishment of Lumos activities in the US prior to the establishment of Lumos Foundation USA Inc. The costs relate to personnel and administrative costs incurred in the year. It is the intention that these activities pass to Lumos Foundation USA, Inc. during 2016.

Lumos made a grant to the Palladium Group (a USA non profit organisation) to fund activities in Haiti around deinstitutionalisation. This was to allow this work to start whilst Lumos is in the process of registering as an NGO with the Haitian Government. The work this grant funded in Haiti included the increase in capacity of governmental and civil society to plan, and to implement and monitor deinstitutionalisation programmes. The team in Haiti are working to close three institutions in a situation of emergency by moving children back to their families and into alternative family based placements.

The Institute of Child Health in Greece was granted funds as part of the initial scoping and reviewing work of Lumos in Greece.

Lumos made a grant to NUI Galway Centre for Disability, Law and Policy to establish and co-ordinate Community Living for Europe: Structural Funds Watch. This is a new cross-sectoral, pan-European initiative to monitor the implementation of the European Union's commitment to prioritise deinstitutionalisation programmes within its Structural and Investment Funds.

Lumos Foundation USA Inc. made a grant to Faith to Action to fund development of a tool kit to explain the issues around institutionalisation of children to the faith sector.

## 8) Support costs

|                                           | Fundraising & Donor<br>Communication (note 5)<br>£ | Charitable<br>Activities (note 6)<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|-------------------------------------------|----------------------------------------------------|----------------------------------------|--------------------------|--------------------------|
| Staff development                         | 1,230                                              | 18,484                                 | 19,714                   | 1,326                    |
| Recruitment                               | 2,055                                              | 30,875                                 | 32,930                   | 17,458                   |
| Management and administration staff costs | 30,034                                             | 451,156                                | 481,190                  | 413,119                  |
| Rent and service charges                  | 6,881                                              | 103,362                                | 110,243                  | 50,832                   |
| Admin costs                               | 3,111                                              | 46,727                                 | 49,838                   | 18,900                   |
| Office move                               | —                                                  | —                                      | —                        | 28,377                   |
| Telecommunications costs                  | 422                                                | 6,340                                  | 6,762                    | 8,929                    |
| Professional fees                         | 374                                                | 5,620                                  | 5,994                    | 1,860                    |
| Depreciation                              | 3,052                                              | 45,851                                 | 48,903                   | 50,425                   |
| HR Professional services                  | 1,938                                              | 29,102                                 | 31,040                   | 16,130                   |
| Bank charges                              | 381                                                | 5,729                                  | 6,110                    | 2,746                    |
| IT services                               | 3,161                                              | 47,489                                 | 50,650                   | 21,854                   |
| Management meetings                       | 33                                                 | 497                                    | 530                      | 2,126                    |
| Foreign Exchange difference               | —                                                  | —                                      | —                        | 6,041                    |
| Governance costs (note 9)                 | 1,250                                              | 18,772                                 | 20,022                   | 22,133                   |
| <b>Total</b>                              | <b>53,922</b>                                      | <b>810,004</b>                         | <b>863,926</b>           | <b>662,256</b>           |

The above costs have been apportioned between activities based on an estimate of time spent by staff on them.

## 9) Governance costs

|                      | 2015<br>£     | 2014<br>£     |
|----------------------|---------------|---------------|
| Legal fees           | —             | —             |
| Audit fees (note 10) | 15,600        | 17,000        |
| Other costs          | 4,422         | 5,133         |
| <b>Total</b>         | <b>20,022</b> | <b>22,133</b> |

## 10) Net income for the year

Net income for the year is stated after charging:

|                                    | 2015<br>£ | 2014<br>£ |
|------------------------------------|-----------|-----------|
| Auditor's remuneration             |           |           |
| Audit services – current year      | 15,600    | 17,000    |
| Depreciation of owned fixed assets | 48,903    | 49,022    |
| Operating lease rentals            |           |           |
| Land and building                  | 104,633   | 88,242    |

## 11) Staff costs and remuneration of key management personnel

|                                           | 2015<br>No. | 2014<br>No. |
|-------------------------------------------|-------------|-------------|
| Management and administrative staff       | 20          | 19          |
| Fundraising and donor communication staff | 5           | 6           |
| Programmes staff                          | 49          | 50          |
| <b>Total</b>                              | <b>74</b>   | <b>75</b>   |

Staff costs relating to the above persons are as follows:

|                       | 2015<br>£        | 2014<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,626,849        | 1,550,777        |
| Social security costs | 247,762          | 216,877          |
| Pension costs         | 48,480           | 41,049           |
|                       | 1,923,091        | 1,808,703        |
| Agency staff          | 11,852           | 55,724           |
| <b>Total</b>          | <b>1,934,943</b> | <b>1,864,427</b> |

The number of employees who received remuneration in the following ranges were:

|                    | 2015<br>No. | 2014<br>No. |
|--------------------|-------------|-------------|
| £60,001 - £70,000  | 2           | 1           |
| £70,001 - £80,000  | 1           | 1           |
| £90,001 - £100,000 | 1           | 1           |
| <b>Total</b>       | <b>4</b>    | <b>3</b>    |

Pension costs totalling £17,688 (2014 – £10,732) were paid in respect of the above employees.

The key management personnel of the parent charity, comprise the Trustees, the Chief Executive Officer, Interim Managing Director, Director of Fundraising, Director of Corporate Services and Head of Communications. The total employee remuneration (including benefits) of the key management personnel of the charity were £368,359 (2014: £277,684). Lumos Foundation USA Inc. did not employ any staff during this period.

## 12) Trustees expenses and remuneration

None of the Trustees, nor any persons connected with them received any remuneration from the charitable company during the year (2014 – nil). Expenses incurred by the Trustees and reimbursed by the charitable company amounted to £65 (2014 – £711). The expenses related mainly to travel and subsistence costs incurred by Trustees and were paid to one Trustee (2014 – three Trustees).

## 13) Taxation

Lumos Foundation is a registered charity and, therefore, is not liable to income tax or corporation tax on income and gains derived from its charitable activities as they fall within the various exemptions available to registered charities.

## 14) Tangible fixed assets of Charity and Group

|                            | Land and<br>Buildings<br>£ | Assets Under<br>Construction<br>£ | Furniture, Fittings<br>and Equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£     |
|----------------------------|----------------------------|-----------------------------------|-------------------------------------------|------------------------|----------------|
| <b>Cost</b>                |                            |                                   |                                           |                        |                |
| At 1 January 2015          | 457,994                    | 145,150                           | 201,736                                   | 34,740                 | 839,620        |
| Additions                  | 224,747                    | —                                 | 40,365                                    | —                      | 265,112        |
| Transfer to current assets | (682,741)                  | (145,150)                         | —                                         | —                      | (827,891)      |
| <b>At 31 December 2015</b> | <b>—</b>                   | <b>—</b>                          | <b>242,101</b>                            | <b>34,740</b>          | <b>276,841</b> |
| <b>Depreciation</b>        |                            |                                   |                                           |                        |                |
| At 1 January 2015          | 16,176                     | —                                 | 132,052                                   | 24,814                 | 173,042        |
| Charge for the year        | 13,403                     | —                                 | 30,537                                    | 4,963                  | 48,903         |
| Transfer to current assets | (29,579)                   | —                                 | —                                         | —                      | (29,579)       |
| <b>At 31 December 2015</b> | <b>—</b>                   | <b>—</b>                          | <b>162,589</b>                            | <b>29,777</b>          | <b>192,366</b> |
| <b>Net book value</b>      |                            |                                   |                                           |                        |                |
| <b>At 31 December 2015</b> | <b>—</b>                   | <b>—</b>                          | <b>79,512</b>                             | <b>4,963</b>           | <b>84,475</b>  |
| At 31 December 2014        | 441,818                    | 145,150                           | 69,684                                    | 9,926                  | 666,578        |

Included within fixed assets above are certain vehicles and equipment with a net book value of £18,264 (2014 – £33,654) used in overseas programmes. The charitable company intends to donate these assets to the relevant local authorities when the related projects come to an end. The same is true of the land and buildings and assets under construction.

## 15) Investments of Charity and Group

|                                                          | 2015<br>£         | 2014<br>£         |
|----------------------------------------------------------|-------------------|-------------------|
| <b>Listed investments</b>                                |                   |                   |
| Market value at 1 January                                | 10,773,170        | 11,972,795        |
| Additions at cost                                        | 1,416,858         | 784,782           |
| Disposals proceeds                                       | (2,546,480)       | (2,187,034)       |
| Net investment gains                                     | 29,091            | 202,627           |
| Market value at 31 December                              | 9,672,639         | 10,773,170        |
| <b>Cash held by investment managers for reinvestment</b> | <b>1,057,103</b>  | <b>1,329,392</b>  |
| <b>Total</b>                                             | <b>10,729,742</b> | <b>12,102,562</b> |

Listed investments held at 31 December 2015, all of which were dealt in on a recognised stock exchange, comprised the following:

|                                                  | 2015<br>£        | 2014<br>£         |
|--------------------------------------------------|------------------|-------------------|
| UK fixed interest                                | 2,226,010        | 2,135,363         |
| UK equity                                        | 3,612,707        | 4,383,611         |
| Overseas equity                                  | 2,660,557        | 3,149,833         |
| Commodities                                      | —                | 62,070            |
| Property                                         | 368,973          | 349,098           |
| Alternatives                                     | 733,303          | 628,797           |
| Multi asset                                      | 71,089           | 64,398            |
| <b>Market value at 31 December</b>               | <b>9,672,639</b> | <b>10,773,170</b> |
| <b>Cost of listed investments at 31 December</b> | <b>8,456,075</b> | <b>9,664,176</b>  |

## 16) Current assets – Small Group Homes

Included in the current assets are the depreciated costs of three small group homes and one special education unit in Moldova with net book value £798,312. The charity intends to donate these assets to the relevant local authorities during 2016 and at the date of signing these accounts discussions were still ongoing. Therefore the value of these assets was transferred from Fixed Assets to Current Assets as of 31 December 2015.

**17) Debtors of Charity and Group**

|                                     | 2015<br>£      | 2014<br>£      |
|-------------------------------------|----------------|----------------|
| Other debtors                       | 5,526          | —              |
| Prepayments                         | 30,710         | 61,341         |
| Accrued advances and royalty income | 399,709        | 248,465        |
| Accrued donations                   | —              | 19,688         |
| Accrued Gift Aid                    | 250,000        | 424,154        |
| Accrued investment income           | 18,133         | 18,880         |
| <b>Total</b>                        | <b>704,078</b> | <b>772,528</b> |

**18) Creditors of Charity and Group: amounts falling due within one year**

|                              | 2015<br>£      | 2014<br>£      |
|------------------------------|----------------|----------------|
| Trade creditors              | 111,807        | 146,548        |
| Taxation and social security | 27,920         | 3,576          |
| Accruals                     | 131,012        | 130,581        |
| Other creditors              | 6,538          | 12,572         |
| <b>Total</b>                 | <b>277,277</b> | <b>293,277</b> |

**19) Restricted funds**

|                                                                              | At 1 Jan 2015<br>£ | Income<br>£      | Expenditure<br>£ | At 31 Dec 2015<br>£ |
|------------------------------------------------------------------------------|--------------------|------------------|------------------|---------------------|
| <b>Charity</b>                                                               |                    |                  |                  |                     |
| European Commission grant                                                    | 30,850             | —                | 30,850           | —                   |
| Leonardo grant                                                               | 3,077              | —                | —                | 3,077               |
| World bank grant                                                             | 894                | 147,657          | 95,637           | 52,914              |
| Supporting emergency intervention<br>in Bulgaria and Ukraine                 | 32,502             | —                | 5,173            | 27,329              |
| Reintegrating a child into a family                                          | 5,580              | 275              | 5,114            | 741                 |
| Helping severely disabled children experience<br>life outside an institution | 43,480             | —                | —                | 43,480              |
| Contribution to a special education unit<br>for severely disabled children   | 107,751            | 24,935           | 83,779           | 48,907              |
| Greek project                                                                | 185,120            | 212,000          | 179,740          | 217,380             |
| Comic Relief grant/Haiti                                                     | —                  | 179,209          | 62,713           | 116,496             |
| The Atlantic Philanthropies grant/<br>Knowledge transfer project             | —                  | 152,214          | 10,641           | 141,573             |
| UNICEF Grant/Advocacy                                                        | —                  | 7,318            | —                | 7,318               |
| Lumos UK Haiti funds                                                         | —                  | 99,794           | —                | 99,794              |
| <b>Total Charity</b>                                                         | <b>409,254</b>     | <b>823,402</b>   | <b>473,647</b>   | <b>759,009</b>      |
| <b>Lumos Foundation USA Inc.</b>                                             |                    |                  |                  |                     |
| Lumos US LAC funds                                                           | —                  | 320,194          | 99,794           | 220,400             |
| Moldova Special Education Unit                                               | —                  | 23,285           | 23,285           | —                   |
| Less: consolidation adjustment                                               | —                  | (123,079)        | (123,079)        | —                   |
| <b>Total Group</b>                                                           | <b>409,254</b>     | <b>1,043,802</b> | <b>473,647</b>   | <b>979,409</b>      |

The funds are restricted as follows:

- **European Commission grant**

This project empowered children with intellectual disabilities and their families to participate in the development of government policies and local services.

- **Leonardo grant**

The Leonardo grant is used to share learning across countries. Shunts were provided for Romanian children with hydrocephalus. The fund to reintegrate children is used to provide services and resources as they rejoin families.

- **World Bank grant**

The project is called Moldova social investment fund (MSIF) Project "Integration of children with disabilities in mainstream schools". The main tasks are to develop a summary of existing country experience in inclusive education, to scope and develop maps of educational services for 24 districts in Moldova and from this develop and obtain approval for plans for the implementation (by 2020) of the National Program for the Development of Inclusive Education (NPDIE) in the 24 districts.

- **Supporting emergency intervention in Bulgaria and Ukraine**

This fund is used in emergencies to save children's lives or prevent harm.

- **Reintegrating a child into a family**

This fund is used to cover costs associated with the reintegration of a child from an institution back into their family.

- **Helping severely disabled children experience life outside an institution**

This fund is used to provide specialist therapeutic support and equipment to prepare for life in a family.

- **Contribution to a special education unit for severely disabled children**

This fund is used to design, build, equip and train staff for a special education unit.

- **Greek project**

Lumos has recently started working in Greece. The Greece project includes research, advocacy, training and potentially emergency intervention work streams. Lumos is currently working together with a Greek partner organisation, the Institute of Child Health.

- **Comic Relief (Haiti)**

Funds granted by Comic Relief towards Lumos' work in Haiti.

- **The Atlantic Philanthropies (Knowledge Transfer project)**

Funds granted to apply the learning from Ireland's Prevention and Early Intervention programme to support transformation of services for vulnerable children in Central and Eastern Europe and Latin America/Caribbean.

- **UNICEF grant (Advocacy)**

Funds granted to strengthen capacity to implement the development of advocacy materials with focus on violence against children with disabilities and to support the commemoration of the International Day of Persons with Disabilities.

- **Lumos UK Haiti funds**

Funds granted by Lumos Foundation USA Inc. to Lumos Foundation (UK) restricted to Lumos' work in Haiti.

- **Lumos US LAC funds**

Funds raised in the US restricted to activity in the Latin America Caribbean region.

## 20) Analysis of net assets between funds of Group and Charity

The net assets of the Group analysed between funds are as follows:

|                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|-----------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Tangible fixed assets | 84,475                     | —                        | 84,475                   | 666,578                  |
| Investments           | 10,729,742                 | —                        | 10,729,742               | 12,102,562               |
| Current assets        | 2,851,367                  | 979,409                  | 3,830,776                | 1,198,130                |
| Current liabilities   | (277,277)                  | —                        | (277,277)                | (293,277)                |
| <b>Total</b>          | <b>13,388,307</b>          | <b>979,409</b>           | <b>14,367,716</b>        | 13,673,993               |

Included within investments above are cumulative unrealised gains of £29,091.

The net assets of the Charity analysed between funds are as follows:

|                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | 2015<br>Total Funds<br>£ | 2014<br>Total Funds<br>£ |
|-----------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Tangible fixed assets | 84,475                     | —                        | 84,475                   | 666,578                  |
| Investments           | 10,729,742                 | —                        | 10,729,742               | 12,102,562               |
| Current assets        | 1,733,237                  | 759,009                  | 2,492,246                | 1,198,130                |
| Current liabilities   | (277,277)                  | —                        | (277,277)                | (293,277)                |
| <b>Total</b>          | <b>12,270,177</b>          | <b>759,009</b>           | <b>13,029,186</b>        | 13,673,993               |

## 21) Financial commitments

At 31 December 2015 the charitable company has total minimum lease commitments under non-cancellable leases as follows:

|                            | Land & Buildings |           |
|----------------------------|------------------|-----------|
|                            | 2015<br>£        | 2014<br>£ |
| Within one year            | 60,787           | 60,787    |
| Between one and five years | 243,148          | 243,148   |
| Longer than five years     | 75,985           | 136,772   |
| <b>Total</b>               | <b>379,920</b>   | 440,707   |

## **22) Control**

Control of the charitable company lies with the Board, who are the members of the charitable company.

## **23) Related parties**

There were no related party transactions during this period (2014 – none).

## Reference and administrative details

President of Lumos Foundation (UK) and  
Patron, Lumos Foundation USA Inc.  
J.K. Rowling

Trustees, Lumos Foundation (UK)  
A H Loder  
L F Smith (Vice Chair of Trustees)  
N L M Blair (Chair of Trustees)  
R L Wilson  
R Dattani  
N Crichton  
D Cohen  
M Smith (Treasurer)  
R Suss (appointed 5 June 2015)  
D Moore (appointed 4 March 2016)

Directors, Lumos Foundation USA Inc.  
B DiMichele (President) (appointed 15 January 2015)  
G Mulheir (Secretary) (appointed 15 January 2015)  
B Berns (Treasurer) (appointed 15 January 2015)  
M Brennan (appointed 9 April 2015, resigned 2 July 2015)  
L Little (appointed 3 July 2015)

Chief Executive, Lumos Foundation (UK)  
G Mulheir

Company Secretary, Lumos Foundation (UK)  
N Waring

Key management personnel  
Senior Managers of Lumos Foundation (UK)  
Chief Executive Officer  
G Mulheir

Interim Managing Director  
Sir R Singleton  
Director of Fundraising  
L Holmes

Director of Corporate Services  
N Waring

Head of Communications  
V Gillings

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UK Charity registration number  
1112575

US IRS reference number  
47-2301085

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Solicitors (US)  
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NY 10022, USA





For more information visit our website [wearelumos.org](http://wearelumos.org)  
find us @Lumos on Twitter or email us on [info@wearelumos.org](mailto:info@wearelumos.org)

Lumos Foundation, founded by J.K. Rowling, is a company limited by guarantee  
registered in England and Wales no. 5611912. Registered charity no. 1112575.

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